

BOROUGH OF KETTERING

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Report Originator	M Hammond Deputy Chief Executive	<i>Fwd Plan Ref No:</i> A14/011	
Wards Affected	William Knibb	10 th September 2014	
Title	NEWLAND STREET BUS SHELTERS		

Portfolio Holders: Cllrs Derek Zanger & Ian Jelley

1. PURPOSE OF REPORT

To seek approval to accept forward funding for the replacement of bus shelters in Newland Street and agree a suitable repayment schedule.

2. INFORMATION

- 2.1 Members have supported the earliest removal of the existing “one piece” bus shelter in Newland Street, which was erected about 15 years ago. Whilst technically the responsibility of the County Council, it is erected on land controlled by Ellandi, the owners of the Newlands Shopping Centre. The shelters are difficult to keep clean, trap smoke, litter and dirt in the area under the canopy and obscure the frontages of the shops behind them, meaning that, from the point of view of the Newlands Centre owners, they are more difficult to let.
- 2.2 After discussion between Ellandi, the County Council, Stagecoach and ourselves, a replacement scheme of bus shelters has been agreed upon. Funding to carry out these and other works in Newland Street has been secured via a Section 106 Agreement for the West Hill residential development.
- 2.3 However, it is unlikely that the funds from the West Hill development will arrive early enough to satisfy Ellandi’s wish to press ahead with the replacement of the bus shelters. Consequently, Ellandi have made the following offer to the Borough Council
- a) that they make £180,000 available now, to the Borough Council, as an interest free loan (to facilitate the project to go ahead as soon as possible);
 - b) that the Borough Council repays the loan in three equal annual instalments of £60,000 commencing on the first anniversary of the loan.
- 2.4 This will enable the works to get underway earlier. However, the money from the West Hill development, which is due in four equal instalments as the development progresses, is likely to be received at a slightly slower rate than the repayments to Ellandi fall due. On the developer’s timeline, successive sums of £80,000 may be received in late 2015, mid 2016 and late 2017,

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although these are dependent on build out rates and house sales to be realised. Therefore, there will be some instances when a repayment to Ellandi falls due before the income is received from the West Hill development. To cover this, the Council will need to make provision in its 2015/16 and subsequent capital programmes. The cashflows are illustrated in the following Table and are based on the proposed loan repayments to Ellandi and the current developer's profile for the West Hill Development;

Year	Loan Repayment	Westhill Proceeds	Annual Difference	Cummulative Difference
	£'000	£'000	£'000	£'000
2015/16	60	0	60	60
2016/17	60	80	(20)	40
2017/18	60	80	(20)	20
2018/19	0	20	(20)	0

- 2.5 The above table shows that there is a small cashflow cost to the authority. However the cost of having vacant units and the impact that the vacant units have on the Business Rates Retention Scheme would be somewhat greater than the cashflow cost.

3 POLICY IMPLICATIONS

- 3.1. The works would improve the aspect in Newland Street, improve the prospects of attracting new retailers into town and improve the conditions for bus passengers and pedestrians, all of which could have a positive impact on regeneration and the Business Rates Retention Scheme.
- 3.2. As the Council has a shared property ownership with Newlands in respect of the Gold Street shops, anything which improves the profitability of the centre and the town centre retail area as a whole does also have a financial benefit to the Council.

4 CONSULTATION AND CUSTOMER IMPACT

- 4.1. Discussions have been held with the relevant parties. Public comment on the current shelters has been negative for some time.

5 FINANCIAL RESOURCE IMPLICATIONS

- 5.1. The indicative costs supplied by the Northamptonshire Highways Agency to remove the current shelter and provide replacement stand-alone shelters are approximately £175,000, to which a small contingency has been added to arrive at a global cost of £180,000.

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- 5.2. The Council's expenditure in repaying Ellandi will be met in full from the West Hill development. The West Hill development is currently underway and the Council will receive the respective S106 contributions as the development progresses. If the development did not progress the Council would then be liable for the repayment of the loan to Ellandi. However, as the development is already at an advanced stage, this is a low risk.
- 5.3. An alternative approach would be for the Council to find £180,000 in this year's capital programme and be refunded over the next three years from West Hill, which would be a more expensive solution as the Council would have the cashflow risk of the £180,000 in full.

6. RECOMMENDATION

- 6.1 The Executive accept a loan in the sum of £180,000 from Ellandi towards the cost of replacement bus shelters in Newland Street
- 6.2 The loan be repaid in equal instalments of £60,000 over three years commencing on the first anniversary of the loan
- 6.3 The expenditure be met from future S106 payments arising out of the West Hill development,
- 6.4 That provision is made within future years' capital programmes to account for the expenditure and income.
- 6.5 That the Head of Democratic & Legal Services be authorised to negotiate, agree and enter into any agreement required by Ellandi for the loan

Background Papers:

Communications with Ellandi
Notes of meetings of the Town Centre
Highways and Transport Group

Previous Reports/Minutes:

None on this particular item.