



Leicester  
City Council

**WARDS AFFECTED**  
All Wards

**CABINET**

**March 24<sup>th</sup> 2003**

**STRATEGIC PLANNING AND REGENERATION  
SCRUTINY COMMITTEE**

**March 26<sup>th</sup> 2003**

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**LEICESTER CITY COUNCIL'S RESPONSE TO LEICESTER REGENERATION COMPANY  
BUSINESS PLAN**

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**Report of the Corporate Director of Environment, Regeneration and Development**

**SUPPORTING INFORMATION**

**1. Report**  
**Background**

At its meeting on 30<sup>th</sup> July 2001 Cabinet gave formal approval for the City Council to join and fund the Leicester Regeneration Company (LRC) and to provide a contribution of £250,000 for each of three years ending on 31<sup>st</sup> March 2004. In addition, the Council has set aside £70,000 for the financial years 02-03 and 03-04 to cover staff and related expenditure within the Council. This related budget enables the City Council to support the activities of the LRC, to co-ordinate its mainstream activities to deliver the LRC Masterplan and to maximise the links and benefits of the LRC strategy to all parts and people of the City.

**LRC DRAFT BUSINESS PLAN**

**Introduction**

The LRC has written to the City Council with its draft Business Plan. This covers the period 03-4 in detail, with indicative plans up to 2006. At the LRC Board meeting of 13<sup>th</sup> January it was agreed that the draft Business Plan would be sent to the three funding partners for comment and agreement. The Business Plan is based on the Masterplan's Strategic Framework (prepared by Roger Tym and Partners) that was endorsed in principle by Cabinet on 23<sup>rd</sup> September 2002. At that meeting Members also noted that further more detailed work on the implementation and delivery of the Strategic Framework will be required and that further reports would be placed before Members for further consideration. This report is the first of these, setting the framework for future joint working. It is anticipated that further reports will be placed before Members over the following months, for example to establish development guidance/delivery plans for the five major projects that make up the Strategic Framework. It is proposed that these will become Supplementary Planning Guidance. Also Cabinet will receive a report in April 2003 setting out revisions to the Replacement City of Leicester Local Plan (as mentioned later in this report).

### **What the LRC needs from its partners**

The LRC draft Business Plan sets out the following request;

” LRC has benefited from strong support from its founding partners since its inception. As it moves into its implementation stage, this support needs to be maintained and increased. This Chapter sets out its needs in this respect and invites those partners to secure their organisation’s commitment to the support requested.

#### **Leicester City Council;**

1. A rolling three-year commitment to revenue funding of £250,000 p.a, including commissioning consultancy work on LRC’s behalf, funded from that commitment, and a preparedness to be flexible as contingencies arise within the financial year.
2. Incorporation of the Masterplan into Supplementary Planning Guidance and the replacement City of Leicester Local Plan.
3. Influencing wider strategic planning to reinforce the City centre as the sub-regional focus of office investment.
4. Use land holdings and maximise available flexibility in disposal arrangements in support of the Masterplan.
5. Avoid disposal of land for projects which would directly compete with the concentrations of activity-such as offices-which lie at the heart of the Masterplan.
6. Use Compulsory Purchase Powers where best suited to particular projects, with appropriate sharing of costs.
7. Actively explore the prospects for funding public realm improvements via section 106 agreements (with policy set out in the Local Plan if possible), land receipts, and funding from other partners.
8. Promote the highways changes in the Masterplan, and seek funding via Local Transport Plan and other sources
9. Maximise Objective 2 and other EU funding
10. Continue and enhance the substantial and helpful contributions of officer time
11. A willingness actively to pursue new educational provision in support of the City Living/St Georges north project
12. Guarantee LRC’s office lease beyond its three-year funding horizon”

## Response to the LRC requests

Following the numbering above, I suggest that the following comments are considered before a response is made to LRC;

