

NOT FOR PUBLICATION

This report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (financial affairs relating to the business affairs of the Council or a third party)
(applies to Appendices 1, 3 and 4)

Report to: **Executive**
Date: **17th September 2020**
Title: **Ivybridge Regeneration Project - Update**
Portfolio Area: **Enterprise – Cllr Bastone**
Wards Affected: **All**
Urgent Decision: **N** Approval and **Y**
clearance obtained:

Date next steps can be taken:

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The Executive Recommends to Council :

Further to the update provided by this report, to continue to support the project as it moves forward to planning and tender stage and make a decision on progressing the project further at a subsequent meeting of the Executive and Council.

1. Executive summary

This report sets out the current position and makes recommendations with respect to the Ivybridge Regeneration Project at Leonards Road.

Following a report to the Executive (June 2020) regarding the Ivybridge regeneration project at Leonards Road Car Park to boost footfall to the town, the following recommendation was made:

To spend a further £65,000 from the Economic Regeneration Earmarked Reserve, on commissioning further work to provide advice in order to move the project forward in the following areas:

- *Planning*
- *Ecology*

- *Automated Number Plate Recognition (ANPR) & car park lease structure to facilitate a pay on exit solution*
- *Agreement to lease documents*
- *Treasury management advice*

Request that officers bring a subsequent report back to the Executive and Council in September with a recommendation for the project to move to the planning and tender stage, on the satisfactory conclusion of the work commissioned in Recommendation 3

Work has been ongoing by the Ivybridge Regeneration Project team since the recommendation of the Executive in June 2020. The project is progressing on the basis as set out within Item 1.2 above and this report will provide an update as to the current position. A further report will then be made to the Executive in December 2020.

By December 2020, it is anticipated there will be adequate information available in relation to key project risks to make a recommendation as to whether to proceed to the planning, tender and ultimate construction stage of the Ivybridge Regeneration scheme.

The decision to delay the full recommendation until the December date was made in order to:

- Commission an economic assessment of Ivybridge Town Centre – on Friday 31st July 2020, a meeting was held with Ivybridge Town Council (ITC), The Leader and Deputy Leader of the Council and local members, SHDC Chief Executive and Director of Place & Enterprise, at which greater clarity as to the benefits of the proposed development to Ivybridge catchment was requested. Therefore, an Economic Assessment has been commissioned.
- Consult with Key Stakeholders – once in receipt of the Economic Assessment and prior to returning to the Executive, an opportunity to consult further with ITC and other key stakeholders.
- Provide the Executive with greater confidence as to the likely success of the project – a number of assessments are ongoing with results awaited. These will not be available prior to the September Executive and the results of these will provide a more informed position and therefore greater confidence in the required decision to commit to spend circa £450,000 at risk for the submission of the full planning application.

This report should be read in conjunction with the Executive Report of **18 June 2020**

2. Background

Maintaining Ivybridge town centre as a retail and social destination is important for the growing community who live in the town and wider catchment area.

South Hams District Council wish to reinvigorate the town and create a vibrant, thriving centre widely used and enjoyed by the populous.

3. Outcomes/outputs

The previous Executive recommendation focussed on the completion of a number of key areas of work, prior to a return to the Executive for further consideration of the viability and desirability of the Ivybridge Regeneration Scheme.

A budgeted spend to complete this work was agreed at £65,000.

These costs have been reviewed and are sufficient to continue with works until the return to the Executive for further decision in December 2020.

The outcome of this report will be the provision of a project update to Executive focussing on these key themes only. There is no request for further funds.

4. Project Programme

Please see Appendix 1 which illustrates the Project Programme. This is a revised programme with workstreams to submission of the planning submission only in spring 2021.

The full programme is as reported to Executive in June 2020 with construction and completion dates as previously reported. The full programme will be updated further to the December decision, as appropriate.

5. Project Update

5.1 Project Team

To provide clear leadership, governance and project management, a project team has been established with roles identified and allocated. Please refer to Appendix 2 Project Organogram.

This illustrates the reporting hierarchy for the project and provides details of both the core and wider project team, within SHDC and externally through consultants and contractors.

5.2 Planning

A number of key activities are required to inform the projects viability ahead of returning to the Executive in December 2020.

