

**Report to the Deputy Leader of the County Council and the Cabinet Member  
for Highways and Transport**

**Report submitted by: Director of Development and Corporate Services**

**Date: 19 July 2016**

**Part I**

Electoral Division affected:  
Rossendale East;  
Rossendale North;  
Rossendale South; and  
Rossendale West

**Rawtenstall Bus Station**

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**Executive Summary**

Authorisation is sought for the County Council to enter into a Grant Funding and Management Agreement with Rossendale Borough Council to enable the Borough Council to construct, operate and maintain a bus station in Rawtenstall. The Borough Council will agree to gain the approval of the County Council for the design and operation of the facility and will agree to maintain it for a period of not less than 25 years.

This is deemed to be a Key Decision and the provisions of Standing Order No. 25 have been complied with.

(The reason for report being presented as an item of urgent business to Executive Scrutiny Committee is that the demolition and enabling works are scheduled to commence next month. Given that the next Executive Scrutiny meeting is timetabled for 6<sup>th</sup> September 2016, this would have inevitably delayed the implementation of this scheme.)

**Recommendation**

- (i) The Deputy Leader of the County Council is requested to approve that, subject to Rossendale Borough Council accepting and agreeing to the terms of the Grant Funding and Management Agreement, the County Council will fund from prudential borrowing:

- a) £3.4m towards the bus station construction costs; and
- b) £0.512m to towards the future maintenance and development of the facility.

(ii) Subject to the above approval from the Deputy Leader, the Cabinet Member for Highways and Transport is requested to give approval for the County Council to enter into a Grant Funding and Management Agreement with Rossendale Borough Council to enable the Borough Council to construct, operate and maintain a bus station in Rawtenstall.

## **Background and Advice**

In February 2012 an allocation of £3.5 million was approved by Full Council for the construction of a bus station in Rawtenstall to improve the economic prospects of the Borough. This was to be funded by one-off resources available as a result of delivering savings and exceptional gains achieved through the management of the County Council's bond portfolio.

In September 2012, Rossendale Borough Council entered into a Development Partnership Agreement with Barnfield Investment Properties and Together Housing following OJEU procurement. The Partnership is known as Rossendale Together Barnfield (RTB). One of the priorities for the Partnership is the redevelopment of the former Valley Centre shopping complex. The complex, which had been mostly derelict for a number of years, was bought by Rossendale Borough Council in November 2011 and was subsequently demolished.

The RTB Partnership has consulted on a Masterplan for the site. Following discussions with the County Council, the Masterplan incorporates a site for a new bus station which is seen by the Partnership as being fundamental in kick-starting the whole redevelopment of the area. The site allocated for the bus station is located adjacent to Bacup Road in Rawtenstall, opposite the current sub-standard bus station.

It is the aim of the Partnership to develop this site with architecturally strong buildings, which will establish the site as a "destination" and will complement and add value to the existing environment and distinctive historical character of the area as well as making a statement about the town's position and its increasing economic activity.

A replacement bus station in Rawtenstall is a programmed scheme within the approved East Lancashire Highways and Transport Masterplan. In addition, the Lancashire Enterprise Partnership (LEP) at its Board meeting on the 14th June 2016, approved a £1.9m Growth Deal funding allocation towards the Spinning Point development. The Spinning Point development includes the provision of a new bus station at Rawtenstall. The LEP's funding approval is subject to all other funding being approved and secured for the scheme and a commitment from Rossendale Borough Council that they will manage and operate the bus station for a period of 25

years. A Grant Funding Agreement is currently being prepared with the scheme sponsor to access Growth Deal funding.

This investment alongside other public and private sector investment will support the delivery of 70,000 ft<sup>2</sup> of new town centre retail space, 6,000 ft<sup>2</sup> of new office space and the new bus station. The development will also strengthen Rossendale's commuter links into Greater Manchester particularly as Rawtenstall benefits from a high quality express bus service that operates between Nelson, Burnley and Manchester using purpose-built double-deck luxury coaches. The service operates buses up to every 10 minutes between Rawtenstall and Manchester during both peak periods and is therefore a vital transport link for Rossendale.

The bus station will comprise a high quality eight-stand facility that meets the County Council's operational and safety criteria and is considered to be in a good position to serve both the new development and the town centre.

