

REPORT TO EXECUTIVE

Date of Meeting: 18 January 2016

REPORT TO COUNCIL

Date of Meeting: 25 January 2016

Report of: Assistant Director Finance

Title: FUNDING FOR EXETER BUS STATION

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

- 1.1 To request additional funding to deliver the new Exeter Bus Station as part of the redevelopment scheme for the existing Bus and Coach Station site.

2. Recommendations:

It is recommended that Scrutiny Committee - Resources comment and the Executive recommend to Council that :

- 2.1 A budget of £6.25 million is allocated to the delivery of a new bus station in Exeter.

3. Reasons for the recommendation:

- 3.1 Further explanation of the reasons is provided in Section 8 of the report.

4. What are the resource implications including non financial resources.

- 4.1 The £6.25 million will be added to the Council's capital programme, if approved. It is the intention of the Council to set aside £4 million in Community Infrastructure Levy receipts, (CIL) and £2.25 million in Capital receipts to reduce the Council's Capital Financing Requirement, thus ensuring that the overall debt of the Council does not increase as a result of funding the building of the Bus Station.

5. Section 151 Officer comments:

- 5.1 The Section 151 officer confirms that the addition of the new Bus Station is affordable within the prudential limits set by the Council and notes the intention to set aside £2.25m capital receipts and £4m of CIL receipts.

6. What are the legal aspects?

6.1 The in house legal team have not advised on this project.

7. Monitoring Officer's comments:

7.1 Given this report relates only to funding the new Bus Station, the report raises no issues for the Monitoring Officer.

8. Report details:

8.1 Nationally city centres have experienced significant challenges. The impact of internet retailing has fundamentally changed the format of retailing. Demand for property for retailing has diminished. Strong centres have become stronger and secondary centres weakened. There has been a major increase in the demand for restaurants and cafes and this has helped reduce the number of vacant properties, but rental income from restaurants is significantly lower than rental income for retailing. Many high street retailers have restored profitability by productivity increases, reducing costs including rents. The consequence of these trends is major redevelopment schemes in city centres are often unviable. In 2013 when the Planning Inspector considered the proposed Community Infrastructure Levy for Exeter, all the technical evidence demonstrated that a city centre development was not able to support the payment of CIL, unlike out of town centre locations which could support a levy of £125 psm. The Inspector concluded that while city centre sites have high values, development costs are also very high.

8.2 Officers have been exploring the options for funding and delivering the new bus station. After looking through all the options, it is considered that the most practicable solution is for the new facility to be delivered by the City Council, funded through a contribution of capital receipts and community infrastructure levy receipts.

8.3 The Bus Station will continue to be owned by the City Council and is expected to generate a rent from the operator.

8.4 The key benefit from delivering the Bus Station ourselves is that it can be integrated with the provision of the Leisure Complex and let as a single construction contract, which may provide economies of scale in tender pricing as well as minimising the number of contractors on site.

8.5 The Council will also be responsible for ensuring the interim arrangements for bus services in the City during the period of closure of the existing Bus Station. The costs associated with this are included within the budget requested.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 The delivery of a successful redevelopment is a key priority of the City Council.

10. What risks are there and how can they be reduced?

10.1 As this will be a major project, if Council does approve the funding, then a proper project management and governance structure will be put in place to identify, review and mitigate the risks associated with such a development.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

11.1 The Bus Station will provide a better quality environment for bus users and public transport has significant environmental benefits. The design of the building will take into account equality and safeguarding issues.

12. Are there any other options?

12.1 If the project does not gain approval, then it is likely that the whole, private sector development will not proceed.

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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