- 1. Funding.** It is proposed, in principle, to continue the £250,000 p.a **revenue** funding as part of a rolling programme; this will need to be considered annually as part of the corporate budget strategy process with confirmation being given at the appropriate time in the Council's annual budget setting cycle. ie in the early part of each year, ahead of the start of the financial year in April. This sum is currently held within Environment, Regeneration and Development's (ER&D's) base revenue budget. **Members are asked to continue this support in the form of a rolling three-year fund.** It is further suggested that this could be paid in the form of a grant, or in a way agreed between the City Council's Chief Accountant and the Finance Director at LRC. In addition, to take account of inflation and other rising costs, Members will be asked to consider increasing the sum that is entirely controlled by the City Council and used to cover staff and other expenses. It is thought that the sum should be increased to £150,000 p.a, as set out and justified below, from the start of the 2004-05 financial year. **£70,000 for each of the years 2002-2003 and 2003-2004 is currently set aside within the revenue base budget of the Environment, Regeneration and Development Directorate. Support is sought from Members for this to continue in future years; this will be considered as part of the budget strategy.** However, an increase to £150,000 cannot be met from the Environment Regeneration & Development base revenue budget and therefore **this matter will need to be discussed further as part of the continuing corporate budget strategy process.** Unlike emda and EP, who are additionally able to make capital grants to the LRC, the City Council is not at present in a position to make **capital** funds available to the LRC. There are however, complementary building projects, such as the Performing Arts Centre, that form an integral and significant part in delivering the Masterplan. These are already in receipt of capital monies identified in the Council's Capital Budget Strategy. There may, of course, be implications for Council priorities in this regard. LRC objectives and development proposals may provide the opportunity of an earlier delivery of certain capital projects, with the potential for associated implications for the budgets , for example a new Central Library.
- 2. Local Plan.** A report setting out the proposed second deposit version of the City of Leicester Local Plan will be presented to Cabinet in April. This incorporates changes made in response to representations on the first deposit draft as well as amendments to reflect and support the Masterplan. Supplementary Planning Guidance (SPG) that is prepared or revised, (the most recent example being for the St Peters Lane area), will reflect the LRC Masterplan aspirations.
- 3. Strategic Planning.** Through work on the Structure Plan and Regional Planning Guidance the City Council will continue to reinforce the city centre as the sub regional focus for all city centre type investment, office as well as retail and leisure. This is entirely consistent with current government advice. It is also crucial to reassure investors that competing schemes will not be built in peripheral locations.
- 4. Land disposal.** In so far as valuations and disposal of Council land and buildings are concerned the planning framework will be set through the replacement Local Plan and

more detailed SPG. It is therefore unlikely that development would be promoted by the Council that is not consistent with, or frustrates the implementation of the LRC Masterplan. However, the Council would also have to have regard to its statutory functions for which the land is held or is to be used for, and also the Council's planned capital programme and unexpected contingencies. Therefore, it may be appropriate to amend the wording on bullets 4 to state **"In so far as it is not inconsistent with City Council policies, seek to use land holdings...."** and in 5 **"Seek to align...."**

**5. As above.**

**6. Compulsory Purchase Orders (CPO);** The suggestion of using the most appropriate powers for CPOs is supported by the Council. Initial meetings and legal advice have confirmed that, at this stage, it is more appropriate to use emda's regeneration related CPO powers than the City Council's planning related ones. Through using back to back deals the costs of seeking CPO's should be carried by the project and developers. If the City Council were to use its powers there would be legal fees incurred by the Resources, Access and Diversity Department as well as costs of expert witnesses, such as planners and valuers and this is referred to later in relation to budgets. It is suggested that the wording be amended to, **"Use Compulsory Purchase Powers where best suited to particular projects, subject to obtaining appropriate indemnities in respect of costs"**

**7. Public Realm;** A broad enabling policy is in the Local Plan and the major public realm projects are mentioned (including extensions to New Walk and the Linear Park). SPG will refer specifically to this aspect of developing the five major projects. A small LCC/LRC informal working group has been set up to look at the means of delivering the public realm improvements and how these can be best funded. The issue of public realm improvements is part of the wider debate about developer contributions to cover the costs and implications of additional jobs, homes and other developments in the City centre. Contributions towards additional school places, community and other support facilities, linking job opportunities and training to new developments and the need for affordable housing are amongst the key concerns. Cabinet agreed on 27<sup>th</sup> January that a post should be created in the Environment Regeneration and Development Department to deal with the full range of developer contributions for development schemes across the whole city. A source for this funding is currently being investigated but it has been accepted that it will be over and above the budgets mentioned in this report. There will be close links between this post and the work of the LRC. A paper is being drafted by the Development Plans Group that will form the basis for co-ordinating the ongoing work on developer contributions. This may then become SPG to the Local Plan.

**8. Highways.** This approach is already being developed through joint work with the Traffic Group. However, as mentioned later there are staffing implications that may require additional funding for the City Council's input into LRC matters.

**9. EU funding.** It has already been agreed that part of the City Council's in-house funding for the LRC work will be used to part fund a post based in the European Office, with the aim of maximising European funding for LRC related projects. At present the post's funding is only

agreed until April 2004. An extension of revenue funding beyond 2004 would enable continuation of this post which will help to gather additional funding for LRC related projects.

