
TOWN CENTRE REGENERATION AND INWARD INVESTMENT

**Responsible Cabinet Member - Councillor Chris McEwan,
Economy and Regeneration Portfolio
Councillor David Lyonette, Transport Portfolio
Councillor Stephen Harker
Efficiency and Resources Portfolio**

**Responsible Director - Richard Alty, Director of Place
Paul Wildsmith, Director of Resources**

SUMMARY REPORT

Purpose of the Report

1. To seek Council approval to agree to allocate funding to build a Multi Storey Car Park (MSCP) and to advance a secured loan for inward investment purposes.

Summary

2. Recent approvals for new schemes in the Feethams area have impacted on the Council's Car Parking Strategy as considered by Cabinet on 1 July 2013. Should the new schemes be successfully completed, there will be the requirement for a MSCP. To ensure the Council can react quickly to the need, it is recommended that funding be allocated. The allocation required is £6m and would be funded by prudential borrowing, the repayment of the borrowing would be financed from within the existing MTFP.
3. The Council has been approached to advance a secured loan to facilitate an inward investment in the Borough which if successful would secure the location of a Debenhams store in Darlington. The loan would not have a revenue cost to the Council and would be funded by prudential borrowing; the loan is for £3m.
4. Both the MSCP and the inward investment loan would be subject to detailed reports to Cabinet before they can be implemented.
5. This report is presented subject to approval by Cabinet at its meeting on 18 July 2013.

Recommendation

6. Council are requested to :-
 - (a) Approve a capital allocation of £6m for a MSCP funded by prudential borrowing, subject to Cabinet agreeing the detailed business case.
 - (b) Approve a capital allocation of £3m to provide an inward investment loan to be funded by prudential borrowing, subject to Cabinet approving the terms of the loan.

Reasons

7. The recommendations are supported by the following reasons :-
 - (a) To provide sufficient car parking in the Town Centre to meet growing demand.
 - (b) To facilitate significant inward investment into the Borough.

Richard Alty
Director of Place

Paul Wildsmith
Director of Resources

Background Papers

No Background papers were used in the preparation of this report.

Paul Wildsmith : Extension 2301
TAB

S17 Crime and Disorder	There are no direct Crime and Disorder implications as a result of this report as at this stage the report is only requesting the allocation of funds
Health and Well Being	There are no direct Health and Well Being implications as a result of this report as at this stage the report is only requesting the allocation of funds
Carbon Impact	There are no direct Carbon Impact implications as a result of this report as at this stage the report is only requesting the allocation of funds
Diversity	There are no direct Diversity implications as a result of this report as at this stage the report is only requesting the allocation of funds
Wards Affected	There are no direct wards affected as a result of this report as at this stage the report is only requesting the allocation of funds
Groups Affected	There are no direct groups affected as a result of this report as at this stage the report is only requesting the allocation of funds
Budget and Policy Framework	This is an amendment to the budget framework and needs Council approval
Key Decision	This is not a key decision it is a decision of Council
Urgent Decision	This is not an urgent decision it is a decision of Council
One Darlington: Perfectly Placed	None - just allocating funding at this stage
Efficiency	None - just allocating funding at this stage

MAIN REPORT

Information and Analysis

Multi Storey Car Park

8. Recent approvals for the development of offices to be occupied by the Department for Education (DfE) and of plans to develop a Cinema and Leisure complex on the former bus depot site mean that 430 public parking spaces will be lost from existing car parks (albeit those on the former bus depot were created temporarily pending development and were not seen as part of the long-term supply). 70 public parking spaces will be created as part of the new developments.
9. The draft car parking strategy, considered by Cabinet on 1 July identifies Feethams as an area where there is high demand for parking, particularly during peak periods when short stay parking by shoppers is in high demand.
10. Demand for parking is expected to increase substantially as 375 DfE staff move to Feethams and the Cinema and Leisure complex opens.
11. Given the net loss of 360 parking spaces, and expected increases in demand for parking there is an urgent need to develop options for providing new parking in the Feethams area of the town centre.
12. To maximise use of available space the construction of a multi-storey car park on the site of Beaumont Street (North) car park has been identified as the preferred option. This would create sufficient parking spaces to both replace the parking spaces lost and to accommodate the increased demand for parking.
13. Subject to approval of detailed plans, the multi-storey car park will also help facilitate development on nearby car parks, for example on the Beaumont Street East car park (122 spaces).
14. The brief for the multi-storey car park will require the design to take into consideration factors' including:
 - (a) Impact on the local urban character
 - (b) Quality of customer experience, including
 - (i) Lighting levels
 - (ii) Pedestrian routes
 - (iii) CCTV coverage
 - (iv) Payment methods
 - (v) Size of parking bays
 - (c) Options for minimising energy usage
 - (d) Traffic movements
15. Final approval for development of the Multi-storey car park will be subject to Cabinet approval of the detailed plans and business case. The estimated cost of the car park is £6m.

Inward Investment Loan

16. The Council has been approached by Moorfield Devopments the owners of the Cornmill to help facilitate a significant inward investment opportunity by way of supplying a secured loan. The loan would secure the Debenhams store location to the Northern Echo building and would be for a period of between 6 and 10 years and secured on assets of the investor. At this stage the discussions are at an early stage and detailed legal structures have not been developed or agreed however the ability of the Council to respond in a relatively short period of time is important in such matters therefore Council are being asked to approve capital funding to enable Cabinet to respond to the application should it progress.
17. The Council has not made loans in the past and this is seen as a one-off to facilitate a key inward investment.
18. The full details of such a loan will be complex and although initial discussion suggest the Council will have security for the loan this needs to be fully understood and the risks to the Council understood and considered. The detailed report that will go to Cabinet should the inward investment progress will give Cabinet full details to enable them to make a final decision.
19. The loan represents capital expenditure for the Council and would be funded by Prudential Borrowing. The repayment of the borrowing will be funded by payments from the inward investor

Financial Implications

20. There is no provision for either scheme within the existing MTFP and therefore approval would increase capital spending by £9m.
21. The inward investment loan will be funded by prudential borrowing and the revenue costs to the Council will be met by loan repayments for the business.
22. In respect of the multi storey car park the initial £6m capital expenditure will be financed by prudential borrowing and will be funded from the existing MTFP for the first five years of operation. During the five year period, additional income from car parking and business rates in respect of new developments will need to be set aside to assist in repaying the loan after the intial five years. Capital receipts guaranteed during the five year period may also be required to be set aside to repay the loan in full or part. Discussions are also taking place with the Homes and Communities Agency about this proposal. A full financial appraisal will be contained in the Cabinet report and be reflected in the next revision to the medium term financial plan.

Consideration by Cabinet

23. Cabinet are considering this report on 18 July 2013 therefore the recommendations in this report are subject to their approval.