

Key Decision Required:	Yes	In the Forward Plan:	Yes
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## CABINET

24 JULY 2020

### REPORT OF PORTFOLIO HOLDER FOR BUSINESS & ECONOMIC GROWTH

#### A.4 REJUVENATING CLACTON TOWN CENTRE

(Report prepared by Andy White and Gary Guiver)

#### PART 1 – KEY INFORMATION

<p><b>PURPOSE OF THE REPORT</b></p> <ul style="list-style-type: none"> <li>• To Advise Cabinet of the progress and proposed submission of a bid for the Future High Streets Fund.</li> <li>• To seek Cabinet’s support for substantial capital investment in Town Centre Proposals</li> <li>• To seek Cabinet’s support for the commitment of Council owned property to the proposed schemes</li> <li>• To seek Cabinet’s direction on the continued development of proposals within the scope of the bid and beyond it.</li> </ul>
<p><b>EXECUTIVE SUMMARY</b></p> <ul style="list-style-type: none"> <li>• On 13 September 2019 Cabinet Approved a vision for the Town Centre and the consultations and funding for the preparation of a bid for the Future High Streets fund, including: <i>the Director for Planning and Regeneration, in consultation with the relevant Portfolio Holders, be authorised to submit a detailed business case for Clacton Town Centre to the Government’s ‘Future High Streets Fund’ by the deadline of 30th April 2020.</i></li> <li>• Government extended the deadline for submissions to 31 July 2020.</li> <li>• The Council’s management Team has been restructured and the Deputy Chief Executive Corporate Director for Place and Economy is now the relevant delegated officer.</li> <li>• The District and Count Council’s officers have carried out consultations and investigations and have prepared a bid proposal for submission.</li> </ul>

- The Portfolio Holder for Business & Economic Growth and the Deputy Leader of Council and Portfolio Holder for Corporate Finance & Governance have both been consulted and have concurred with the proposed submission of the bid.
- The Council is promoting recovery from the COVID 19 crisis and a Back to Business approach to the economy which interlocks closely with the renewal of the Town Centre.
- Details of the bid are set out in the current position section of the report.
- The guidance provided in relation to the bid submission indicates a requirement for co-funding of the proposals to be demonstrated.
- The proposals created include the redevelopment and reuse or disposal of property owned by both the District and the County Council and the potential acquisition of further property.
- The proposals also require capital investment by the authorities which will be offset by partner investment, grant and future potential disposals.
- Officers from Essex County Council are seeking approval from their Recovery Advisory Board to the principle of use of property and Capital investment. It is proposed that TDC's Cabinet makes a similar in principle commitment in support of the bid.
- The amount of government grant will be determined during the bid process and detailed design and negotiations have not yet been fully concluded. It is therefore proposed at this stage for commitments to be in principle and for specific investment decisions to be quantified in business case form for future specific decision.
- Officers are also working with consultants on potential public sector relocation to the area and with the CCG on a potential Seacole Centre.
- The process of preparing the bid has identified a significant gap between useful interventions and available funding. There are significant further opportunities for community and cultural activities, transport and open space, covered areas links to the coast and a number of other aesthetic and management improvements.
- It is proposed that officers should prepare in outline a framework of and for such initiative in order to prepare for potential future partnerships and funding schemes.

## **RECOMMENDATIONS**

**That Cabinet:**

- a) **Notes the progress and of the bid for the Future High Streets Fund and the proposed submission of that bid on or before 31 July 2020.**
- b) **Approves the principle of the addition of an allocation in the Capital Programme to facilitate substantial capital investment in Town Centre Proposals, Subject to normal approvals and business case in respect of the detail of the schemes being developed.**
- c) **Subject to the decisions above, approves the principle of the acquisition of strategic property and the appropriation of currently owned property pursuant to the proposed schemes, subject to specific approval of terms and details in each case.**
- d) **Instructs officers, in partnership with officers of Essex County Council, to continue development of proposals within the scope of the bid set out in this report in anticipation of award of a significant grant. Such proposals to be subject to detailed business case and decision.**
- e) **Instructs officers, in partnership with officers of Essex County Council, to develop further complimentary outline proposals, in line with the bid proposals, for Back to Business initiatives, further rejuvenation of the Town Centre and enhancement of its links to the Seafront and all parts of the District. Such proposals to be subject to further funding reporting and decision.**

## **PART 2 – IMPLICATIONS OF THE DECISION**

### **DELIVERING PRIORITIES**

The interventions proposed are likely to have positive effects in terms of recovery from the Coronavirus pandemic in addition to the general revitalisation of the Town Centre.