5.2.1 Planning Consultant

Further to the assessment of a number of planning consultants, Bell Cornwell were appointed. An independent planning assessment of the site is being prepared as a precursor to a formal pre-application being made on the conclusion of key technical studies

5.2.2 Flood Risk Assessment (FRA)

Further to the assessment of a number of consultants and associated quotations, a FRA consultant has been appointed. An Initial FRA is being prepared based on provisional feedback from DCC & the Environment Agency.

5.2.3 Highways

Ross Johnson, SHDC Project Manager has met on site with a representative of the Devon Council County Highways team and further to their feedback on the principles of the development, a Highway Consultant has been appointed. An initial TRACS assessment has been completed on the revised design layouts to accommodate DCC's feedback.

Traffic flow analysis is being undertaken to inform negotiations on the Clean Air Initiative and potential S106 contribution requirement

5.2.4 Site Assessment

Further to the assessment of a number of consultants and associated quotations, the Ground Investigation assessment works have been instructed. This will involve a number of intrusive surveys being completed, including trial pits and boreholes. It is anticipated the initial intrusive survey works will take place during September 2020.

Statutory Services searches are in progress.

5.3 Ecology

The ecological survey works have been instructed and the extended Phase 1 Survey is now complete.

Results from the Phase 1 survey indicated the Ivybridge site as a potential Medium Value site for bats. Stage 2 Surveys have since been instructed and are ongoing (started in July and will continue to September), before completion in spring 2021. Results so far have revealed no roosting bats on site. Furthermore, to date no concerns have been raised regarding any other protected species.

5.4 Economic Impact Study

A meeting was held with Ivybridge Town Council (ITC), The Leader and Deputy Leader of the Council and local members, SHDC Chief Executive and Director of Place & Enterprise on 31st July 2020, to update the Town Council of progress with the Ivybridge Regeneration Project.

During this meeting, ITC wished to understand more regarding the economic impact of the proposed Aldi development as an anchor store within the regeneration scheme. In particular, whether an Aldi store was an appropriate anchor and what positive improvements this could make to the Town, its wider catchment and its communities.

In order to address this, it was decided to commission a report to look in detail at Ivybridge as a retail centre, the current trends of the community including the spend profile and anticipated leakage from the town.

CACI, a consultant who has a detailed understanding of consumer characteristics and their shopping demands and spends, has been appointed to provide the economic report.

The preliminary findings of this have been reported back to the Ivybridge Regeneration Project team and a subsequent meeting held with CACI. A second version of the draft report is expected soon and the final report will be shared in due course. In addition, the report will be shared and discussed with ITC and other key stakeholders prior to returning to the December Council meeting.

In summary, the draft report provides positive outcomes. Some of the key conclusions are as follows:

- Compared to the benchmark centres, there is capacity for Ivybridge to grow the proportion of value brands, of which Aldi would satisfy, as well as more accessible premium brands to appeal to affluent households currently shopping elsewhere.
- Placing an Aldi in Ivybridge would grow the Quaternary catchment and encourage a greater proportion of shoppers to visit the town. This in turn would encourage cross shopping with the existing offer and independents.
- 92% of all households in the catchment, index above the UK average on visiting Aldi at least once a month, indicating brand affinity in the area will be very strong
- Affluent households across the catchment will continue to use butchers and bakers in the town as they index above the UK average for choosing quality over price. They will then use Aldi for their everyday supplies.
- Ivybridge sits in the top half of all retail centres in the South West and has risen up the ranking since 2017 (and since the ITC commissioned report of 2013). It is important to introduce new brands to the area to ensure that Ivybridge does not drop in future rankings.

5.5 Parking

5.5.1 ANPR Technology

The previous Executive Report, suggested a car park regime utilising ANPR (Automatic number plate recognition) technology allowing "Pay on Exit" for customers with a change to the parking tariff system to provide 90 minutes free for Aldi customers and a maximum stay of 4 hours (short stay only).

The use of ANPR by local authorities to issue enforcement notices is not legally possible, so the suggestion was to use SHDC's dormant limited company Servaco to facilitate this arrangement and allow SHDC to retain the car park operation and associated revenue.

External legal advice (Gowlings) was commissioned and concluded as follows:

1. ANPR can be used by the Council (or its subsidiary) as part of an enforcement solution but only where the additional use of barriers or enforcement officers is utilised.

2. A subsidiary of the Council does not fall outside of the above constraints on local authorities because the land in question remains controlled by the Council (through its shareholding and the controls that need to be placed on the company in order for it to be Teckal compliant and avoid having to compete for the opportunity (to provide car parking services) via an OJEU competition)

Therefore the use of Servaco (or another subsidiary of the Council) does not allow SHDC to utilise ANPR technology to issue enforcement notices without a physical ticket being placed on a vehicle and/or given to an individual.

