



<b>REPORT OF:</b>	Head of Policy and Regeneration
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<b>TO</b>	EXECUTIVE
<b>DATE:</b>	19 April 2012
<b>EXECUTIVE MEMBER:</b>	COUNCILLOR MRS N. J. BRAMHALL

<b>KEY DECISION REQUIRED:</b>	YES
<b>WARD (S) AFFECTED:</b>	Preston, Kingswood with Burgh Heath, Tadworth & Walton and Tattenhams

<b>SUBJECT:</b>	PRESTON REGENERATION JOINT STATEMENT OF INTENT AND IMPLEMENTATION PLANS
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**RECOMMENDATIONS:**

- (i) The proposed changes to the Preston Regeneration Joint Statement of Intent be approved.
- (ii) The Head of Policy & Regeneration, in consultation with the Leader and Executive Member for Priority Places, be authorised to agree any necessary further minor changes to the Joint Statement of Intent.
- (iii) The Head of Policy, Regeneration and Property be authorised to incur necessary expenditure in order to prepare and submit outline planning applications for the proposed development on the Merland Rise recreation ground.
- (iv) New Growth Points expenditure of up to £365,000 (+10% contingency) on priority projects in 2012/13 be approved, with delegated authority given to the Head of Policy, Regeneration and Property in consultation with the Executive Member for Priority Places to agree which projects to deliver as 2012/13 priority projects.

**REASONS FOR RECOMMENDATIONS:**

In 2007 the Council agreed a Joint Statement of Intent with Surrey County Council. The Statement set out a vision and objectives for regeneration in Preston, supported by indicative funding commitments from each Council.

The regeneration of Preston remains a key objective of the Council, as set out in the Corporate Plan 2011-15. However, since 2007, the funding environment has changed significantly and there is a need to revisit the aspirations and funding commitments made in the Joint Statement of Intent. The commitments proposed in the revised Joint Statement of Intent support the delivery of the proposed new leisure centre as part of a hub of

community facilities, new housing and the wider enhancement of the estate.

If the Council secures outlining planning permission for the proposed recreation ground developments prior to marketing them, the potential capital receipt will be enhanced. In order to pursue this approach, the Council needs to incur necessary expenditure to engage professional disciplines to prepare the application. The recommendation to approval some New Growth Points expenditure during 2012/13 will enable some pilot works to be undertaken as the forerunner to more extensive improvement works linked to the new developments. These projects will also demonstrate to the existing community that both councils intend to deliver on the proposals outlined in the Planning Framework.

#### **EXECUTIVE SUMMARY:**

This report restates the overall vision for Preston regeneration and presents revised financial commitments set out in the revised Joint Statement of Intent (see agenda item 13 in the confidential part of the agenda) for approval. It identifies the next steps to secure successful delivery of the objectives, including seeking Executive authority for the Council to: (i) submit an outlining planning application relating to the Merland Rise recreation ground and (ii) implement some high priority projects.

In line with the Preston Planning Framework, the regeneration objectives have been rationalised to provide a closer match with the available funding. Information is provided on the changes in the financial environment since 2007 and a revised indicative funding commitment is proposed (in line with the Banstead Leisure Centre report July 2011).

The report sets out the proposal that the Council submits outline planning applications for the proposed development on the Merland Rise Recreation Ground. This will help to ensure that the Council maximises its capital receipt from the proposed development, and gives more certainty to residents about the scale of development. By maximising the capital receipt the Council will ensure it can deliver the new Banstead Leisure Centre (Executive report July 2011). Annex A (agenda item 13 in the confidential part of the agenda) provides further detail.

An updated "route map" to delivering Preston regeneration is also included which identifies potential pilot projects for delivery in 2012/13 using New Growth Points (NGP) funding already secured for delivering improvements to infrastructure in Preston, and seeks authority for this expenditure to be incurred.

Executive has authority to approve the above recommendations

#### **STATUTORY POWERS**

1. The Council has no statutory obligation to undertake this work but has power under section 2 of the Local Government Act 2000 to take action for the promotion or improvement of the economic, social and environmental well-being of its area.

