

# APPENDIX A - ATTENDANCE RECORDS

## CreekTeam Workshop 1, 13th June 08

Attendee	Organisation
Kieran Kerin	Faversham United Municipal Charities
Tim Stonor	Resident
Sue Monk	Resident
Anne Salmon	Faversham Society
Simon Latham	Quayside Prop.
Debbie Salmon	Kent Wildlife Trust
Nick Hardy	Anchor Inn
Lena Reekie	The Quays
Bob Berk	Faversham Creek Consortium Management Group
Mike Cosgrove	Faversham Creek Consortium Management Group
Kate Dickinson	FAFTA
Paul Channon	Resident
Janet Hill	Swale Borough Council
Graeme Tuff	Swale Borough Council
Lyn Newton	Swale Borough Council
Facilitator	Organisation
Marcus Wilshere	Urban Initiatives
Euan Mills	Urban Initiatives
Eva-Chloe Vazaka	Urban Initiatives
Cora Barrett	Urban Initiatives
Natalie Earl	Swale Borough Council
Julie Davies	Swale Borough Council

## CreekTeam Workshop 1, 14th June 08

Attendee	Organisation
Kieran Kerin	Faversham United Municipal Charities
Tim Stonor	Resident
Sue Monk	Resident
Anne Salmon	Faversham Society
Simon Latham	Quayside Prop.
Nick Hardy	Anchor Inn
Lena Reekie	The Quays
Bob Berk	The Quays
Mike Cosgrove	Faversham Creek Consortium Management Group
Janice Hennessey	Faversham Creek Consortium Management Group
Kate Dickinson	FAFTA
Paul Channon	Resident
Alan Smith	Swale Footpath Group
Janet Hill	Swale Borough Council
Graeme Tuff	Swale Borough Council
Lyn Newton	Swale Borough Council
Tom Foxall	Swale Borough Council
Anna Stonor	Swale Borough Council
Facilitator	Organisation
Marcus Wilshere	Urban Initiatives
Euan Mills	Urban Initiatives
Eva-Chloe Vazaka	Urban Initiatives
Cora Barrett	Urban Initiatives
Natalie Earl	Swale Borough Council
Julie Davies	Swale Borough Council

## CreekTeam Workshop 2, 26th Nov 08

Name	Organisation
Alan Smith	Swale Footpaths Group
Alan Stanley	Chambers Wharf Landowner
Andrew Culham	Resident
Andrew Osborne	Faversham United Municipal Charities
Anne MacLaren	Creek Creative
Anne Salmon	Faversham Society
Anthony de Moubray	Local architect
Bill Collard	Cambria Trust
Bob Berk	Faversham Creek Consortium Management Group
Brian Clayton	Stonebridge Allotment Society
Cllr Gerry Lewin	SBC Councillor
Cllr Mike Cosgrove	SBC Executive & Faversham Creek Consortium Management Group
Debbie Salmon	Kent Wildlife Trust
Derrick Swain	on behalf of FCMCLtd
Frances Wallis	SBC Environmental Projects
Helen Garry	Property Division, Co-op
James Freeman	SBC Head of Planning
Janet Hill	SBC Climate Change
Jeremy Lamb	Faversham Creek Consortium Management Group
Justin Ford	Faversham Creek Consortium Management Group
Laurence Young	Faversham Enterprise Partnership & Faversham Creek Consortium Management Group
Lena Reekie	Resident
Lyn Newton	SBC Tourism, Culture & Liveability
Mark Quinn	George Wilson Holdings
Martin Hall	Greening the Gateway
Mick Trice	Stonebridge Allotment Society
Mr.&Mrs.W.J.Albery	Faversham Reach Residents Assoc.
Paul Channon	Resident
Peter Bell	SBC Design & Conservation
Peter Flower	Resident
Facilitator	Organisation
Marcus Wilshere	Urban Initiatives
Angela Koch	Urban Initiatives
Alan Best	Swale Borough Council
Natalie Earl	Swale Borough Council
Julie Davis	Swale Borough Council

## CreekTeam Workshop 3, 28th Feb 09

Name	Organisation
Jane Robertson	NE
Ruth Jones	Scott Wilson
Geoff Wade	Faversham Town Council
Andrew Osborne	Faversham United Municipal Charities
Anne MacLaren	Creek Creative
Anne Salmon	Faversham Society
John Winlow	Faversham Town Council
Tom Ben-Joseph	Faversham Reach Residents Assoc
Bob Berk	Faversham Creek Consortium Management Group
Brian Clayton	Stonebridge Allotment Society
Tim Stonor	Resident
Cllr Mike Cosgrove	SBC Executive & Faversham Creek Consortium Management Group
Graeme Tuff	SBC Leisure
Kieran Kerin	Faversham United Municipal Charities
Frances Wallis	SBC Environmental Projects
U Robertson	Natural England
Janice Hennessey	Faversham Creek Consortium Management Group
Janet Hill	SBC Climate Change
Jeremy Lamb	Faversham Creek Consortium Management Group
Justin Ford	Faversham Creek Consortium Management Group
Steve Bessant	Faversham Creek Consortium Management Group
Lena Reekie	Resident
Eileen Kirby	Standard House
Alan Reekie	INBY
Martin Hall	Greening the Gateway
Simon Giles	Creek Creative
Mr.&Mrs.W.J.Albery	Faversham Reach Residents Assoc.
Paul Channon	Resident
Peter Flower	Resident
Facilitator	Organisation
Angela Koch	Urban Initiatives
Cora Barrett	Urban Initiatives
Stuart Gray	Urban Delivery
Alan Best	Swale Borough Council
Natalie Earl	Swale Borough Council
Shelly Rouse	Swale Borough Council



# APPENDIX B - URBAN DELIVERY REPORTS

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Faversham Creek Issues and Options  
Report, May 2009

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Broad Delivery Options Report, January  
2009

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Swale Borough Council

Faversham Creek Issues and Options Report | May 2009 | FINAL

**urbandelivery**

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- 1.0 Introduction
- 2.0 Background
- 3.0 Options Workshop
- 4.0 Conclusion & Recommended Next Steps

## Swale Borough Council | Faversham Creek Planning Obligations and Commercial Analysis Report, May 2009

### 1.0 Introduction

- 1.1 Urban Delivery prepared a report in August 2008 which summarised the different approaches to delivery of the enabling infrastructure (bridge and sluice gates), development opportunities and long-term management of the Creek and surrounding land, depending on the level of public sector intervention
- 1.2 We subsequently held a delivery workshop with Swale Borough Council (SBC) to explore these themes further but it was concluded that without financial viability testing of the proposed development opportunities, the Council could not determine what level of intervention it could pursue. This work has not been commissioned.
- 1.3 Urban Delivery has since attended one land owners meeting and an Options Workshop. From the Options Workshop, two schemes were generated; one which provided for more residential accommodation and one for more commercial accommodation.
- 1.4 The purpose of this report is to advise the Council on the strengths and weaknesses of both options and the challenges to delivery. However, the report is restricted in its scope because:
  - proposed developments have not been financially appraised;
  - infrastructure, services and public realm improvements have not been costed; and
  - we have not been advised by the Council or its public sector partners on the level of intervention that they would be able and willing to pursue.

### 2.0 Background

- 2.1 The Creek Vision and themes, which forms the starting point of the AAP process, is as follows:
 

The Creek at the heart of Faversham

Faversham Creek is leading the regeneration of the town; a place where we can celebrate its rich history and attractive appearance; a place where we enjoy spending time, both on and off the water; a place where boats, residents and visitors want to be; a place where developments integrate the needs of people and nature; and where its distinctive character and identity is rooted in its traditional industries and enriched by new businesses.
- 2.2 However, to deliver this vision, a number of challenges need to be addressed including:
  - A significant part of the Creek is situated within a Flood Risk Area
  - The sluice gates leak and hence the Creek is not being effectively sluiced
  - Although the bridge is working, it may need to be replaced in the longer term
  - The bridge is insufficient to support large scale future re-development to the west of the Creek
  - Navigation of the Creek is only being maintained to minimum requirements which is not sufficient for larger vessels
- 2.3 The gates and sluices are the responsibility of Medway Ports Authority (MPA). The road surface is the responsibility of Kent County Council (KCC). MPA also has a duty to maintain a navigable channel up to the current bridge
- 2.4 The bridge is meant to lift and swing to allow large craft through. Although MPA is responsible for opening the bridge, KCC approval is required. Smaller craft are meant to be able to go under the bridge, but MPA is responsible for opening the gates. Keeping the gates shut should allow water to build up behind them. When the gates are opened, the water should 'flush' the silt from the Creek. However, the gates currently leak and they are not being opened at the right time and hence the Creek has silted-up.
- 2.5 The Creek itself is owned by the Sondes Estate. Freehold interests in land around the Creek are owned by a number of different parties including businesses, SBC, Faversham Town Council, local residents associations and private individuals. Many of these interests are let to occupying tenants including businesses, residents and allotment holders. .

- improve flood defences;
- undertake public realm improvements; and
- provide new and/ or improved civic/ community uses.

2.7 Not only is the Creek itself not in a good condition, but the overall quality of the Creekside area is not being maximised. Recent development around the Creek has been predominantly residential and a number of traditional businesses are under threat which could further change the character of the area.

2.8 In our assessment of the schemes generated at the Options Workshop, we will therefore not only assess their potential commercial attractiveness, but we will also consider how they might contribute towards improvements to the Creek and the surrounding area.

### 3.0 Options Workshop

3.1 The Options Workshop held on the 28 February 2009 resulted in two options being tabled. These were:

	Option 1	Option 2
Residential Units	174	372
Employment Space	33,000 sq m	21,000 sq m
Hotel	1	1

3.2 Both options also generated requirements for mixed use, community and nature spaces.

3.3 As set out in Section 2 above, to achieve the regeneration aims for the Creek, significant improvements need to be made to the infrastructure of the Creek as well as the redevelopment of the surrounding area.

3.4 We have therefore assessed the two options against their ability to contribution towards the significant improvements that need to be made to the Creek and the surrounding area and the potential commercial viability of residential and employment accommodation.