5.5.2 Proposed Car Park Regime

The advantages of an ANPR system largely relate to officer and administrative savings, as they remove the need for physically present monitoring and associated ticketing. Additionally, it drives greater compliance with any parking regimes.

However, as in this instance an ANPR system must be coupled with a barrier system, this removes the efficiencies gained by an ANPR system. Evidence gathered from other local authorities suggests barriers systems are not only costly to install but vulnerable to vandalism, break down and user error. They are therefore both costly from a monetary management perspective and officer time. We found no other local authority who advocated the use of barriers in a similar scenario to that of Ivybridge.

Furthermore, Aldi do not welcome barriered car park systems, which they regard as unwelcoming and not customer friendly. Nor do DCC's highways department, as they anticipate associated issues with traffic queueing on the highway if there is a problem with the barrier opening.

Therefore, an alternative car park regime has been identified and subsequently discussed with Aldi who are in support, as follows:

- **Upper Tier Car Park** – 100 dedicated spaces let to Aldi to be used as 90 minute free car parking within the demise of their fully repairing and insuring lease. The remaining 20 or so spaces will be segregated from the Aldi spaces (coloured hatching and possible physical barrier i.e. bollard system) to be SHDC administered Reserved Parking Permit Bays
- **Lower Tier Car Park** – SHDC long stay car park with circa 125 spaces with a range of tariff options (short & long stay and permit holders). It is proposed to mirror this regime in all SHDC car parks in Ivybridge.

It is believed that this solution will offer a more balanced car park tariff with a blend of long and short stay uses as well as some permit parking. A detailed car park report with associated costings will be brought back to Executive in the December 2020 report. However initial indications are, even with a 65% loss of income on short stay tariffs Aldi (shared trips), with an increase in tariffs particularly for all day parking, the impact is fairly cost neutral.

As stated, work is ongoing to test this and compile a detailed analysis to inform the decision in December 2020.

5.5.3 EV Charging Points

Further to agreement with Highways England, two electric charging points have already been installed within the car park at Ivybridge, albeit they are currently awaiting a grid connection before they can be utilised. These will be unaffected by the proposals.

5.6 Lease Arrangements

5.6.1 Appointment of Solicitors

External solicitors, Gowlings have been appointed to represent SHDC in respect of the Aldi project. The Crown Commercial Framework has been utilised to facilitate their procurement. Initial advice relates to the use of ANPR within SHDC/WDBC car parks but they are instructed to represent us across the project. The scope has been set and subsequent appointment made in consultation with our internal legal team.

5.6.2 Heads of Terms

Draft Heads of Term's (HoTs) will be updated in the main to reflect the revised parking position. In consultation with our legal team (internal and external), these revised HoT's will be prepared and reissued to Aldi.

Aldi are aware of this position and positive negotiations are continuing with a view to entering the Agreement to Lease in accordance with the programme (subject to reaching mutually agreeable terms and achieving board/council approval).

5.7 Treasury Management Advice

The report to the Executive on 18 June 2020 set out the business case which included the proposed borrowing structure for the project, which is based on fixed interest and repayment of 50% of the loan over the term of 50 years. The Council would need to refinance the other 50% at the end of the 50 years. The June Executive report also set out that there was a current consultation paper on borrowing from the PWLB for commercial schemes primarily for yield. It is the view of the S151 Officer that the primary purpose of this scheme is regeneration, which would be one of the four categories permitted for PWLB borrowing (the others being service delivery, housing and refinancing). The consultation ended on 31 July 2020.

Treasury management advice was sought on the borrowing structure, interest rate risk and a view on the recent PWLB consultation on borrowing. A summary of the initial advice is set out in Appendix 4.

5.8 Photovoltaic (PV) Installations

There is an opportunity to install PV panels on the available roof space of the proposed Aldi building. Investigations are ongoing as to the viability of any PV Installation and we are working with our energy consultants to produce a costed scheme with anticipated pay back periods. This will be available ahead of the December 2020 Executive.

6 Project Costs

Please see Appendix 3 which illustrate the Project Costs and updated spend against the £65,000 set out and agreed previously by the Executive.

At this stage, there is no requirement to increase this budget which will be sufficient to conclude the activities identified previously and bring the report back to the December 2020 Executive.