## ISSUES

### Background

2. Preston is one of 4 regeneration areas identified within the Council's Corporate Plan. Residents of the Preston area suffer from a range of deprivation issues relative to the rest of the Borough. These include poor health, low income and under-achievement at school. The physical environment of the Preston estate is also relatively poor with overcrowding running at twice the Borough average and areas of the estate feeling run down and unsafe.
3. The *Preston Regeneration Masterplan* by Urban Practitioners was published in December 2005 and provided the starting point for Borough and County proposals to improve the area. This document was the product of extensive public consultation and contains a blueprint for regeneration of the area. It includes ambitious proposals to improve the housing stock; address traffic and parking issues, improve the use and safety of public & open spaces, provide new community facilities and improve links both within the estate and to the surrounding areas.
4. Following on from the Masterplan, in 2007 the Borough and County Councils, together with Raven Housing Trust, entered into an agreement setting out how key elements of the Masterplan would be funded and delivered. The Joint Statement of Intent 2007 set out 5 objectives for the regeneration of Preston:
  - Improvements to public and open space
  - A new 'village centre' or hub (including a new leisure centre)
  - Environmentally sustainable development
  - Housing improvements
  - Economic and community regeneration benefits
5. The delivery of these objectives was dependent on the sale of key sites within Preston (De Burgh and part of Merland Rise Recreation Ground), both to provide sites for significant new housing to be created and to generate income for wider regeneration (including the new leisure centre). The rationale for allowing housing development on these sites and for delivering the wider regeneration aims is not clearly set out in the current planning policies of the Borough Local Plan. This has been being addressed through development of a Preston Planning Framework (see agenda item 4).
6. In July 2011 the Executive agreed to deliver a new leisure centre (with swimming pools) for the north of the Borough, to be built close to the existing leisure centre site in Preston. The new leisure centre will form an important part of the regeneration plans for Preston. The Council allocated £4.3million from its capital programme and a further £2.3million from the sale of land at Merland Rise Recreation Ground towards the construction of the new centre.

### Proposed Revisions to the Joint Statement of Intent

7. The revised Joint Statement of Intent can be found at agenda item 13 in the confidential part of the agenda.

### *Vision and Objectives*

8. The “Vision, Purpose and Principles” of the Statement remain largely as per the original Joint Statement of Intent.

*“The proposed regeneration of the Preston area will transform the local environment, making it a more desirable, healthier and safer place in which to live, work and play for this and future generations. The quality and choice of housing will be greatly enhanced, with new housing for market sale, a greater range of affordable housing and improvements to existing homes. A new community “hub” will be created providing a focus for social, leisure and community activity. The area will benefit from environmental improvements and will be better connected, with improved access throughout the neighbourhood and to local destinations. High standards of design and environmental sustainability will be maintained throughout the regeneration process.”*

9. Taking into account the revised economic climate in which the regeneration programme will be delivered, the “Broad Regeneration Objectives” have been rationalised. (The new objectives match those set out in the Preston Planning Framework). The 3 regeneration objectives can be summarised as follows:

- **Improve housing for new and existing residents** – through the creation of new homes (of which 75% market, 15% shared ownership and 10% (preferably social) rented); endorsement of the local lettings policy giving priority to local residents; and a programme of improvements to existing homes.
- **Create a new community hub** – incorporating the new leisure centre and enhanced youth and community facilities to provide a focus for social, leisure and community activity.
- **Improve infrastructure and open space** – addressing parking and traffic flow problems; supporting sustainable transport and improving the amenity value of open spaces.

### **Funding**

10. Proposed changes to the indicative funding commitments by the Council are set out below:

Investment category	Original JSI £ million	New JSI £ million
Leisure Centre	7.5	6.6
Other Community Hub	0.5	-
Infrastructure and Open Space	2.0	-
<b>Total</b>	<b>10.0</b>	<b>6.6</b>

11. In the original 2007 proposals the Council was to fund the Leisure Centre with £7.5 million from its capital programme. However, due to restrictions on public funding and additional demands on the capital programme, only £4.3 million is available from the current capital programme. In the July 2011 Banstead Leisure Centre report it was agreed that this would be supplemented by £2.3 million from the sale of Merland Rise Recreation Ground to give a total of £6.6 million for the leisure centre.

12. However, under the original proposals, funding from the sale of Merland Rise Recreation Ground (along with funding from Surrey County Council's sale of De Burgh site) was to be used to fund additional facilities in the community hub along with infrastructure and open space improvements. This anticipated capital receipt is now being allocated to deliver the leisure centre (£2.3 million) with the balance being used to fund the borough-wide capital programme.
13. In order to deliver wider regeneration projects, including additional community facilities and infrastructure/open space improvements, the Council must work in partnership with Surrey County Council, Raven Housing Trust and private developers to draw down other funding sources. Further information is provided in Annex A (agenda item 13 of the confidential agenda).
14. To access this funding and use it in the most effective manner it is important that there are clear objectives for regeneration in Preston that are shared by all the partners and accord with the Planning Framework for the area. The Joint Statement of Intent is the public agreement between the main partners, demonstrating that they share the same objectives and giving an indication of their financial commitment to the regeneration programme. Having such a document is useful in demonstrating the Councils' commitment, both to local residents and to other potential funders.

