

Overview and Scrutiny Committee

19 November 2018

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Calverley Square Development

Final Decision-Maker	Overview and Scrutiny Committee
Portfolio Holder(s)	David Jukes, Leader of the Council
Lead Director	Lee Colyer, Director of Finance, Policy and Development
Head of Service	David Candlin, Head of Economic Development and Property
Lead Officer/Report Author	David Candlin, Head of Economic Development and Property
Classification	Non-exempt
Wards affected	All

This report makes the following recommendations to the final decision-maker:

That members of the Overview and Scrutiny Committee note the update on the Calverley Square Development and specifically that the development remains on time and within the construction cost envelope (£90m).

- A Prosperous Borough
- A Green Borough
- A Confident Borough

The proposals within the Calverley Square Development support delivery of the Council's Five Year Plan through development of a new enhanced theatre, the provision of new office space and a new car park, and improvements to the entrance setting to Calverley Grounds, whilst protecting the historic integrity of the listed civic suite of buildings.

Timetable

Meeting	Date
Overview and Scrutiny Committee	19 November 2018

Calverley Square Development

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Tunbridge Wells Borough Council is progressing with its proposals for a Calverley Square Development, including provision of a new theatre, new council offices and parking facilities to support the new developments.
 - 1.2 The Overview and Scrutiny Committee has requested that the development be included as a regular item on its agenda and that when 'gateways' or other significant stages in the development are reached, the Committee's members are given the opportunity to look at the issues and receive any relevant reports.
 - 1.3 The Overview and Scrutiny Committee has also requested that updates are provided to Members throughout the year on key issues within the development.
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2. INTRODUCTION AND BACKGROUND

- 2.1 The key elements of the Calverley Square development have been set out in previous O&S Committee reports. Full Council approved the delivery of the Calverley Square Development on the 6 December 2017 (Civic Development Delivery). This included submitting a planning application for a development to be sited on the west boundary of the historic Grade II listed Calverley Grounds providing:
 - A new 1,200 seat theatre that is able to stage high quality touring shows;
 - A new shared-use building including accommodation for civic functions and offices for TWBC and third party organisations;
 - An underground car park (approximately 260 car park spaces) partly under the office building and extending under part of Calverley Grounds; and
 - Local remodelling of the public realm associated with the above buildings and car park.
- 2.2 Overview and Scrutiny Committee recognises the significant impact the Calverley Square development proposals will have on Tunbridge Wells town centre and on the borough as a whole. Overview and Scrutiny Committee members feel they have a part to play in ensuring the views and concerns of the borough's residents are given an appropriate forum. The Committee is also keen to fulfil its role in providing a critical challenge to key decisions the Council's executive will be making as the development progresses

3.0 KEY DATES

- 3.1 The Council has progressed with the development since the 6 December 2017 Full Council decision to progress. The key dates on activities to date are:
 - 9 May Planning Committee
 - 28 Feb Appointment of Client Project Management – GVA
 - 24 May Appointment of Construction Contractor - Mace
 - 12 Jun Commencement of Stage 4 detailed design
 - 15 Jun Planning Decision confirmed
 - 19 Jul CPO decision by Cabinet
 - 24 Jul Appropriation of Council land for development

- 23 Aug Compulsory Purchase Order made
- 17 Sept CPO consultation period closed
- 5 Nov Appointment of Civic Complex disposal consultant

3.2 The programme remains on track as outlined in the master programme attached to the December Full Council report.

4.0 PLANNING PERMISSION AND JUDICIAL REVIEW

4.1 As reported verbally at the last O&S Committee the Council has now received cleared funds from the Claimant.

5.0 CALVERLEY SQUARE BUDGET

5.1 Expenditure to date at Stage 4 and within the £90m cost envelope approved by Full Council is:

Design & Project Management	£ 340,496
Legal & CG Management Plan	£ 66,448
Mace	£1,271,062
Total	£1,725,749

5.2 In total costs of £1,725,749 have been spent excluding the recent acquisition costs of The Lodge. However it should be noted that the acquisition costs for the Lodge are covered within the development costs outlined in the December Full Council report.

6.0 FUNDING STRATEGY

6.1 As reported at the last O&S Committee the funding strategy does not assume any external funding towards the Calverley Square development. The approach to external funding was outlined in the December Full Council report. The Council has started to examine potential external funding opportunities to complement our base funding strategy, this includes a Strategic Outline Business Case (SOBC) submission to the South East Local Enterprise Partnership (SELEP) for Local Growth Funding 3b (LGF) of up to £5m.

6.2 An expression of interest was submitted to the Kent and Medway Economic Partnership (KMEP) on the 31 August 2018 with consideration at the KMEP meeting on 26 September 2018. KMEP approved the project proceeding to a full business case. The submission to SELEP was lodged on the 26 October 2018 together with supporting information and a letter of support from the local MP Rt Hon Greg Clark.

Increased Share of Business Rate Growth

6.3 The Council now has less exposure to business rate appeals and the largest outstanding appeal has been settled. The Council campaigned for a fairer system of appeals which is now in place (Check, Challenge & Appeal) and there are further changes ahead which could see the cost of appeals being funded at a national level.

6.4 In addition the government has reaffirmed its policy of seeing councils retain 100 per cent of business rate growth and introduced interim pilots to help to achieve this. The Council has also been working for some time to become financially self-sufficient and to provide an environment that encourages business rate growth through both public and private sector investment. This financial and economic strategy has been working and the table below shows the additional net proceeds to the Council from business rate growth.