In October 2014, the Cabinet Member for Highways and Transport gave approval for £0.1 million of the County Council's approved allocation of £3.5 million to be released to Rossendale Borough Council to proceed with design works and assessments in order that the RTB Partnership could apply for planning consent, leaving a remaining County Council contribution of £3.4 million. The Cabinet Member also approved that a sustainable revenue budget for the operation of the bus station would need to be identified before final authority would be given to release the balance of £3.4 million.

Design works have been carried out but in response to objections during the planning process, Rossendale Borough Council made the decision to revise the design of the bus station and planning consent was granted in March 2016 to a scheme that did not include office space as originally planned.

In November 2015, the County Council approved a policy that all bus stations operated or supported by the County Council should be self-financing. This policy includes any bus stations under construction or planned. Early analysis suggested that there would be a significant risk that this policy would be difficult to deliver at the proposed bus station at Rawtenstall, particularly following changes in the design that have the effect of restricting potential income streams from office rents.

Discussions have taken place with Rossendale Borough Council and RTB Partnership alerting them to the prospect that the County Council may not be in a position to continue to support the construction of the new bus station in these circumstances.

Discussions have taken place between officers of the County Council and officers of Rossendale Borough Council which have resulted in officers from Rossendale Borough Council proposing that the Borough Council build, operate and manage the bus station for an agreed period of 25 years and to an agreed service level. Under this proposal, Rossendale Borough Council would be responsible for all income and expenditure. This proposal would be subject to the County Council making available its remaining £3.4 million capital programme provision in 2016/17. Additionally, a commuted sum to cover future capital maintenance requirements of £0.512m would be payable in 2017/18.

On 6<sup>th</sup> July 2016 Rossendale Borough Council agreed to accept a £3.5 million contribution from the County Council to build and own the bus station and also to accept a contribution of cc. £0.512 million to manage the bus station facility through a 25 year management agreement with the County Council for structural maintenance.

The County Council will now fund the total of £3.912m from prudential borrowing, in line with the strategy approved by Cabinet on 21<sup>st</sup> January 2016 to cease funding capital projects from revenue and reserves and utilise more prudential borrowing.

### **Consultations**

The County Council undertook extensive consultation on the bus station proposals in the development of the East Lancashire Highways and Transport Masterplan. The adopted Masterplan includes the delivery of a new bus station in Rawtenstall.

During the planning process which culminated in approval being granted in March 2016, extensive consultation took place.

### **Implications:**

This item has the following implications, as indicated:

#### **Financial**

It is proposed that the remaining construction costs of £3.4m and commuted sum of £0.512m for ongoing maintenance and development are funded by prudential borrowing. £3.4m will be required in 2016/17 and £0.512m in 2017/18. This makes a total borrowing requirement of £3.912m. The estimated revenue cost of financing this borrowing would be £0.235m per year.

#### **Risk management**

Failure to grant approval will render it highly unlikely that a bus station will be built in Rawtenstall, a key element of the East Lancashire Masterplan, and jeopardising the Spinning Point development.

#### **Legal**

It is proposed that the County Council advance the capital sum in the form of a grant which Rossendale Borough Council would then use towards the cost of constructing the bus station. A grant funding agreement has been discussed with officers from the Borough Council and this is well advanced. The draft agreement requires the Borough Council to build the bus station to a design and specification that is to be approved by the County Council. Upon completion, the Borough Council will then be obliged to operate the building as a bus station for a period of 25 years (the "operational period").

Rossendale Borough Council will at all times own the bus station and be responsible for the maintenance, repair and upkeep of the building and the facilities subject to the County Council agreeing to advance a commuted sum to assist with the building related costs. The agreement also stipulates basic requirements in terms of operation, although as the County Council is not concerned with the ongoing operation of the bus station, these will not be a precisely stated as they would be in say, an agreement with a third party to operate a County Council owned facility.

The draft agreement includes clawback provisions that will allow the County Council to recover a proportion of both the capital and the commuted sum should Rossendale Borough Council cease operating the bus station before the operational period has expired. This would be calculated on a scale which decreases throughout the operational period.

Originally the two authorities had intended that the bus station would be built, owned and operated by the County Council although it became clear within the past twelve months that the County Council may not have the resources available to operate the facility. The approach that has been agreed between the County Council and Borough Council provides for the bus station to be built to the required specification and operated over an appropriate period of time whilst at the same time not placing an ongoing burden on the County Council's stretched resources.

### **List of Background Papers**

Paper	Date	Contact/Tel
Rawtenstall Bus Station Proposed Design Funding Agreement	30 <sup>th</sup> October 2014	Oliver Starkey/01772 534619

Reason for inclusion in Part II, if appropriate

N/A