#### **Proposed development on the Merland Rise Recreation Ground**

15. In order to deliver the new leisure centre the Council must sell part of the recreation ground for residential development. Given the current challenging market conditions, if the Council were to secure outlining planning permission for the proposed development on the recreation ground, it is anticipated that the Council would secure a greater capital receipt than if the site were marketed in the immediate future. Recommendation (iii) seeks authority to incur expenditure in order to prepare and submit outline planning applications for the proposed development on the Merland Rise site. Further information is provided in annex A (agenda item 13 of the confidential agenda).

#### **Delivery in 2012/13**

16. To progress the regeneration of Preston and facilitate the sale of key sites for housing it is proposed to use up to £365,000 (+10% contingency) of New Growth Points funding to deliver some "quick win" projects in 2012/13. Several potential projects have been identified, including projects which the local community viewed as priorities during the Planning Framework consultation, projects which will enable approaches to be tested (for example to improve parking) before being rolled out more extensively on the estate and projects which will mitigate against the disruption related to the development of the Merland Rise and De Burgh sites.

#### **OPTIONS**

17. In relation to the recommendation to authorise work to be undertaken to prepare and submit an outline planning application, there are two options to consider:
  - i) Option 1 - approve the proposal to prepare and submit an outline planning application, with a view to securing outline planning permission before marketing the Merland Rise site. This option reduces the risk for a potential developer, and thereby increases the potential capital receipt. It also gives the community greater certainty over the scale of the proposals and planned enhancements.

- ii) Option 2 – direct Officers to market the Merland Rise site as soon as possible without securing outlining planning permission first. This option increases the risk for a potential developer, and thereby reduces the potential capital receipt. Furthermore, it does not give the community greater certainty over the scale of the proposals and planned enhancements.
  - iii) Option 1 is the preferred option.
18. In relation to the recommend to authorise New Growth Points expenditure to be incurred on pilot projects during 2012/13, there are two options:
- i) Option 1 – approve the recommendation, thereby enabling pilot works to be undertaken. This will enable more accurate solutions and costings to be identified for the proposed highway and environmental works. It would also demonstrate to the local community that physical improvements to the Preston estate are going to happen. The proposed works would also start to enhance the value of the Merland Rise and De Burgh sites, by demonstrating to potential developers the extensive enhancement to the estate that is planned.
  - ii) Option 2 - Not approve any NGP expenditure in advance of the sale of the Merland Rise recreation ground, losing the advantages set out in option 1 above.
  - iii) Option 1 is the preferred option.

#### **LEGAL IMPLICATIONS**

19. The Joint Statement of Intent requires amendment in the light of changes in circumstances since 2007. The Statement is intended to demonstrate ongoing commitment to the regeneration proposals for Preston, and does not give rise to legally binding obligations. The legal implications generally are covered in the report. The legal implications of the land transactions referred to are not relevant for the purposes of this report.

#### **FINANCIAL IMPLICATIONS**

20. The Banstead Leisure Centre report (July 2011) states that the Council's financial contribution to Preston regeneration will be focussed on delivery of the new leisure centre. Funding of £4.3million from the Council's capital reserves and £2.3million from the sale of Merland Rise Recreation Ground will be used to fund the construction of a new leisure centre. The Council's capital programme reflects this expenditure and also assumes that the balance of the income from the sale of Merland Rise Recreation Ground will be used to fund borough wide capital projects.
21. The changes to the Joint Statement of Intent are consistent with the proposals in the Banstead Leisure Centre report and the Preston Planning Framework. By endorsing revisions to the Joint Statement of Intent the Council is again supporting a range of assumptions that have financial implications:
- i. That part of the Merland Rise Recreation Ground (owned by RBBC) will be sold for private housing development (development remains subject to planning permission) – part of the income from the sale of this site is required to reinvest in the Banstead Leisure Centre.
  - ii. That new development in Preston will be required to meet Code level 4 environmental standard rather than a higher exemplary standard – this assumption has been used in the valuation of the Recreation ground site and increases its value.