The proposals relate to work undertaken with the consultancy firm Dragongate aiming to bring public sector jobs to the District and the CCG bid for a Seacole centre at Clacton Hospital.

These potential projects interlock and add potential value and strength to each other.

The Corporate plan contains a range of priorities relevant to this project:

- Public spaces to be proud of in urban and rural areas
- Building and managing our own homes
- Strong and focused leadership
- Develop and attract new businesses
- Maximise our coastal and seafront opportunities
- Promote Tendring's tourism, cultural and heritage offers
- Vibrant Town Centres
- Effective planning policies
- Use assets to support priorities
- Support existing businesses
- More and better jobs

## RESOURCES AND RISK

### Resources

Appendix C includes a summary of the potential project elements, values and investment. It is anticipated that if grant funding and other requirements are met ECC will take the lead on redevelopment of the library site and street improvements and TDC would take the lead in the other elements.

In each case the lead partner will be required to forward fund the developments and reclaim grant funding as the project progresses and receive capital receipts, or if preferred rental income, following completion. Other models, vehicles and partnerships can be explored if the bid is successful but for bidding purposes it is important that a clear and simple delivery model is set out.

None of the projects are commercially viable in the normal sense and that is in essence the reason for the grant scheme. For the TDC led elements the current financial model includes private funding in the form of NCP investment in the Jackson Road Car Park and potential private funding from negotiated surrenders of any associated leases. Additionally assets at an estimated value of £6.5m would be included in the scheme.

The likely capital investment in the schemes amounts to some £53.8m which would be offset during the project by grant draw down, private funding and contribution of assets totalling around £25.4m

and generating assets with an estimated value of £28.4m which could be sold for capital receipt, retained for rental growth or a combination of those.

It is anticipated that MHCLG will wish to negotiate grant levels and scheme content as part of an assessment and award process. Accordingly it is proposed that Cabinet confirms its wish to continue to support the proposals and associated bid for funding and explore / develop options to be able to deliver this very important regeneration / economic project for the district.

Given the need to forward fund elements of the project, one of the major financial considerations will be the effective management of cash flow and its implications whilst balancing the timing of expenditure with the generation of potential capital receipts for example.

A project of this as scale will undoubtedly have an impact on the Council's base revenue budget and is likely to be in areas such as potential loss of commercial property rental income and associated running costs in areas such as maker spaces / market and arcade facilities.

This would be in addition to the major one-off capital investment required to deliver the overall project. Although funding from other potential partners will be actively explored, the level of investment required from this Council could exceed £20m.

At this stage of developing the project it is difficult to estimate with any degree of certainty the exact capital costs, revenue and cash flow implications. These will be considered as part of a detailed business case process as the project is developed, with any financial implications clearly set out at the various stages of the decision making process.

However to strengthen the funding bid it is important that the Council sets out a commitment in principle to support and coordinate the various financial packages required to successfully deliver this ambitious project. In terms of the Council's own financial commitment, this could include maximising opportunities to allocate funding to the project as they arise over the course of financial year and forecasting cycles. Similar to the success of the recent major coast protection works across the Clacton and Holland seafront, a strong financial commitment by the Council, backed by the actual setting aside of funding, can have a major impact in terms of leveraging in external funding. Examples of where the Council could start to assemble the necessary funding packages could be when it

considers the allocation of any outturn underspends each year, the allocation of new homes bonus funding, the use of other Government grants and/or refocusing money that has already been set aside in the capital programme such as the money originally set aside for the Town Centre Fountain.

By establishing such a clear and ambitious focus on pulling together the necessary funding, a significant level of money could be set aside over a relatively short period of time and would run in parallel with the overall development time scales associated with the project. Notwithstanding this point, the Council will still need to balance demands elsewhere in the district as part of delivering its key priorities, which can be done as part of the financial forecasting process and financial performance monitoring activities undertaken over the course of the year. .

#### Risk

<b>Risk</b>	<b>Control</b>
The funding bid is unsuccessful	Physical and property investment will not be made until the bid outcome is confirmed.
The funding bit so partly successful	The schemes can be reviewed post grant decision in order to tailor them to the available resources.
Required properties cannot be acquired	Every effort to acquire voluntarily will be made but ultimately the bid documentation and process adds substantial strength to a potential use of compulsory powers.
Construction prices rise or property values fall significantly	The schemes can be reviewed post grant decision in order to tailor them to the prevailing climate.
Relationships between the partners deteriorates.	To some degree the initial model allows the elements to be progressed independently. Resolution mechanisms can be deployed.
One of the partners is unable to deliver the planned property interests or investment.	The schemes can be reviewed post grant decision in order to tailor them to the available resources.
Proposals are opposed by the community or businesses	It is inevitable that some people will be dissatisfied. Significant engagement and consultation has taken place during and prior to bid development.

