

<b>MEETING:</b>	<b>COMMUNITY SERVICES SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>28 JUNE 2010</b>
<b>TITLE OF REPORT:</b>	<b>EDGAR STREET GRID UPDATE</b>
<b>REPORT BY:</b>	<b>ECONOMIC DEVELOPMENT MANAGER</b>

**CLASSIFICATION:** Open

### **Purpose**

To update Members on the progress made with the Edgar Street Grid project.

### **Recommendation**

**THAT the report be noted.**

### **Key Points Summary**

- There are a number of potential risks to public sector funding due to recent government department budget cuts.
- The detailed implications of any changes in structure of finance are not yet known.
- The ESG Board has decided to pause negotiations with businesses in the Link Road Phases 2 and 3.
- The planning case for the CPO of the Faraday Road employment site is difficult to justify on the grounds that the site is required to relocate ESG businesses.

### **Reasons for Recommendations**

1. To update the Communities Scrutiny Committee Members on performance.

### **Introduction and Background**

2. The ESG area is a 100 acre redevelopment site to the North of the existing Hereford City Centre. Bounded by Edgar Street to the West, the Cardiff to Shrewsbury railway line to the North, Commercial road to the East and Newmarket and Blueschool Streets to the South.
3. Scrutiny Members received an update on ESG progress in April 2010, and all Members had further opportunity to be informed of the ESG proposals in May 2010.

## Key Considerations

4. Public sector funding is under a great amount of pressure and scrutiny due to the current financial climate and need to reduce the budget deficit. Consequently the budgets of AWM and the Homes and Communities Agency have been significantly reduced in recent weeks.
5. It is known that AWM will have to make £39m of savings in this financial year, and whilst the implications for future financial years are not currently known, significant reductions in available funding are likely. AWM has said that they “*may need to consider delaying, scaling back or cancelling some of the programmes to which we are already committed or were planning*”.
6. The HCA has had its budget cut by £230m for this current financial year and a further £610m is considered to be “at risk”. The future of both bodies is uncertain, for example AWM may be replaced with a “Local Enterprise Partnership”. The proposal from the coalition government is for Local Enterprise Partnerships to be “joint local authority-business bodies brought forward by local authorities themselves to promote local economic development” What geographic area these bodies may cover, or the remit and funding attached to them, has yet to be made clear.
7. As mentioned in the previous update to scrutiny the ESG project has been identified by the Joint Strategy and Investment Board (a regional body bringing together local authority Leaders and senior officers from regional government bodies such as AWM, GOWM, and the Homes and Communities Agency) as an Impact Investment Location (IIL), and as such is considered to be one of the West Midlands region’s twenty most important regeneration projects.

## Business Relocations

8. Given the uncertainty over funding detailed above, the ESG Board has decided to pause the negotiations with businesses in the second and third phases of the Link Road project. This message has been communicated directly to those businesses affected; additionally further one to one meetings with the businesses are in the process of being arranged.
9. This pause does not affect those businesses on the Livestock Market or on the first phase of the Link Road – the stretch between Edgar Street and Widemarsh Street. These elements are progressing to current programme and negotiations are ongoing with a number of these businesses. Accordingly agreement with two businesses has recently been completed; one has relocated to Rotherwas while the other will remain in situ for a period before moving to another location in the County. However, final approval to the funding necessary for the first phase of Link Road is awaited from AWM following an application for the funds made in February 2010.
10. Property Services have contacted all businesses on the Livestock Market with regard to the redevelopment proposals and the need for businesses to make contact with the Council, as their landlord, to discuss their tenancy.

## Faraday Road

11. A previous recommendation of the Scrutiny committee was that – “the council be urged to complete CPO negotiations and development relating to the Faraday Road site”. At this stage of proceedings it has been advised that the pursuit of CPO for this site could be difficult. Any CPO case necessitates a compelling community or social betterment case for the acquisition of the private property in question; in the circumstances of Faraday Road part of this case was proposed to be “for the relocation of businesses from within the ESG site”.
12. Due to the availability of employment land and units elsewhere within the north city the case for acquisition is very much lessened. It is considered that there is enough available

employment units, or planning permissions for such units, to accommodate the vast majority of the businesses along the Link Road line.

13. Whilst the desire from Members to acquire Faraday Road is apparent and noted, due consideration must be given to protect the Council from accruing financial costs incurred at a CPO Inquiry and/or from the award of costs against the Council in bringing such a CPO to inquiry.

### **Communication**

14. The Economic Development team, in conjunction with ESG Herefordshire Ltd are continuing to provide information to individual business as to the available land and premises that match their identified requirements.
15. Members should note that a further all Members briefing on the ESG project is being organised. Details will be sent out via Member Services.

### **Community Impact**

16. Not Applicable.

### **Financial Implications**

17. The changes to the broad financial situation have been mentioned above, at this stage it is difficult to predict what the exact implications are, for the Council and for the ESG project. Officers of the Council and ESG are considering the detailed financial implications a reduction in AWM or HCA funding would cause. Once it is apparent that there is more certainty over the future remit and budget of AWM and HCA, further updates will be given to Members and other interested parties.

### **Legal Implications**

18. None Identified

### **Risk Management**

19. As mentioned above Officers of the Council and ESG are considering the detailed financial implications a reduction in AWM or HCA funding would cause. This will include a review of the current development programme and what timescale issues may arise should funding not come forward as predicted.

### **Consultees**

20. None Identified

### **Appendices**

21. None

### **Background Papers**

21. None identified.