- iii. That the amount of affordable housing on the new developments will be reduced from the previous target of 30% to 25%, taking into account local factors and the emerging core strategy. This assumption has also been used in the valuation of the Recreation Ground site.
- 22. Recommendation (iii) includes seeking authority to incur necessary expenditure to enable outline planning applications to be prepared and submitted in relation to the Merland Rise recreation ground. This expenditure, set out further in annex A (agenda item 13 in the confidential agenda), will be offset against the future receipt to be generated by the disposal of part of the recreation ground.
- 23. The proposed New Growth Points expenditure, in 2012/13 and subsequent years, totalling £500,000 has already been identified for this purpose in the capital programme as part of a ring fenced for regeneration projects. £365,000 (+10% contingency) of this is identified to be spent on pilot projects during 2012/13. Recommendation (iv) seeks authority for this proposed 2012/13 New Growth Points expenditure.

## **EQUALITIES IMPLICATIONS**

- 24. The Preston regeneration area is one of the most deprived areas of the Borough. The physical environment is poor and overcrowding is an issue for many families. Residents suffer from relatively poor health and low income. By prioritising Preston as a regeneration area the Council will be improving the quality of life for some of the more disadvantaged residents in the Borough.
- 25. Whilst the revisions to the Joint Statement of Intent constitute a reduction in the planned support for Preston, this is due to the changes in the economic climate (and a reduction in available funding) rather than a change in the priorities of the Council. By ensuring the regeneration programme is delivered in close partnership with SCC and Raven (demonstrated by a renewed commitment in the Joint Statement of Intent), the benefits of the programme, within the reduced budget, will be maximised.

## **CONSULTATION**

- 26. Both Surrey County Council and Raven Housing Trust have been consulted on the proposed changes to the Joint Statement of Intent through discussions at the Preston Regeneration Implementation Board and the Public Sector Board.
- 27. A range of consultation activities have taken place with local stakeholders and residents to inform and shape the Preston Planning Framework (see agenda item 4 for details). The Planning Framework sets out how the revised objectives of the Joint Statement of Intent could be delivered.
- 28. Extensive public consultation has already taken place to inform the decision to invest in the Banstead Leisure Centre, a key priority of the Preston Regeneration (see Banstead Leisure Centre Executive report July 2011)

## TIMETABLE

29. The following table provides a revised route map for the regeneration of Preston (incorporating key milestones from the timetable for the Planning Framework and Banstead Leisure Centre):

Provisional Dates	Milestone/Activity
April 2012	<p>Executive approval for Planning Framework</p> <p>Cabinet and Executive approval for Joint Statement of Intent</p> <p>Executive approval to release NGP funds for phase 1 projects.</p> <p>Executive approval for RBBC to prepare an outline planning application relating to the proposed developments on the Merland Rise recreation ground.</p>
Autumn 2012	Submit outline planning applications for the proposed developments on the Merland Rise Recreation Ground
2012/13	Begin delivery of high priority infrastructure/ environmental improvements (using NGP funding)
By Winter 2012/2013	Secure planning consent and negotiate S106 for housing development at Merland Rise Recreation Ground
By Summer 2013	Commence build of community hub
Summer 2013	Earliest start date for housing development at Merland Rise Recreation Ground - Phase 1 East. Additional funding released for regeneration.
2013/14	Ongoing delivery of infrastructure and open space improvements (using NGP/SCC funding)
July 2014	New leisure centre and community facilities complete
Summer/ Autumn 2014	Demolition of old leisure centre and earliest start date for housing development Merland Rise Recreation Ground - Phase 2 West (site of old leisure centre)
2014 onwards	<p>Marketing, sale and development of De Burgh site - releasing funding for regeneration</p> <p>Ongoing delivery of infrastructure and open space improvements (using SCC/S106 funding)</p>



## **POLICY FRAMEWORK**

30. The Preston Area Regeneration Masterplan (2005) set out a range of aspirations for the area, based on local studies and consultation. The original Preston Regeneration Joint Statement of Intent was agreed in 2007 and drew on the Masterplan to set out the objectives for regeneration, supported by indicative funding commitments from RBBC and SCC.
31. Since 2007, delivery of the regeneration programme has stalled due to the economic downturn. However the Council's stated commitment to regenerating Preston was maintained through inclusion in successive Corporate Plans. In 2011, work recommenced on establishing a Planning Framework that would facilitate regeneration and an Executive decision was taken to invest in the new Banstead Leisure Centre (with swimming pools). As these projects progress it is timely to review and update the Joint Statement of Intent to reflect the Planning Framework and the new economic context.

**Confidential Annexes A and B** - Revised Joint Statement of Intent - Draft for Approval, and covering report.

### **Background Papers:**

1. Joint Statement of Intent 2007
2. Executive report of 21/7/11 on reprovision of a leisure centre
3. Preston Planning Framework Executive report October 2011