Covid 19 restrictions or cultural changes affect the viability of proposals.	The schemes can be reviewed post grant decision in order to tailor them to the prevailing climate.
Private sector funding is not available.	The delivery model can be reviewed to allow direct delivery of proposed partner elements. The schemes can be reviewed post grant decision in order to tailor them to the available resources.

## LEGAL

Sections 1 to 6 of the Localism Act 2011 gave Councils a general power of competence. In summary, the GPC enables councils to do things:

- an individual may generally do
- anywhere in the UK or elsewhere
- for a commercial purpose or otherwise, for a charge or without a charge
- without the need to demonstrate that it will benefit the authority, its area or persons resident or present in its area (although in practice councils will want to realise such benefits).

There are some limitations, the power cannot be used to:

- provide councils with new powers to raise tax or precepts or to borrow
- enable councils to set charges for mandatory services, impose fines or create offences or byelaws, over and above existing powers to do so
- override existing legislation in place before the Localism act 2011, so-called 'pre-commencement limitations' (however powers enacted after commencement of the GPC will only limit the GPC if this is explicitly stated in the legislation).

In coming to decisions in relation to management of assets, the Council must act in accordance with its statutory duties and responsibilities. Under case law following Section 120 of Local Government Act 1972 (LGA 1972), the Council is obliged to ensure that the management of its assets are for the benefit of the district.

Section 120 of LGA 1972 gives the Council power to acquire land for the purposes of any of their functions under that or any other enactment, or for the benefit, improvement or development of their area. The Council may acquire by agreement any land, whether situated inside or outside its area.

From the information currently available it seems that the relevant powers that could be used to acquire the land either by agreement or compulsorily are as follows:

Section 120(1) of the LGA 1972 would allow the Council to purchase land by agreements providing it was for the purposes of (a) any of its functions under this or any other enactment, or (b) the benefit, improvement or development of their area. Should the negotiations for agreed purchase fail Section 121 of the LGA 1972 provides powers to acquire land compulsorily for any purpose for which it is authorised by that Act or any other public general Act to acquire land. The latter compulsory purchase powers would need to be used in conjunction with powers and procedures in the Acquisition of Land Act 1981.

Alternatively Section 227 of the Town and Country Planning Act 1990 (TCPA 1990) would allow the Council to acquire land by agreement if it is required for any purpose for which a local authority may be authorised to acquire land under section 226 of that Act. Section 226 of the TCPA 1990 is a compulsory power which allows the Council, on being authorised to do so by the Secretary of State to compulsorily purchase land in its area:

(a) if the authority thinks that the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land; or the land is required for a purpose which it is necessary to achieve in the interests of the proper planning of an area in which the land is situated.

However, a local authority must not exercise the power under paragraph (a) unless they think that the development, re-development or improvement is likely to contribute to the achievement of any one or more of the following objects

- (a) the promotion or improvement of the economic well-being of their area;
- (b) the promotion or improvement of the social well-being of their area;
- (c) the promotion or improvement of the environmental well-being of their area.

Acquiring land pursuant to the TCPA 1990 would also need to be in accordance with the relevant parts of the Compulsory Purchase Act 1965,



Any application for a Compulsory Purchase Order pursuant to any of the above powers would need to ultimately be approved by the relevant Secretary of State.

Compensation is likely to be payable to the Landowner. Compensation is likely to have the land value as a starting point but also be assessed on the level of profit that an owner might otherwise have made or loss that he incurs as a result of the CPO.

The need for full and detailed evidence to support the application of any powers must be addressed including:

1. assessment of any proposal in accordance with Human Rights legislation;
2. assessment of any proposal in accordance with and the Public Sector Equality Duty
3. planning permission and resolution of policy tension
4. detailed feasibility, affordability and funding.
5. confirmed outputs in terms of regeneration.

## **OTHER IMPLICATIONS**

**Crime and Disorder:** Anti-social behaviour has been identified as one of the key issues currently facing Clacton Town Centre and some of the recommendations emerging from the Working Party will relate to tackling this issue. Continued support for the work of the Tendring Community Safety Partnership will be key to maintaining a safe and secure environment in Clacton Town Centre. The overall aim of making the town centre more busy and vibrant will assist in providing increased natural surveillance and reducing the likelihood and temptation of crime and disorder.