Year	Type of Business Rate Retention	Local Growth Share	TWBC Share of Growth £000s	West Kent Housing & Commercial Growth Fund £000s
2015/16	Kent Pool	50%	64	
2016/17	Kent Pool	50%	595	
2017/18	Kent Pool	50%	1700	
2018/19	Kent & Medway Pilot	100%	600 est.	1055 est.
2019/20*	Kent & Medway Pilot	75%	460 est.	780 est.
April 2020 System Reset (details TBC)				

* If bid is successful and excludes major development schemes

- 6.5 There is now evidence that the Council will receive a much greater share of business rate growth than was set out in the funding strategy. The funding strategy expected that by 2022/23 an extra £300,000 would be received but this is now likely to be at least £460,000 based on 75 per cent retention, if 100 per cent were to be introduced then £600,000 would be retained.

Adjustment to Funding Strategy

- 6.6 It is recommended that the Funding Strategy be amended to utilise the higher proceeds from business rate growth to support community groups.

	2020/21 £000s	2021/22 £000s
2. Alternative ways to support community groups and Environmental Grants	(140)	(210)
Change in support for community groups	70	140
Revised funding strategy	(70)	(70)
 4. Increased share of business rates	 (200)	 (250)
Proceeds from additional net growth	(70)	(140)
Revised funding strategy	(270)	(390)

Sources of Funding

- 6.7 In addition to the Public Works Loan Board from which funding is guaranteed the Council is in discussion with a number of financial institutions who are interested in providing funding for this scheme. The Council's financial standing remains excellent and is based on nine consecutive clean Annual Audit Letters (the objection to the 2016/17 accounts was completely dismissed). The Council's balance sheet is also regarded as being very strong.

7.0 LAND ASSEMBLY

- 7.1 Alongside discussions with neighbouring businesses and residents we continue to progress the negotiations with the various land owners and interests that the Council require to enable the development. The acquisition of the Dentists Lodge freehold interest was completed on 31 October 2018 with full and final settlement being agreed. The Council will benefit from the leasehold income in the meantime.

- 7.2 **Compulsory Purchase Order** - In tandem to securing the site assembly through private treaty the Council has progressed with the use of its statutory powers through Compulsory Purchase Order (CPO). A statutory objection period of 21 days commenced on the 23 August though it should be noted the Council allowed a few extra days with the consultation period ending on the 17 September. Copies of the CPO documentation remain available for public scrutiny at the Gateway and Library as well as on the Council website. It should be noted that in accordance with GDPR personal details have been excluded from the publically available documents.
- 7.3 There are 16 substantive objections, these are objections directly related to the assets and interests outlined in the CPO. Understandably even if negotiations were close to an agreement the land owner would wish to protect their legal position. Agents for the Council have written to these objectors confirming receipt and that a fuller response to the issues raised would be provided by the end of November. The Council is in the process of preparing and finalising our case in advance of the public inquiry. The public inquiry is expected to last for around 10 days with the date anticipated to be in early 2019.

8.0 TRAFFIC REGULATION ORDERS

- 8.1 As reported at the last O&S Committee, Traffic Regulation Orders (TROs) are required to enable the development. These are both temporary and permanent orders which Mace with their transport consultant Vectos are preparing. Ward members were notified on 31 October of the proposed TROs. The TROs include a number of new and amended restrictions on Mount Pleasant Avenue and Mount Pleasant Road. The statutory three week consultation period commenced on Friday 2 November when details were published in the local press, the Council website and via notices displayed on site. A message was also placed on the Councils social media site.
- 8.2 As some of the proposed amendments to waiting restrictions are on the highway fronting retail premises on Mount Pleasant Road, a letter was distributed to them prior to the 2 November advising of the changes and the consultation process involved. These businesses are also being invited to a business breakfast on the 15 November where these proposals will be discussed face to face.
- 8.3 Once the consultation period ends, a report will be prepared for consideration at the Joint Transportation Board on 21 January as per normal procedure where traffic regulation orders are concerned.

9.0 CIVIC COMPLEX

- 9.1 As previously reported to O&S Committee the Council has now finalised the appointment of consultants on the 5 November 2018. It should be noted that consideration of disposal also includes renting or leasing as an approach to the building no longer being an operational asset.

10.0 AVAILABLE OPTIONS

- 10.1 The updates on the Calverley Square development are for Members to note.

11.0 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

11.1 The views of the Committee will be reflected in the minutes of the meeting which will be published on the Council's website.

12.0 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off (name of officer and date)
Legal including Human Rights Act	There are no legal implications resulting directly from the recommendations in the report	Patricia Narebor, Head of Mid-Kent Legal Partnership
Finance and other resources	<p>With the loss of all government grants, future funding will be dependent on this Council's ability to deliver growth and to retain a greater share of business rate growth proceeds.</p> <p>The finances of the Calverley Square development scheme were identified in the Full Council report on 6 December 2017. The finances have been independently reviewed and the council does have the financial capacity to deliver the scheme provided the schedule of cost reductions is achieved.</p> <p>An update is provided as part of the core report.</p>	Jane Fineman, Head of Finance and Procurement
Staffing establishment	There is no impact on staffing levels as a result of the recommendations in the report.	Nicky Carter, Head of Human Resources and Customer Services
Equalities	<p>Previous decisions on Calverley Square have included an Equalities Impact Assessment on the Five Year Plan policy 2017-2022, which included proposals to build a new theatre, offices and car park, an Access and Inclusivity Statement from an Access Consultant, prepared at RIBA Stage 3 of the design work, and an Equalities Impact Assessment prepared for the CPO process.</p> <p>Future decisions relating to either Calverley Square or the civic complex, including implementation decisions for the funding strategy, will be accompanied by an Equalities Impact Assessment relating to those specific decisions as they arise.</p> <p>Decision makers are reminded of their duty under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimization and other conduct prohibited by the Act, (ii) advance equality of opportunity between people of different groups, and (iii) foster good</p>	Report author

	relations between people from different groups.	
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13.0 REPORT APPENDICES

None