**10. City Council Officer time.** At present the £70,000 allocated for the City Council's LRC related costs is earmarked for three members of staff: a Development Control post to deal with the additional workload as a result of the LRC activities; the Client Manager (lead liaison) LRC; and, the European funding officer. Potential underspend this year, resulting from awaiting staff appointments, has been usefully put towards consultants' work on a retail study, urban design work in St. Georges, and in-house and counsel's legal fees. This flexibility will be lost once all three staff are in post. It is not clear how legal costs, urban design, conservation, traffic and other contingencies are to be met in future. Although the City Council is optimistic that the Government will be allocating a Planning Delivery Grant to the City Council over the next few years, this will be aimed at enhancing the core development control and other planning services. It will not be available to cover the increasing demands and extra workload resulting from the LRC activities. **This request from the LRC is therefore subject to the availability of staff resources.**

**11. Education.** The Director of Education and Lifelong Learning has agreed to consider the implications for school places of additional housing in the City centre. The issue of funding new schools will also be an issue for the group looking at developer contributions mentioned above.

**12. LRC Office Lease.** The Service Director (Property) has agreed to work with the LRC to ascertain whether, with the other funding partners an office lease can be underwritten beyond three years, to enable a lease to be entered into by the Company. It is not yet possible to agree that the lease can be guaranteed. Any guarantee will require appropriate financial provision to be made within E R&D's budgets and this needs to be considered as part of the budget strategy. An amendment to read "**Seek to guarantee, in conjunction with all its funding partners LRC's office lease beyond its three year funding horizon**" is suggested.

### **Prime Concerns**

The partners delivering the renaissance of the centre of Leicester are responsible for ensuring that the benefits are not only physical, in terms of bricks and mortar. An approach focussed on people is essential. Development schemes will need to be underpinned by social and economic regeneration, with the positive impacts linked to people across the whole City. This intention is written into the IRC Masterplan's objectives and is integral to the successful delivery of the Business Plan. It is the LRC's responsibility to take account of the partners' key concerns And ensure that they are reflected in the delivery phase. In the case of the City Council, amongst the prime concerns are that ;

- Participation and active consultation are made an integral part of the process.
- Extra steps are taken to ascertain and take into account, the views and needs of people who are vulnerable and disadvantaged, including the homeless and people with disabilities.
- Social and community regeneration initiatives are linked to the physical schemes.

- More emphasis and consideration is given to reflecting the unique social and cultural characteristics of the City now and in the future.
- Accountability is clear.

### **Additional Concerns**

Additional, more detailed concerns have been set out in earlier reports about the LRC Masterplan, and conveyed to the LRC. The main issues for the partners involved include;

- Concern that sufficient new affordable housing is available to meet the current shortage, demand for key workers and growth in the number of low income jobs that will be created by the delivery of the Masterplan. This will also support the Masterplan to reduce home to work travel and congestion. The Council is also keen to see more family housing of mixed tenure in the City.
- The need to reflect the City's historic heritage, the importance of conservation and links with projects in the Old Town part of the City.
- The need to acknowledge visitor potential and look at leisure provision.
- The benefits of linking consideration of the new live-work community in St Georges North to the Council's strategy for the Cultural Quarter in St Georges South.
- That LRC are working with the City Council and other agencies to ensure that new residential communities will be supported by adequate and appropriate facilities, including in particular education and health.
- The need for more detailed transport/accessibility work to be fed into the development of area frameworks. In particular: the location of bus routes and interchanges; how downgrading of the ring road and fly-overs could be achieved; park and ride; car parking in the City Centre and pedestrian routes such as the proposed extension to New Walk.
- More work on linkages between the City Centre and Belgrave Road area.
- Most importantly, to establish a communications strategy that includes proposals for how the City's present and future citizens can be actively involved in the forthcoming development process.
- Employment and training links are optimised to the new developments.
- Ensuring that development meets high standards in terms of sustainability, including in particular, energy use, materials, recycling, dealing with waste and the adaptability of buildings.

### **Future working arrangements-officer and Member level Groups.**

A series of working groups has been set up to oversee the delivery of the five area projects and to consider additional overarching topics.

In each of the five project areas there are two groups, one a working group at officer level and one a member level non executive group. The five areas are:

- The station/ office core.
- Waterside at Frog Island .
- Science and Technology park at Abbey Lane, .
- St. Georges north live and work area, and the
- Retail Core.

The topic groups are;

- Social and community regeneration, a non executive group
- Land assembly
- Infrastructure
- Developer contributions and public realm.

Work is also underway by consultants on a relocation strategy and support mechanism.

The City Council has been offered the opportunity to nominate and be represented by a Council Member on each non executive group. Appropriate Council officers will be involved in all executive groups and supporting Members in their representation on the non executive groups.

The existing monthly LRC Board and fortnightly officer LRC/ LCC liaison meetings will continue. The latter supported by a LCC only officer forum as required. This facilitates the giving of robust and unified advice into the implementation of the Masterplan.

One issue of working together in partnership is the potential for a conflict of interest. Therefore, care should continue to be taken in sharing of information that could put partners at an advantage/disadvantage. There are currently strategies in place to address this concern and the Council would wish to be assured that these will continue as the projects move into the implementation phase.

It is proposed that in parallel with this paper, a City Council Action Plan is prepared, in consultation with all Council Directorates, to confirm a programme for the Council's continued involvement in delivering the LRC Masterplan.

### **City Council resources**

If there had not been delays in appointing staff within the Council to work on the LRC there would be a shortage of finance to continue the agreed level of support. In addition, to match the increase in activity that there will be, as the LRC moves into delivery/implementation mode, there will be a further shortfall in the resources that can be devoted to LRC related work and responding to the increase in development activity in the City. It is therefore proposed that, in addition to continuing the three staff posts mentioned above, additional revenue funding should be considered to enable;

- Additional resources for the development control teams for dealing with increasing numbers of pre-application enquiries from developers and dealing with increasing numbers of planning applications.
- Continued support from the Development Plans Group, which will be particularly difficult to sustain in the run up to the forthcoming phase of preparing the replacement Local Plan, the Public Inquiry.
- Resources for urban design and conservation work, possibly to be matched by funding from English Heritage, to enable the preparation of Site Development Guidance (Supplementary Planning Guidance) and to enable closer links with English Heritage.

- Legal and financial advice.
- Property Services advice.
- Traffic Group input into highway schemes/changes to the ring road and consideration of transport implications of regeneration proposals.

In total I estimate that a budget of at least £150,000 would be necessary to meet these aspirations (to replace the £70,000, set aside for 03-04 ie. an additional sum of at least £80,000 from 2004 onwards.) It should be noted that an element of this activity is outside the Environment, Regeneration and Development Directorate and overall the LRC related activities are meeting corporate objectives featuring in the Community Plan and the emerging Corporate Plan. It is therefore recommended that consideration should be given, as part of the corporate budget strategy, to providing the additional revenue funds from 2004/05.

## 2. Consultation.

All Corporate Directors through Directors Board.

## 3. Financial, Legal and Other Implications

It is proposed, in principle, to continue the £250,000 p.a **revenue** funding as part of a rolling programme; this will need to be considered annually as part of the budget strategy. This sum is currently held within ER&D's base revenue budget. **Members are asked to continue this support in the form of a rolling three-year fund.**

In addition, to take account of inflation and other rising costs, Members will be asked to consider increasing the sum that is entirely controlled by the City Council and used to cover staff and other expenses. It is thought that the sum should be increased to £150,000 p.a.

**£70,000 for each of the years 2002-2003 and 2003-2004 is currently set aside within the revenue base budget of the Environment, Regeneration and Development Directorate. Support is sought from Members for this to continue in future years; this will be considered as part of the budget strategy.**

However, an increase to £150,000 cannot be met from the Environment Regeneration & Development base revenue budget and therefore **this matter will need to be discussed further as part of the continuing corporate budget strategy process as will the request to guarantee the lease of premises for the LRC.**

**Legal Implications have been incorporated in the body of the report. The key issues being;**

- **The need for the LRC and City Council to take into account the likely legal costs and staffing implications of the LRC Masterplan delivery, in particular in relation to Compulsory Purchase.**



- **The development of a mechanism for ensuring developer contributions, linked to planning consents and development agreements.**

| OTHER IMPLICATIONS                   | YES/NO | Paragraph references within this report                |
|--------------------------------------|--------|--|
| Equal Opportunities                  | YES    | Throughout the report, relating to the LRC objectives. |
| Policy                               | YES    | Ditto  |
| Sustainable and Environmental        | YES    | Ditto  |
| Crime and Disorder                   | YES    | Ditto  |
| Elderly People/People on Low Income. | YES    | Ditto  |
| Human Rights Act                     | NO     |  |

**4. Background Papers - Local Government Act 1972**  
LRC Masterplan

**5. Report Author/Officer to contact:**  
Diana Chapman, Development Plans Group/ City Council Liaison Manager LRC.  
Extension 7251.