3.5 Although we have not carried out a financial viability assessment of the two options, we would note that historic residential land values within Faversham have been higher than commercial land values which would indicate that residential development has been more financially viable. In our view once the economy begins to recover, residential sales values stabilise and demand for new sites picks up, Option 2 is likely to be more financially viable than Option 1 because of the greater number of residential units.

#### *Planning Obligations*

3.6 Planning obligations should seek to ensure that the necessary infrastructure and facilities are provided at the time of development. New development should only be permitted where proper provision of these service and infrastructure improvements and developments can be made to meet the needs arising from the development concerned or that contributions are obtained towards appropriate new services and infrastructure. Where possible, these should be made on-site by developers and form part of any planning permissions granted.

- 3.8 The Swale Borough Adopted Local Plan (2008) sets out the framework for seeking developer contributions to help fund social and community infrastructure. The Local Plan also establishes the need for developer contributions for off-site highway improvements, public art, open land and public transport and that any provision or financial contribution sought will be secured through a planning condition or appropriate legal agreement.
- 3.9 Using information obtained from the Swale Borough Adopted Local Plan (2008) and the Kent County Council Guide to Development Contributions and the Provision of Community Infrastructure (Incorporating September 2008 figures) we have estimated that for the development of each new flat, a s.106 contribution of £3,726.76 (assuming extended school needed) should be generated and that for the development of each new house, a s.106 contribution of £7,267.33 (assuming extended school needed) should be generated. No contribution is generated from the employment accommodation.
- 3.10 Please note that these estimates only include the fixed contributions as set out in the above documents. Additional s.106 contributions may be sought for commercial, residential or other uses.
- 3.11 However, assuming that 70% of the residential units are houses and 30% flats, the s.106 contributions generated are:

	Option 1	Option 2
Flats	£0.2m	£0.4m
Houses	£0.9m	£1.9m
Total	£1.1m	£2.3m

- 3.12 This gives an indication of the s.106 receipts that could be generated to fund education, community facilities and infrastructure provision within Faversham Creek.
- 3.13 However, these funds will only be obtained if the Council requests them and if the proposed uses are financially viable and hence developers can afford to pay them.
- 3.14 We set out below an analysis of the potential demand for residential and employment accommodation.

### Potential Commercial Viability

#### Residential

- 3.15 Although Faversham is a medieval town, much of its town centre housing stock is Victorian with post war estates on the edge of the town. Around the Creek, there is a post war estate to the north west of the Creek around Broomfield Road and some Victorian 'workers cottages'

along Brent Road and Front Brents. More recent development has taken place at Faversham Reach and Waterside Reach on the north western side of the Creek and along Belvedere Road and off Abbey Road on the south eastern side of the Creek.

- 3.16 69% of housing stock within the ME13 postcode area (which includes Faversham Creek) is terraced or semi-detached. Only 20% is detached and 10% is flats. 68.5% of homes are owner occupied within ME13 compared to 73.5% for the Medway Towns and 66% for the UK as a whole (source: mouseprice.co.uk).
- 3.17 In the last 5 years, average residential house prices in Medway have risen from approximately £128,000 to £143,500. This is a rise of about 12% over the 5 years or 2.4% per annum. This compares to an England and Wales average increase from £136,844 to £158,946 which equates to 16% or 3.2% per annum (source: HM Land Registry). In the South East Region, house prices have increased over the same period from £207,830 to £241,530, an increase of just over 16% or 3.2% per annum (source: acadametrics).
- 3.18 However, over the past year in Medway house prices have fallen from an average of £161,798 to £143,455 which equates to almost 13% (source: HM Land Registry).
- 3.19 The average house price in Medway disguises the wide variation in value between the average price paid for a flat and the average price paid for a house. The table below sets out the average price paid for different unit types over the last 5 years:

	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008
<b>Flat</b>	£91,375	£101,669	£101,993	£107,946	£115,403	£102,319
<b>Terraced</b>	£109,253	£121,561	£121,948	£129,065	£137,981	£122,338
<b>Semi – detached</b>	£153,529	£170,825	£171,369	£181,370	£193,900	£171,917
<b>Detached</b>	£256,461	£285,353	£286,262	£302,969	£323,900	£287,178
<b>Average</b>	£128,111	£142,543	£142,997	£151,343	£161,798	£143,455

Source: HM Land Registry

- 3.20 However, the table below demonstrates that house prices in ME13 are higher than for the average of other Medway Towns. It also demonstrates that the value of smaller units in ME13 is less than the UK average but that the value of 3 and 4 bedroom units is higher.

	ME13	ME	UK
<b>1 Bedroom</b>	£116,700	£106,300	£144,600



<b>2 Bedrooms</b>	£153,600	£148,500	£166,800
<b>3 Bedrooms</b>	£206,100	£185,700	£196,700
<b>4 Bedrooms</b>	£337,500	£289,800	£317,200
<b>5 Bedrooms</b>	£512,200	£451,600	£536,600

Source: Mouseprice proprietary data - updated quarterly

3.21 Fairview is redeveloping the residential units at the former Eurocentre site off Whitstable Road. Asking prices on available units (see table below) at the scheme, called Arterra, appear to be even higher than for the ME13 average (up to £170,000 for a 2 bed flat; £249,999 for a 3 bed house). However, it should be noted that although prices for new build units are often higher than for older stock, the asking price may not reflect actual prices paid or the value of incentives.

Beds	Type	Area (Sq m)	Area (Sq ft)	Price (£)	Price (£ per sq m)	Price (£ per sq ft)	Comments
2	Panama	53*	575*	130,000	2,642	243	Apartment
2	Nevada	54*	581*	130,000	2,593	241	Apartment
2	Fusion	n/a	n/a	165,000	n/a	n/a	Apartment
3	Clarion	98*	1,055*	215,000	2,551	237	House

\* Areas of habitable rooms provided. 25% added to estimate NIA

3.22 Nevertheless, asking prices at the Golding's Wharf development on Belvedere Road (see below) would suggest that the values of new units in Faversham Creek are considerably in excess of those in other parts of the town. Again, it should be noted that asking prices do not necessarily reflect the actual prices paid or the value of incentives.

Beds	Type	Area (Sq m)	Area (Sq ft)	Price (£)	Price (£ per sq m)	Price (£ per sq ft)	Comments
2	Bramling	88	946	249,995	2,841	264	Mid terrace, 2.5 storeys with garage
3	Admiral	103	1,108	290,000	3,009	280	End terrace, 3 storeys with garage
4	The Phoenix	143	1,540	389,995	2,727	253	Mid terrace, 4 storeys with garage
4	The Phoenix	143	1,540	395,000	2,762	256	End terrace, 4 storeys with garage

(Source: Munro Homes website)

3.23 The UK residential market has experienced a dramatic fall in demand and values since the peak of mid 2007. However, indications are that values are close to reaching their bottom and should begin to stabilise towards the end of 2009 or by early 2010. However, it might take longer before developers are prepared to start constructing significant numbers of new homes in provincial towns, especially if the demand for the current over supply is still to be met.

**Commercial**

3.24 Faversham Creek is the oldest employment area in the town although with the decline of the traditional industries (based around the port and the brewing industry) more modern industry has tended to locate around the edges of the town off the B2045 Western Link or at the former Eurocentre site off Whitstable Road. Nevertheless, around the Creek Shepherd Neame, BMM Weston and the Co-Op remain significant employers whilst the Upper Brents Industrial Estate is home to a number of small companies.

3.25 According to the 2001 Census, Faversham's population has a lower than average percentage of AB (Higher and intermediate managerial/administrative/professional) residents (19.8% compared to 21.7%) but a higher than average percentage of C2 (Skilled manual workers) residents (17.4% compared to 15.1%).

3.26 However, the significance of manufacturing industries within Faversham is in decline. In 1991, 26.3% of jobs in the Travel To Work Area (TTWA) were in the manufacturing sector. By 1991, this had fallen to 14%. This compares to a decline in the District from 17% to 16.8% and in the UK from 21.2% to 14.8%.

3.27 In contrast, over the same period, employment in the TTWA in the Banking, Finance & Business Services sector and in other Services increased from 30.7% in 1991 to 39.8% in 2001. This compares to a decline in the District from 42.1% to 35.1% and in the UK from 43.3% to 41.4%

3.28 The Claimant Count Unemployment Rate<sup>1</sup> in Oct 2008 in the TTWA was 2.2% compared to 2.7% for the UK as a whole (Source: Office for National Statistics).

3.29 The largest employers within Faversham are:

Company Name	Activity	Employees
The Iron Wharf Boat Yard	Boatyard	

<sup>1</sup> Claimant Count Unemployment Rates for UK towns, excluding London Boroughs are expressed as a proportion of the resident working age population (females 16-59, males 16-64)

Gist	Chain Manufacturers & Suppliers	400
Shepherd Neame	Brewers	276
BMM Weston Ltd	Laundry Eqpt - Commercial	170
Chaucer Group Ltd	Management & Business Consultants	100

Source: Experian (July 2006)

- 3.30 Our research indicates that there is relatively limited commercial accommodation to rent within Faversham. However, at the former Eurocentre site off Whitstable Road, modern units of 93 sq m (1,000 sq ft) to 929 sq m (10,000 sq ft) are available to let at rents of £150 per sq m (£14.00 per sq ft). The developer has informed us that although approximately half of the space has been leased, 2,787 sq m (30,000 sq ft) remains available. At Units 1-3 Standard Quay, between 29 and 937 sq m (311 - 10,081 sq ft) of industrial accommodation is available to rent at an asking rent of £37.67 per sq m (£3.50 per sq ft).
- 3.31 When considering whether to developing or occupy premises in Faversham, developers and occupiers will be able to compare what is on offer in other nearby centres, the rest of Kent or even other opportunities within the South East of England. As well as the traditional industrial and office locations within Sittingbourne, Canterbury and Ashford for example, there is a significant amount of accommodation speculatively developed, under construction or in the development pipeline including:
- Kent Science Park, Sittingbourne – potential for 190,000 sq m of accommodation
  - G Park, Sittingbourne – 155,000 sq m business park of which Morrisons has pre-let 85,000 sq m
  - Watermark Park, Sittingbourne – 25,000 sq m business park
  - Lakesview International Business Park, Nr Canterbury – 59,000 sq m B1, B2 & B8 employment park
  - Ashford Business Park – modern B1, B2 & B8 units under construction
  - Orbital Park, Ashford – modern B1, B2 & B8 units under construction
  - Eureka Park, Ashford – approximately 96 acres with outline planning consent for 1.2 million sq ft of offices, research & development and light industrial space (approximately 300,000 sq ft of business space is already developed, with occupiers including Inca, Coty, Brakes, Commidea and Invicta Foods)
  - Glenmore Centre, Ashford – modern B1, B2 & B8 units under construction
- 3.32 In terms of office accommodation, at Watermark Park in Sittingbourne, 11 units of between 232 sq m (2,500 sq ft) and 650 sq m (7,000 sq ft) are available to rent at an asking price of £180.30 per sq m (£16.75 per sq ft). The specification includes comfort cooling, raised floors, suspended ceilings and car parking. Watermark Park is situated on the edge of Sittingbourne fronting the A249 and just 2 miles from Junction 5 of the M2.

