

**AGENDA MANAGEMENT SHEET**

<b>Name of Committee</b>	<b>Cabinet</b>
<b>Date of Committee</b>	<b>13th July 2006</b>
<b>Report Title</b>	<b>World Class Stratford</b>
<b>Summary</b>	A report seeking approval for the Council to participate in the World Class Stratford Project and to enter into an agreement with Stratford District Council regarding the delivery of the County based projects.
<b>For further information please contact</b>	Sue Ashley Town Centres Regeneration Manager Tel. 01926 412818 sueashley@warwickshire.gov.uk
<b>Would the recommended decision be contrary to the Budget and Policy Framework?</b>	No
<b>Background Papers</b>	Report to Stratford Area Committee 15 March 2006  Report to Cabinet 6 April 2006

**CONSULTATION ALREADY UNDERTAKEN:-** *Details to be specified*

Other Committees	<input type="checkbox"/>	.....
Local Member(s) <small>(With brief comments, if appropriate)</small>	<input type="checkbox"/>	.....
Other Elected Members	<input checked="" type="checkbox"/>	Cllr Mick Jones – for information Cllr Peter Barnes – for information Cllr Philip Morris – Jones - for information.....
Cabinet Member <small>(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)</small>	<input checked="" type="checkbox"/>	Cllr Saint.....
Chief Executive	<input type="checkbox"/>	.....

- Legal  Sarah Duxbury.....
- Finance  Oliver Winters.....
- Other Chief Officers  .....
- District Councils  .....
- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION**                      **YES** *(If 'No' complete Suggested Next Steps)*

**SUGGESTED NEXT STEPS :**

*Details to be specified*

- Further consideration by this Committee  .....
- To Council  .....
- To Cabinet  .....
- To an O & S Committee  .....
- To an Area Committee  .....
- Further Consultation  .....

## Cabinet - 13th July 2006

### 'World Class' Stratford

#### Report of the Strategic Director for Environment and Economy

##### Recommendation

1. That Cabinet approves and authorises WCC to participate in the 'World Class' Stratford scheme in particular with the development and delivery of the WCC projects ie the Proposed Foot and Cycle Bridge and the Waterside and Southern Lane pedestrian priority schemes.
2. That Cabinet approves and authorises WCC to negotiate and enter into a funding agreement in partnership with Stratford District Council to deliver the County based projects on terms and conditions acceptable to the Strategic Director of Performance and Development, the Strategic Director of Resources and the Strategic Director of Environment and Economy.
3. A further report detailing the implementation plans for the Projects, including proposals for any procurement of the Projects, be presented to Cabinet within six months.

##### 1. Background

- 1.1 Members will already be aware of the 'World Class' Stratford initiative, through Area Committee. The projects associated with WCS are to be carried out in two phases, and Advantage West Midlands (AWM) has now agreed to the Phase I funding application, awarding a sum of £4.99m towards a total project cost of £7.539m. Of the balance, this Council is expecting £814,000 from LTP / S106 sources over the 5 year period ( 2006 - 2010). The remainder is being sought from SDC, other public sector agencies such as the Environment Agency, English Heritage and British Waterways and also from the private sector through S106 agreements.
- 1.2 Of the £814k, the Council is further able to commit now the £354k from S106 monies and £40k from LTP (total £394k). The remainder (£420k) is an indicative allocation from Government which has Cabinet and Full Council approval (Feb / March 2006). If, for some extreme reason the Government did not grant these

funds, the Council would need to consider underwriting these amounts from its own budgets.

- 1.3 Stratford District Council (SDC) will act as the 'accountable body' and has now received a draft contract detailing AWM's legal requirements. SDC will have a range of responsibilities as 'accountable body', including the role of 'banker'. SDC will enter into a contract with AWM to fund all of the Phase 1 projects. However, SDC will transfer some funding to WCC as WCC is responsible for delivering two of the five projects.
- 1.4 SDC obtained Executive approval on 5<sup>th</sup> June 2006 to the draft contract but cannot progress it without WCC entering into a Partnership Contract with SDC ( which will incorporate the terms of the AWM and SDC contract ) in order to progress the projects and ensure that AWM funding is secured.
- 1.5 The WCS Strategy Group was established during 2004/05 to bring together the key stakeholders and provide the initial direction and commitment to the formulation of a bid to AWM. The Phase 1 projects include the following:
  - (i) Bancroft Gardens Improvements
  - (ii) Recreation Ground Improvements: Phase 1
  - (iii) Wayfinding and interpretation scheme
  - (iv) Proposed Foot and Cycle Bridge
  - (v) Waterside and Southern Lane pedestrian priority
- 1.6 The funding allows for the costs, including on-costs, of project co-ordination, administration and communication. Certain costs are deemed "excluded costs" and are not eligible for funding. WCC will be responsible for delivery of the last two projects on this list.

## **2. Project Risks with respect to AWM financing**

The risks in the AWM/SDC funding contract (which will be incorporated into our contract with SDC), are broadly:

- (1) The project outputs are broad and challenging. If they are not hit then the grant can get stopped and the agreement can be terminated. The grant recipient can then be liable for repaying any grant.
- (2) There are various "Clawback" triggers which permit AWM to stop paying the grant and terminate the agreement. The grant recipient can then be liable for repaying the grant. These triggers are currently not drafted as affecting each project on a "stand alone" basis, but would apply "across the board" - ie one poor performing project could result in all grant funds being stopped and funds already paid being repayable by the grant recipient to AWM. The Clawback triggers are also widely drafted and would be easy to hit.

- (3) Reputation of AWM - any adverse publicity for AWM can result in the grant getting stopped and the agreement getting terminated. However, in my view this is unlikely to occur.
- (4) Abortive costs for all projects - if planning permission is not granted then the grant is not paid (the current draft contract goes further and arguably a failure of one project to obtain planning permission could bring down all others - we need to try to rectify this). WCC may have incurred additional costs by the stage that a planning decision is reached and if the project does not go ahead these wasted costs may have to be met by WCC. Such a risk is encountered with most of our major transport projects.
- (5) There is a final completion date for all projects. The grant is stopped for all projects (and potentially is repayable) if any project has not been completed by this final completion date. However, we understand that in practice AWM is amenable to granting extensions of time if and when the need arises.
- (6) The grant recipients have to incur expenditure prior to being paid the grant (the grant is essentially payable two months in arrears).
- (7) We are not in a position to set out the risks relating to the actual procurement of the Projects at this stage as these are not known. As noted in the Recommendations, we will report to Cabinet within 6 months.

### 3. **Conclusion**

- 3.1 'World Class' Stratford is a major initiative which will have economic, environmental and social impacts of the longer term viability of the town at local, regional, national and international levels. Efforts will be made to negotiate the best terms possible for WCC. However, it is acknowledged that AWM are unlikely to amend their standard terms and conditions to any significant degree and WCC may have to take the risk on these issues.
- 3.2 To ensure effective partnership development and delivery of the projects, I would recommend that WCC enter into a partnership agreement with SDC under the terms as set out by AWM ( amended in so far as WCC and SDC can together negotiate more favorable terms) as no progress can be made on the phase 1 schemes without such an agreement.

JOHN DEEGAN  
Strategic Director for Environment and Economy  
Shire Hall  
Warwick

27 June 2006