7 Consultation

Consultation with key stakeholders, including ITC, PL21 and neighbouring landowners (Glanvilles Mill owners) and occupiers, will be undertaken in accordance with the attached programme and ahead of the December 2020 Executive.

A further meeting will be scheduled with ITC as promised at the meeting with The Leader and Deputy Leader of the Council and local members, SHDC Chief Executive and Director of Place & Enterprise on 31st July 2020, to provide an update of progress ahead of the December Executive Meeting.

This consultation will include the bridges, skate park, footpaths and cycle ways and any environmental enhancements or mitigation.

Buildings adjacent to the proposed development site, such as the youth club building, now fall outside the project proposals and will not be directly impacted by the regeneration scheme. Consultation with adjacent owners/occupiers will however be undertaken as appropriate as the scheme progresses.

8. Summary

The progress with the project has been positive to date. Whilst the project team has encountered some technical issues these have been addressed in updated iterations of the design concept.

For example, a large surface water drainage pipe has been identified which runs between the town hall and proposed Upper Tier Car Park. Due to its diameter, the pipe has a wide easement which restricts the development. In order to address this, rather than a diversion of the main, the Upper Tier Car Park has been realigned to accommodate the pipe in its existing locality. Whilst this has reduced the number of available spaces slightly, the cost and programme implications of a diversion were significant and this revised design has mitigated this.

As the results of the various reports are returned, the project concept will be revised accordingly. Draft layouts (pre-planning) will be included in the December 2020 report.

9. Impact Assessment

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	<p>Appendices 1, 3 and 4 to this report are exempt from publication because they contain information about the Council's financial and proposed commercial affairs as defined in Paragraph 3 of Schedule 12A to the Local Government Act 1972. The public interest test has been applied and it is considered that the public interest lies in not disclosing this report at this time because it contains financial and commercially sensitive information which could prejudice the Council if such information was disclosed at this time.</p> <p>These proposals are consistent with the Council's powers to borrow and invest under the Local Government Act 2003 and section 1 Localism Act 2011 (the general power of competence).</p> <p>Section 1 of the Local Government Act 2003 provides a power to the Council to borrow for the purposes of any enactment.</p> <p>There is an overriding duty toward prudent management of risk, and officers, including the Council's section 151 officer, owe a fiduciary duty in relation to given transactions.</p> <p>Legal due diligence will be carried out as part of the development process.</p> <p>Any future development will be subject to the normal Council planning process and any decision by Executive does not infer that planning permission for the proposed developments would be granted.</p>
Financial implications to include reference to value for money	Y	<p>Council have approved a spend of £65,000 from the Economic Regeneration report to fund the advice set out in the Executive Summary in Section 1. This report gives an update on each element of the advice sought. There are no further financial implications and the total project spend at risk remains £65,000 as approved by the June 2020 Executive. The intention of the £65,000 spend is to further understand the risks in relation to certain elements of the project.</p> <p>In addition, Minute E.14/19 (July 2019) agreed expenditure of £50,000 for this project previously and all of this previous budget has been utilised.</p>
Risk	Y	<p>All development projects carry risk. These are as previously reported in the Risk Register appended to the June 2020 Executive Report.</p>

		This will be revised in accordance with the work commissioned as set out above and will be updated for the December 2020 Executive Report.
Supporting Corporate Strategy		Commercial Investment Policy and Treasury Management Policy
Climate Change - Carbon / Biodiversity Impact		Aldi's UK and Ireland operation is carbon neutral. The council will utilise its procurement policy that allows the tender process to consider the carbon footprint of the supply chain when awarding contracts. Furthermore, the Council will challenge the design team to utilise best practice in the design of the project (including material choices) to minimise embodied energy in the construction phase.
Comprehensive Impact Assessment Implications		
Equality and Diversity		There are no Equality and Diversity implications
Safeguarding		There are no Safeguarding implications
Community Safety, Crime and Disorder		There are implications crime and disorder reduction
Health, Safety and Wellbeing		There are no implications on Health, Safety and Wellbeing
Other implications		There are no other implications

Supporting Information

Appendices:

- Appendix 1 – Project Programme (Exempt from publication)
- Appendix 2 – Project Team Organogram
- Appendix 3 – Project Costs (Exempt from publication)
- Appendix 4 – Treasury management advice (Exempt from publication)

Background Papers:

Ivybridge Regeneration Project – June 2020 Executive Report

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes
SLT Rep briefed/sign off	Yes
Relevant Head of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes