

CABINET

Lancaster District Economic Vision 7th October 2008

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT

This report is to update members on emerging policy from national government, to advise on progress regarding the refresh of the District's Economic Vision and the work of Lancaster District Local Strategic Partnership, of which the Council is a key partner, in relation to the local economy. The report recommends an approach to delivery of the Economic Vision, which takes account of the District's identified needs and funders' requirements. It is also recommended that, subject to Cabinet's support, the proposed approach is submitted to full council to be considered as a refresh of the Council's own Economic Regeneration Strategy. Early steps in the delivery of the strategy are identified, including development of formal Investment Strategies, a mid term review of the West End Masterplan and early actions relating to the Central Park project.

Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member	<input type="checkbox"/>
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Date Included in Forward Plan	1 st September 2008
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This report is public

RECOMMENDATIONS OF COUNCILLORS BRYNING AND ARCHER

- (1) That Members note the update on the emerging policy framework, including the Government White Paper - 'Transforming Places – Changing Lives'
- (2) That Members note progress of the LDLSP Economy Thematic Group Action Plan, which will be separately considered by the Council as part of the Sustainable Community Strategy
- (3) That Cabinet approves the proposed strategic framework for the Economic Vision, based on the LDLSP Action Plan, including the five Area Themes
- (4) That the refreshed Economic Vision and Action Plan are presented to Council with a recommendation that these are formally accepted as an update to the Council's Economic Regeneration Strategy
- (5) That Cabinet approves the submission of a funding application to provide a fully developed Investment Strategy and detailed Performance Framework for the proposed Economic Regeneration Strategy, that will provide funders

with the strong investment rationale they require and that should the bid be successful, the Revenue Budget will be updated accordingly.

- (6) That Cabinet notes the proposed arrangements for a mid term review of the West End Masterplan**
- (7) That Cabinet approves the immediate removal of the Central Park project from the West End Masterplan and Capital Programme, and that this be built into the capital update for referral on to Council.**

1.0 Introduction

- 1.1 This report is subsequent to a report to Cabinet on 8th July 2008. At that time, members were advised of recent and emerging policy changes including the Sub National Review of Economic Development and Regeneration (SNR) and its emphasis on the role of Local Authorities. Also discussed was the potential for direct delegations of economic development/regeneration funding to Local Authorities at a level where a natural economic geography exists and where there is proven capacity to manage and deliver thus allowing for far more local influence over funding priorities. The context of the new Lancaster District Local Strategic Partnership (LDLSP) was highlighted and the importance of the economy as a theme in the developing Sustainable Community Strategy.
- 1.2 The Lancaster District Economic Vision was widely consulted upon and adopted by Council as its Regeneration Strategy in 2006. More recently, the Economic Vision has been refreshed following a joint Council/ Vision Board event in May and as part of the LDLSP Action Planning process.
- 1.3 Outline proposals for the delivery of the Economic Vision were considered by Cabinet in July and introduced an approach that centres around five strategic Area Themes. These are; Re-inventing Morecambe, Lancaster Science Park and the Knowledge Economy, Lancaster City and Riverside, the East – West Employment Corridor, Carnforth as the Northern Gateway. It was agreed that, as the next step, officers would undertake further work to develop these themes and present this back to Cabinet for consideration. This report updates members further on the development of the themes.

1.4 Update on policy framework

As part of the SNR, the government has produced a further White Paper. Transforming Places – Changing Lives. This proposes an approach that coordinates and prioritises regeneration investment in the right places, devolves investment decisions to the most local level possible, aligns investment behind local and regional priorities and focuses in tackling underlying economic problems, particularly in deprived areas.

The government makes the point that economic development is a wide term that covers economic growth but does not necessarily deliver economic inclusion. Regeneration, a sub set of economic development, is about tackling barriers to economic growth, which should deliver economic inclusion, contributing to the growth of the overall economy.

In the future, government funds for regeneration will come from two primary sources; the Regional Development Agencies, which have had responsibility for economic

development and regeneration for some years, and the new Homes and Communities Agency, which brings together English Partnerships and the Housing Corporation to improve the effectiveness of housing regeneration.

Transforming Places – Changing Lives has three priority outcomes;

- Improving economic performance in deprived areas
- Improving rates of work and enterprise in deprived areas
- Creating sustainable places where people want to live and can work, and where businesses want to invest

The White Paper indicates some clear views from government that are likely to affect economic and regeneration policy at national and local level and it will be important for the Council and its partners to monitor how this impacts on regeneration priorities and funding over time.

1.5 Lancaster District Local Strategic Partnership – Economy Action Plan

Since the time of the last Cabinet report in July, the newly constituted Lancaster District Local Strategic Partnership (LDLSP) has made further progress by establishing its Thematic Groups and developing initial Action Plans to highlight high level objectives for the District. Partner organisations still need to formally consider their own contributions to delivery of LDLSP objectives but many have already been informally included as part of the process to date and, as a result, the Action planning process overall has been quite thorough.

The Council has been closely involved in a number of Thematic Groups, providing both elected member representation and officer support. The Economy Thematic Group is particularly relevant in respect of any economic development/regeneration priorities and this group has considered in detail the existing Economic Vision and information arising from its recent ‘refresh’.

An initial draft Action Plan (attached) has been produced, which incorporates all of the key actions required to deliver the economic objectives that have been identified by both the LDLSP partners and in the Economic Vision. The Action Plan is ambitious and represents some high aspirations across the District, which will rely heavily on external funding and, in some cases, on private sector investment. Whilst there are no guarantees that these will be available, the Action Plan provides a strong framework that takes account of funders’ present requirements.

2.0 Proposal Details

2.1 Development of the Area Themes

At its July meeting, Cabinet requested that further work was undertaken on the five proposed themes within the Economic Vision. The attached draft Action Plan begins to provide this detail, showing overall objectives, top level actions, potential outputs and outcomes and an early indication of target dates. Members will recall that the Economic Vision was adopted by the Council as its Regeneration strategy in 2006, so, in fact, the key elements of the Action Plan are not new. However, the presentation is different and has been designed to both capture the District wide objectives and to gain the strategic and financial support of funders in order to deliver the strategy.

The objectives and the outcomes are critical and it is these that members are asked to consider primarily. Ultimately, it is these that will become the basis any subsequent agreement with funders. Specific projects may, however, change, drop out or new projects be added over time in order to ensure that the objectives and outcomes are achieved. Individual projects will still be considered separately as part of normal Council decision making processes, following an internal risk assessment and appraisal, where the Council has any specific responsibility for delivery or funding.

This report recommends that Cabinet endorses the five Economic Area Themes; Re-inventing Morecambe, Lancaster Science Park and the Knowledge Economy, Lancaster City and Riverside, the East – West Employment Corridor, Carnforth as the Northern Gateway. Subject to Cabinet's support for the five Area Themes, it is also recommended that a further report is presented to update full Council and request that the proposed approach is endorsed and the Council's Economic Regeneration Strategy is updated.

2.2 Funding Arrangements

To attract external funding to deliver the District's economic aspirations, particularly as delegated funds, it is critical that a clear and organised strategy is agreed and management and delivery arrangements are understood. The Economy Action Plan provides the broad framework for this but further work is needed to develop the investment rationale, including testing of achievability and 'value for money' of planned outcomes, identifying benchmarks and comparators and monitoring and evaluation planning.

To achieve this, a formal Investment Strategy, centred around the five economic themes, will be required as well as a clear Performance Plan linked to the LDLSP Economy Action Plan, to provide the basis for a programme of delivery. Producing these is a specialist and detailed piece of work but NWDA has informally advised that they would consider a bid for additional funds to develop this approach using consultancy support. It is recommended as part of this report that an application for funds to develop an Economic Investment Framework and Performance Plan is submitted to NWDA.

2.3 Local Development Framework

A separate item on this agenda updates Cabinet on revisions to the Local Development Scheme (LDF) and proposals for development of the land Allocations and Development Control Policies as well as an Action Area Plan for Morecambe. These complement the Area Themes of the Economic Vision, highlighting Morecambe urban centre as a priority for action.

2.4 West End Mid Term Review

In the light of recent changes and the refresh of priorities for the District, officers are currently undertaking a mid-term review of existing and 'pipeline' West End Masterplan projects, in order to identify, match and prioritise them taking account of the current policy framework and funders' priorities. The results of the review and 'refresh' of the Masterplan will show which of the proposed physical work elements in the West End can will contribute to the objectives of the Economic Vision, are likely to attract external funding support and can realistically be delivered. A full analysis and summary report will be presented to a future Cabinet meeting.

An example proforma is attached to this report, which provides the framework for a report on each individual project within the Masterplan.

2.5 Central Park

"Central Park" is an area identified in the current West End Masterplan and was originally seen as a significant proposal. At that time, it was felt that a strong opportunity existed in this area to create a new civic heart to the West End. The creation of a new park and shopper's car park in this area would have provided an extended and enhanced new green space for use by local residents and provided parking space to complement the regenerated retail area around Yorkshire Street. However, it is clear from communications with funders that this particular project fails to justify the significant level of funding it requires for a number of reasons:

Availability of funding – the provisional support from funders was originally offered on the basis that the funding was available at that time, but for a limited period, and also that the indicative funding required would be a lesser amount of up to £3.5m. Given the complexity of the scheme and the need for CPO, both costs and timescales increased and this opportunity was lost.

Value for Money – the current proposed cost of the project is £4.7m, which is considered to be a high level of intervention. However, the economic outputs are difficult to quantify or justify as arising directly as a result of the project.

Level of priority - £4.7m represents a high proportion of the NWDA funds that are likely to be available for the whole of the Morecambe area and any support for the Central Park project would be extremely likely to have a direct negative impact on other planned projects in the area. Support for the project would require the Council to confirm that it is prepared to prioritise Central Park at the expense of other projects.

Extinguishment of businesses – the proposals, which include Compulsory Purchase Order (CPO) requirements, would necessitate the extinguishment or relocation of a number of businesses in the Central Park Area. This type of approach may be appropriate where there are overwhelming benefits to the area but, in order to bring in funding from a funder with economic development priorities, which is interested in business support rather than extinguishment, it requires detailed and convincing justification that benefits are significant and economic. This justification is not clear.

On the basis of all of the information available and both formal and informal advice, the Central Park project appears to have no immediate options for attracting external funding to allow its delivery. However, given the CPO requirements for Central Park, there is considerable uncertainty around the future of properties in the area, which is bound to be unsettling and potentially damaging to the local community. The West End Project Liaison Group and the West End Partnership have considered the current circumstances relating to the Central Park project and have recommended that the project is withdrawn.

In these circumstances it seems appropriate to recommend that the Central Park project is removed from the West End Masterplan at this stage and this report includes a recommendation to this effect.

3.0 Details of Consultation

- 3.1 The Economic Vision was widely consulted upon prior to its original publication in 2006.
- 3.2 The West End Project Liaison Group and the West Partnership have been consulted regarding the mid term review of the West End Masterplan and Central Park

4.0 Options and Options Analysis (including risk assessment)

4.1 Option 1

Approve the proposed framework for delivery of the Economic Vision, including the five Area Themes. This option allows for quick progress towards development of Investment Strategies and for the Council and the District to be well prepared to deal with a delegation of funds to the local area at an early stage. Whilst it reflects local priorities, it takes account of funders' requirements to maximise opportunities for funding. As the proposal is based on the current policy framework and therefore fits with corporate objectives and those of the LDLSP, this option does not suggest any obvious disadvantages.

4.2 Option 2

Develop an alternative framework for delivery of the Economic Vision. This option allows for development of alternative themes but activity will still need to relate clearly to the current policy framework. Development of an alternative approach, consultation with partners and further liaison with funders would be likely to take some months, delaying progress and potentially losing opportunities for funding.

5.0 Officer Preferred Option (and comments)

- 5.1 Option 1 is the preferred option. This approach provides a useful way forward that relates to the existing policy framework, has been developed in partnership and takes account of funders' requirements, maximising opportunities to bring regeneration funding into the District.

6.0 Conclusion

- 6.1 This report is one of a series of reports that are designed to keep Cabinet up to date with developments regarding the District's Economic Vision and the way in which the council can contribute to the delivery of this. The current national policy framework is changing rapidly and locally there are significant developments with the new Lancaster District Local Strategic Partnership both of which provide a context for any economic regeneration activity in the area. Key issues highlighted in this report are the need to agree the strategic framework for regeneration in the District, to make quick progress in the development of Investment Strategies as a basis for funding planned activity and also some early steps to ensure that Morecambe's West End has an appropriate, up to date and agreed approach in terms of both policy and delivery to take it into the future.

RELATIONSHIP TO POLICY FRAMEWORK

The Lancaster District Economic Vision was adopted by Lancaster City Council as its Economic Regeneration Strategy at its Council meeting on 12 July 2006. The Council's Cabinet also agreed, in principle, that the Council should act as Accountable Body for individual projects within the endorsed Lancaster District Economic Vision. The District's Local Development Framework is referred to in the report as well as the statutory requirement for the Council to prepare and keep up to date spatial planning documents. In line with this, the report includes a proposal to undertake an Action Area Plan for Morecambe.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

At the point of application any individual, externally funded projects are assessed against a range of criteria relating to Equality and Diversity, Sustainability and Rural Proofing. The Council's Programme Management Group is a cross service group, which considers all projects in the light of any additional relevant corporate frameworks, dependent on the nature of the project.

FINANCIAL IMPLICATIONS

An application for funds to develop an Economic Investment Framework and Performance Plan will be submitted to NWDA. This development work will be wholly supported by external NWDA funding under a revised 'Realising the Vision' funding bid. The Council Revenue budget will be updated as part of the budget process once a revised funding offer has been approved.

As with all externally funded programmes there is a risk of clawback if funders' conditions are not met. This risk is managed through robust management, financial and audit processes.

The proposal to remove the Central Park Scheme will need referral on to Council, in line with current Financial Regulations. This can be incorporated with the other capital issues to be referred from this agenda.

SECTION 151 OFFICER'S COMMENTS

The recommendations of this report fit with and will influence the development of the Council's overall capital investment priorities and its resulting Capital Programme, as covered in the separate item elsewhere in the agenda.

LEGAL IMPLICATIONS

Legal Services have been consulted and in terms of the conceptual nature of the options there are no legal implications. If option 1 is approved the removal of Central Park from the Masterplan may give rise to consideration of matters arising from its removal but they are

outside the purpose of this report.

MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted. As stated in the report the Vision Board Strategy for the Economic Regeneration of the District has been adopted as part of the Council's Policy Framework and is included in Article 4 of the Constitution as such. Any decision to amend the Policy Framework must be approved by Council in accordance with Budget & Policy Framework Procedure Rules and Cabinet must therefore submit any proposal to amend or replace this Strategy to full Council.

BACKGROUND PAPERS

LDLSP Action Plan
West End project review proforma

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