**Equality and Diversity:** The recommendations in this report are aimed at benefitting all who live, shop, work and visit Clacton. The benefits of an improved Town Centre will be felt in that centre most clearly. It lies in Pier Ward the fourteenth most deprived ward in England.

**Health Inequalities:** Any enhancements carried out to the town centre following recommendations in this report will assist in promoting a healthier lifestyle for those who live, shop, work and visit Clacton. The proposal to establish the Love Clacton Ambassadors in particular is a positive means of getting local people more active.

**Area or Ward affected:** Pier Ward directly, but all wards indirectly – particularly those within Clacton and the wider catchment.

**Consultation/Public Engagement:** The recommendations in this report have been derived from positive engagement with businesses, external agencies and community groups through the Clacton Town Centre Working Party. Specific consultation with residents, businesses and partners has been carried out in order to inform, develop and support the proposals.

## **PART 3 – SUPPORTING INFORMATION**

### **BACKGROUND INFORMATION**

On 13 September 2019 Cabinet Approved a vision for the Town Centre and the consultations and funding for the preparation of a bid for the Future High Streets fund, including:  
*the Director for Planning and Regeneration, in consultation with the relevant Portfolio Holders, be authorised to submit a detailed business case for Clacton Town Centre to the Government's 'Future High Streets Fund' by the deadline of 30th April 2020.*

Government extended the deadline for submissions to 31 July 2020.

The Council's management Team has been restructured and the Deputy Chief Executive Corporate Director for Place and Economy is now the relevant delegated officer.

The District and County Council's officers have carried out consultations and investigations and have prepared a bid proposal for submission.

The Portfolio Holder for Business & Economic Growth and the Deputy Leader of Council and Portfolio Holder for Corporate Finance & Governance have both been consulted and have concurred with the proposed submission of the bid.

### **CURRENT POSITION AND PROPOSED ACTION**

Proposals for interventions in the Town Centre have been consulted on and prepared:

1. ECC led redevelopment of the Library site to include new library, adult and community education facilities and quality housing.
2. ECC led street and infrastructure improvements.

3. TDC led development of quality housing, improved parking/interchange, linkages and business starter or “Maker” spaces at the Carnarvon Road site.
4. TDC led development of quality housing, improved parking/interchange, linkages and business starter or “Maker” spaces at Pier Avenue/ Jackson Road.

Indicative Plans and illustrations are included at Appendix B

Details of the potential funding of the proposals is set out in the Finance section of the report and are set out in Appendix C.

The guidance provided in relation to the bid submission indicates a requirement for co-funding of the proposals to be demonstrated.

The proposals created include the redevelopment and reuse or disposal of property owned by both the District and the County Council and the potential acquisition of further property.

The proposals also require capital investment and commitment of property in the order of £60m by the authorities together which will be offset by partner investment, grant and future potential disposals. The net cost to the authorities (assuming that all of the completed properties are sold rather than retained for revenue growth) based on current scheme and estimates is £9.7m plus land at estimated value of £9.6m. This investment levers private funds and grant funding to a total investment level of £81m.

Officers from Essex County Council are seeking approval from their Recovery Advisory Board to the principle of use of property and Capital investment. It is proposed that TDC’s Cabinet makes a similar in principle commitment in support of the bid.

The amount of government grant will be determined during the bid process and potentially negotiated as part of the award process. Detailed design and negotiations have not yet been fully concluded. It is therefore proposed at this stage for commitments to be in principle and for specific investment decisions to be quantified in business case form and formally allocated following that in a future specific decision.

The process of preparing the bid has identified a significant gap between useful interventions and available funding. There are significant further opportunities for community and cultural activities, transport and open space, covered areas links to the coast and a number of other aesthetic and management improvements.

Officers are also working with consultants on potential public sector relocation to the area and with the CCG on a potential Seacole Centre.

All of these potential schemes and interventions form a matrix of mutually supportive and enhancing projects that could combine to totally transform the fortunes of the town. It is proposed that officers should prepare in outline a framework of and for such initiatives in order to prepare for potential future partnerships and funding schemes.

## **APPENDICES**

Appendix A: Vision for Clacton Town Centre  
Appendix B: Illustrative plans and Images  
Appendix C: schedule of capital costs and potential returns

## **BACKGROUND DOCUMENTS**

**None**