

CITY OF PLYMOUTH

Report: Special Overview and Scrutiny Panel – Capital and Regional

Subject: Regeneration of the City Centre

Committee: Scrutiny Commission

Date: 8th August, 2002

Ref: 5/SP/C+R/KJ

Part: I

Executive Summary: The purpose of this report is to submit recommendations, through the Scrutiny Commission, to either the Executive or City Council following meetings of the scrutiny panel responsible for reviewing the City Council's negotiations to date with Capital and Regional over their proposals for the regeneration of the City Centre.

Corporate Strategy: The establishment of Overview and Scrutiny Panels forms part of the corporate strategy for implementation of that part of the modernisation agenda relative to new democratic arrangements.

Financial Implications: The financial proposals made by Capital & Regional PLC envisage that the Council will transfer all its City Centre commercial properties and car parks (other than on major redevelopment sites) into a Partnership with the company. In the arrangement proposed, the Council will receive a one-off capital sum and 50% annually of the net income from the properties.

Recommendations The Panel resolved that the City Council continued its negotiations with Capital and Regional, subject to the detail of any firm proposal being brought back to scrutiny prior to any final recommendations being submitted to the Executive.

Background papers:

Report to Executive on 18th June, 2002 - Regeneration of the City Centre.

**REPORT OF THE SPECIAL OVERVIEW AND SCRUTINY PANEL –
CAPITAL AND REGIONAL**

REGENERATION OF THE CITY CENTRE

1.0 Introduction

- 1.1 Plymouth City Council wants to regenerate its City Centre and, in this respect, the management and maintenance of Plymouth's City Centre has been under consideration for some time. Last year officers were instructed to test the market by seeking expressions of interest from companies who would be willing to enter into a joint financial arrangement with the City Council in order to facilitate the regeneration of the City Centre. Out of all the companies initially showing interest, Capital and Regional PLC have been the only party committed to continuing negotiations.
- 1.2 The Scrutiny Commission, at its meeting on 20th June, 2002, agreed that a special Overview and Scrutiny Panel be formed specifically to look at the proposed partnership with Capital and Regional for the regeneration of the City Centre.
- 1.3 The Special Capital and Regional Scrutiny Panel met on 12th and 18th July, 2002, to -
- (i) consider the "Regeneration of the City Centre" report submitted to the Executive on 18th June, 2002, which included a summary of Capital and Regional's proposals for the City Centre along with details of its commitment and key objectives for the partnership;
 - (ii) interview a number of witnesses.

2.0 Panel Structure

Councillors

Councillor Horler, in the Chair.
Councillor Brookshaw, Vice-Chairman.
Councillors Mrs. Ellis, Evans, Mrs. Ford and Pattison.
Mrs. S. Perdrisat, Co-opted Representative.

Officers In Attendance

Richard Willoughby	Director of Development
David James	Commercial Investment Manager
Beryl Evans	Principal Lawyer
Katey Johns	Democratic Support Officer

Witnesses

Mr. B. Raggett	Senior Director, CB Hillier Parker
Ms. V. Younghusband	Partner, Lawrence Graham
Mr. J. Carter	Joint Chairman, City Centre Partnership
Paul Kelland	Accountancy Manager (PCC)
Chris Randall	Finance and Accountancy Manager (PCC)

3.0 Objectives

- 3.1 Having been instructed to specifically look at the detail of the proposed City Council/Capital and Regional partnership for the regeneration of the City Centre, the Panel identified two basic principles which it felt needed to be addressed. They were -
- (i) can Plymouth City Council afford to regenerate the City Centre on its own?
 - (ii) should negotiations continue with Capital and Regional PLC to ascertain whether or not a mutually acceptable agreement can be achieved?
- 3.3 The Panel's findings and recommendations would then be submitted for consideration to the Scrutiny Commission.

4.0 The Detail

- 4.1 The proposal currently under consideration is for a public/private partnership to manage the City Centre Estate and public car parks (excluding the redevelopment sites at Drake Circus and Colin Campbell Court and residential areas) and to implement and facilitate the co-ordinated upgrading of the area. Should the Partnership proceed, it is envisaged that the Council will transfer all its City Centre commercial properties and car parks (other than on major redevelopment sites) into a Partnership with the company. In the arrangement proposed, the Council will receive a one-off capital sum and 50% annually of the net income from the properties.
- 4.2 The City Council engaged consultants, CB Hillier Parker, and legal advisers, Lawrence Graham, to assist in the detailed negotiations which had been ongoing with Capital and Regional PLC.
- 4.3 In order to assist with the Panel's consideration of the proposal it was felt both necessary and appropriate that they talk to a number of witnesses and, in this respect, representatives from CB Hillier Parker, Lawrence Graham, and the City Centre Partnership were invited to attend one or other of its meetings, along with officers of the City Council.

5.0 Comments

- 5.1 From the comments that were made during the course of the Panel's investigations, a number of important issues were identified which the Panel felt should be taken into consideration during the negotiations, should they proceed. These were -
- (i) that a true and accurate reflection of the value of the City Centre asset would be obtained and the amount which the City would have to reinvest into the City Centre;
 - (ii) the implications of such a partnership on the City Centre as a whole and in particular on the Drake Circus and Bretonside Developments;
 - (iii) the necessity of the proposed 250-year lease;
 - (iv) guaranteed maintenance of income level.

6.0 Conclusion

- 6.1 With the competition for capital resources being intense and with the anticipated freeing up of capital controls the panel felt it would be unlikely that the Council could guarantee year-on-year sustained capital investment in the City Centre.

7.0 Recommendation

- 7.1 The Panel recommends that the City Council continues its negotiations with Capital and Regional, subject to the detail of any firm proposal being brought back to scrutiny prior to any final recommendations being submitted to the Executive.