- 3.33 Situated opposite Ashford International Station, rents of £161.46 per sq m (£15.00 per sq ft) are being asking for floors of approximately 539 sq m (5,800 sq ft) at the refurbished International House on Dover Street. The specification includes central heating, perimeter trunking, suspended ceilings and car parking.
- 3.34 At the Eureka Science Park in Ashford, two new office buildings of 3,319 sq m (35,725 sq ft) and 2,394 sq m (25,777 sq ft) are available to rent at asking prices of £212.59 per sq m (£19.75 per sq ft) and £193.74 per sq m (£18.00 per sq ft). The specification includes air conditioning, full access raised floors, LG3 lighting, DDA compliance and car parking. The Science Park is situated just of Junction 9 of the M20 and 3 miles from Ashford International Station.
- 3.35 In terms of light industrial, distribution and storage units, at G Park in Sittingbourne, 3 plots of 12,500 sq m (134,600 sq ft), 40,800 sq m (439,000 sq ft) and 19,700 sq m (212,000 sq ft) are available to pre-let at rents of £56.51 per sq m (£5.25 per sq ft) for the two smaller units and £61.89 per sq m (£5.75 per sq ft) for the larger unit.
- 3.36 At Orbital Park in Ashford, rents of £78.03 per sq m (£7.25 per sq ft) are being asked for modern units of between 255 sq m (2,750 sq ft) and 279 sq m (3,000 sq ft) while for a larger unit of 1,102 sq m (11,862 sq ft), the asking rent is £67.27 per sq m (£6.25 per sq ft).
- 3.37 At the Glenmore Centre in Ashford, 26 units of between 92 sq m (990 sq ft) and 186 sq m (2,002) are available at an asking rent of between £93.11 per sq m (£8.65 per sq ft) and £110.87 per sq m (£10.30 per sq ft) or capital values of £1,158 per sq m (£107.58 per sq ft) and £1,386 per sq m (£128.76 per sq ft).
- 3.38 At the Saxon Shore Business Park on Castle Road in Sittingbourne, the asking rent for modern light industrial units is approximately £66.20 per sq m (£6.15 per sq ft) or £963 per sq m (£89.50 per sq ft) capital value.
- 3.39 The commercial premises stock within Faversham Creek comprises predominantly light industrial units. However, the area may be more suited to small workshop and office units. Occupiers of larger office and industrial units may require better access to the motorway network and the provision of sufficient car parking and servicing areas. The financial viability of developing small workshop and office units within Faversham Creek will depend upon the demand from tenants and the achievable rents, lease terms and covenant strength of those tenants as well as the costs of construction including any necessary flood mitigation measures and any incentives that may have to be offered to secure tenants.

## 4.0 Conclusion and Recommended Next Steps

- 4.1 Our analysis of s.106 receipts indicates that housing may generate greater levels of contribution than commercial uses
- 4.2 In the current economic climate, speculative development of any nature is likely to be limited. However, residential development sales values in the Creek do attract a premium compared to other areas of Faversham. In addition, historic residential land values within Faversham have been higher than commercial land values which would indicate that residential development has been more financially viable. Although demand for, and hence values of, residential development sites has fallen significantly over the last two years, once the economy begins to recover we would expect Option 2 to be more financially viable, and hence of greater attraction to landowners and developers, than Option 1 because of the greater amount of residential units.
- 4.3 The area around the Creek is situated within a Flood Risk Area and therefore planning permission for development of residential accommodation will depend upon the support of the Environment Agency.
- 4.4 Vacant employment accommodation within the Creek appears to be low. However, the stock is predominantly second hand and rental values are very low. There is no modern employment accommodation within the Creek which would suggest that rental values and yields do not support speculative development.
- 4.5 The Council needs to develop masterplan options which can be consulted upon. However, it should not put forward options that cannot be delivered. To determine what can be delivered, potential masterplan options will need to be financially appraised. The robustness of this work will be dependent upon the quality of the inputs to the financial model. We would therefore recommend that the following work be commissioned:
- Detailed s.106 assessment of all anticipated costs
  - Site specific flood risk assessment
  - Cost assessment of all potential infrastructure and construction works
  - Cost assessment of ongoing management, maintenance and operation of sluice gates, the bridge, the Creek and any proposed new public realm
  - Hotel study to assess whether there is a need for hotel accommodation, what level of accommodation is required; what type and size of site would be required; what the level of interest might be from operators/ developers and what values operators/ developers might be prepared to pay for a site(s)

- 4.6 The financial appraisals will help to determine whether any of the options would be able to cross-subsidise the infrastructure and public realm improvements in and around the Creek or whether additional funding would be required. This work could therefore inform which options could be put forward for public consultation, how many residential units would be acceptable around the creek and how much affordable housing would be required.
- 4.7 We would also recommend that the Council give consideration to the long term management of the Creek and the land around the Creek? As stated in our Broad Delivery Options Report of January 2009 (attached), 'the successful long term management of the Creek and the surrounding area is necessary to ensure that the environment remains attractive, that existing occupiers are encouraged to stay and to continue to invest in the Creek and that new occupiers are encouraged to locate and invest in the Creek'. Can/ will the Creek be effectively managed and maintained to a desirable level in the long term by the current owners? Could it be more effectively managed and maintained in the long term by a single party? Could s.106 receipts from new developments be used for the ongoing management and maintenance of the Creek and public realm? Could new and existing residents and businesses be required to pay a service charge towards the ongoing management and maintenance of the Creek and public realm? To help answer these questions we have recommended above that the Council commission a report into the costs of the ongoing management, maintenance and operation of the sluice gates, the bridge, the Creek and any proposed new public realm.

# Broad Delivery Options Report

Faversham Creek AAP | January 2009| Final

Swale Borough Council

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## 1. Introduction

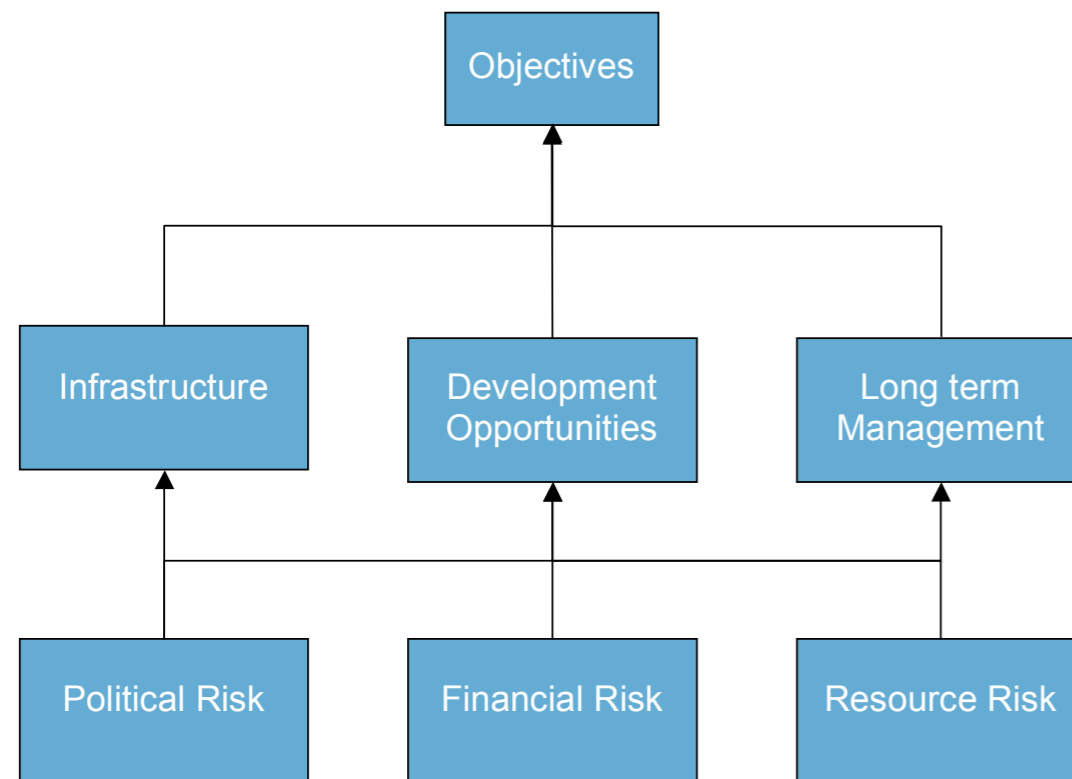
1.1 This report has been prepared so that the client team can address the implementation of the Faversham Creek Area Action Plan. This report sets out the issues and options relating to three key issues:

- enabling infrastructure (including a new bridge and sluice gates)
- development opportunities
- long term management of the Creek and the surrounding land

1.2 For each of these 3 issues we consider the options for delivery and differing levels of intervention. This is informed by the Council's view of:

- political risk;
- financial risk; and
- resource risk

1.3 These will all need to be explored. The likelihood that each option will meet the Council's objectives is also assessed.



1.4 These issues will need to be considered again once the financial modelling work has been undertaken. The report will then be revised and re-issued incorporating our recommended advice that best fits the public sector's position.

1.5 The Faversham Creek area offers a rare opportunity to create a significant, diverse, high quality and environmentally aware place that will be central to the identity and success of Faversham. The AAP will address the challenges of the Creek and will ensure that the residents of Faversham, businesses, services and visitors benefit through a greater mix of land uses and services in the town centre.

1.6 The aspirations and vision for Faversham Creek will be established through the AAP process and will be set out clearly within the planning documentation.

1.7 The Creek Vision and themes form the starting point of the AAP process. The final vision for the AAP is as follows:

The Creek at the heart of Faversham  
 Faversham Creek is leading the regeneration of the town; a place where we can celebrate its rich history and attractive appearance; a place where we enjoy spending time, both on and off the water; a place where boats, residents and visitors want to be; a place where developments integrate the needs of people and nature; and where its distinctive character and identity is rooted in its traditional industries and enriched by new businesses.

1.8 In looking at infrastructure, development and long term management, we consider the likelihood that this vision will be met.

## 2. The Bridge and infrastructure – Capital Expenditure

- 2.1 The bridge represents one of the biggest challenges and opportunities to act as a catalyst for the future regeneration of the Creek and surrounding area. Resolving this issue could unlock the potential of surrounding assets and create an improved and valuable physical link to the residential area to the west of the Creek.
- 2.2 The gates and sluices are the responsibility of Medway Ports Authority (MPA). The road surface is the responsibility of Kent County Council (KCC).
- 2.3 The bridge is meant to lift and swing to allow large craft through. Although MPA is responsible for opening the bridge, KCC approval is required. Smaller craft are meant to be able to go under the bridge, but MPA is responsible for opening the gates. Keeping the gates shut should allow water to build up behind them. When the gates are opened, the water should 'flush' the silt from the Creek. However, the gates currently leak and they are not being opened at the right time and hence the Creek has silted-up.
- 2.4 The proper operation of the sluice gates could help to re-create an attractive and functional creek. In addition there may be a need to:
- improve the quality of the basin;
  - improve flood defences;
  - undertake public realm improvements; and
  - provide new and/ or improved civic/ community uses.
- 2.5 The mechanism of the bridge is believed to be sound, however this has not been tested. Some repairs have been undertaken and MPA is planning some more but in the longer term, it may need to be replaced. In addition, the one way bridge is insufficient to support large scale future re-development to the west of the Creek. The bridge is narrow to enable it to swing and it can't therefore be replaced with a wider bridge because it would affect this balance (although further work is needed to confirm this).
- 2.6 We set out below 4 options for intervention which focus on capital expenditure on the bridge and infrastructure:
- **Do nothing** – the bridge and creek remain as at present. Individual land owners may take schemes forward but no comprehensive approach to secure infrastructure funding is put in place - the master plan objectives are not implemented other than through piecemeal infrastructure changes as section 106 receipts arise;
  - **Low intervention** – public sector engages with landowners in process; sets framework; encourages participation; and, imposes obligation to contribute to the Bridge and infrastructure through section 106 negotiations or the creation of an infrastructure tariff (see appendix C)
  - **Medium intervention** – public sector engages with landowners and enters into joint venture agreement(s). Public sector develops a business case to convince landowners of the 'added value' that participation in the scheme and forward funding of the bridge will bring. Public sector secures match funding or forward funds the bridge and recovers expenditure when schemes are implemented through contractual commitments or an infrastructure tariff
  - **High level intervention** – public sector acquires sites through negotiation or compulsory purchase. Public sector funds the enabling infrastructure; creates viable development opportunities; secures planning permission (possibly) and takes 'de-risked' schemes to the market. Public sector benefits from any value uplift.
- 2.7 The table below summarises the risk position and potential for each option to deliver the AAP objectives.

Faversham Creek AAP

No.	Option	Political Sensitivity	Financial Exposure	Resource Commitment	Ability to meet objectives
1.	Do nothing	H	L	L	L
2.	Low intervention	L	L	L	M/L
3.	Medium intervention	L	M	M	H
4.	High level intervention	H	H	H	H

### Funding

- 2.8 In **options 1 and 2**, funding is forthcoming through existing section 106 policy contributions provided that the contribution to the bridge is acceptable and justified in planning policy terms. **Options 2 and 3** raise the potential for a tariff system, further details are provided at appendix C.
- 2.9 In **options 3 and 4**, the public sector may need to secure funding to assist with the delivery of infrastructure. It is therefore important to consider sources of funding which include:
- South East England Development Agency (SEEDA) and Homes and Communities Agency (HCA);
  - SBC/ KCC – prudential borrowing/ capital programme
  - Landowner contributions
  - s.106/ Infrastructure tariff
  - Recycled land receipts/ overage - the public sector's land receipts could be recycled into the area to assist with infrastructure delivery
- 2.10 Public sector funding will only be forthcoming if resultant numbers of housing units, jobs or enhancements to public realm and the quality of the environment justify the intervention.
- 2.11 We have met with SEEDA and it has informed us that its budget has been cut by the competing needs of other Government departments. Its resources are, therefore, limited for the foreseeable future although it remains keen to be consulted where assistance is required in assembling land or making it ready for development. In any event, Faversham Creekside is unlikely to deliver significant levels of new housing.
- 2.12 The AAP will denote a phasing plan for the implementation of the development opportunities and the public sector partners will need to understand the needs of the town and the challenges and constraints of development so that they can plan to deliver the infrastructure accordingly.
- ### Delivery
- 2.13 **Options 1 and 2** would be delivered by landowners undertaking development themselves or selling schemes to third parties. Infrastructure would be put in place by the Council using monies received through section 106 negotiations or secured from grant.
- 2.14 **Options 3 and 4** would be delivered in partnership with public and private sector bodies. Infrastructure would be funded by landowner contributions and/or public sector subsidy. It would be put in place by the Council or by a procured developer, acting as a contractor.

Faversham Creek AAP

2.15 There are a number of options for the Council to **partner** with other public sector bodies to share risk, maximise resources and generate confidence and support for the scheme. The purpose of this Partnership is to:

- act as the Faversham Creek project champion;
- develop a programme of deliverable schemes or identified opportunities;
- co-ordinate the facilitation of development (e.g. site acquisition/ CPO/ demolition/ procurement);
- co-ordinate public sector funding applications and approvals;
- act as a project broker between private sector landowners;
- co-ordinate cross-subsidy of land payments and funding assistance between sites with differing inherent issues and levels of viability (where appropriate);
- co-ordinate the delivery of infrastructure and funding of this through s.106 contributions and/ or a tariff/ Community Infrastructure Levy (CIL);
- co-ordinate how land receipts are to be dealt with given the opportunities for re-investment in the area;
- develop a long term management strategy for the ongoing management and maintenance of the Creek and surrounding land

2.16 The Client Team should seek to strengthen this public sector team and include bodies such as Faversham Town Council, KCC, SEEDA, HCA, Natural England and the Environment Agency for example. This would form the basis of a strong public sector team to help deliver the vision set out within the AAP, to share the risk and financial burden and to give a strong message to the private sector that the project is fully supported through a strong public sector commitment.

2.17 This Public Partnership can be achieved through a formal or informal relationship. The advantages and disadvantages of each are set out at appendix A.

2.18 The options for engaging with the private sector which would apply in the case of **option 4** (and to a degree, **option 3**) are addressed in section 3 below and appendix B.

### 3. Development Opportunities

3.1 The potential nature and mix of the Faversham Creek development means that there are a number of options for realising the objectives of the AAP.

3.2 The strategy for dealing with the land opportunities as well as the delivery of infrastructure (see section 2) both require the Council to appraise its willingness to intervene either alone or in partnership with other public sector bodies.

3.3 The options for dealing with the land and development opportunities are:

- **Do nothing** – existing landowners have had little success at engaging with one another and have expressed frustration at their inability to secure planning consent. The AAP will set a planning framework for these schemes to progress (through development by landowners or sales to developers). However, the public sector will have no control over the speed, quality and nature of any development other than through its statutory planning role. It will have no ability to develop a strategic approach to infrastructure either.
- **Low intervention** – public sector acts as a project broker between different landowners. It encourages landowners to pool their assets in a single pot and share the development risk and rewards of the future regeneration of the area. However, this type of agreement is incredibly difficult to negotiate due to different appetites for risk and the valuation of individual land assets.
- **Medium intervention** – public sector engages with each of the landowners and enters into joint venture agreement(s) in relation to each development opportunity. The added value brought about by the delivery of infrastructure is shared in part, so that the public sector is reimbursed for its expenditure. The funding of infrastructure is considered in section 2 above. The public sector can also assist land owners to obtain vacant possession, help land owners assemble more appropriate development parcels, bring forward sites for development and, ensure that inappropriate development does not take place.
- **High level intervention** – public sector acquires sites through negotiation or compulsory purchase. Public sector benefits from all value uplift and takes projects to the market through a competitive procurement. Public sector is able to secure all aspects of the AAP through a detailed development brief and clear contractual obligations.

3.4 The table below summarises the risk position and potential for each option to deliver the AAP objectives.

No.	Option	Political Sensitivity	Financial Exposure	Resource Commitment	Ability to meet objectives
1.	Do nothing	H	L	L	L
2.	Low intervention	L	L	M	L
3.	Medium intervention	L	M	M	H
4.	High level intervention	H	H	H	H

3.5 **Option 1** requires limited public sector intervention with commensurately limited control over project outputs. **Option 2** will be very challenging to implement as landowners have widely varying (and often optimistic) views on the value that their particular site adds to the project. A consensus on decision making is also difficult due to differing appetites for risk.

3.6 **Option 3** provides a structure which enables the public and private sectors to participate jointly on a long-term basis. It offers the opportunity for risk to be

managed whilst maximising investment into the project. The public sector needs to consider the level of commitment that it is prepared to make in the project, both in terms of finance and resources. It also needs to be clear on the level of risk and responsibility that it is prepared to, and statutorily able to, take in working with the private sector.

- 3.7 The success of this option relies upon us demonstrating the added value that a joined up approach to master plan implementation can have.
- 3.8 **Option 4** requires significant investment and political risk in promoting a CPO. For a compulsory purchase, land is valued at the higher of its existing use value and the value which would be achieved (for the use permitted by the AAP) but disregarding the benefits of the wider regeneration. This presents the opportunity for the public sector to take on greater risk and the role of development facilitator. The public sector will need to determine how such costs are to be incurred and who will be responsible for the ownership, management and maintenance of any acquired sites.
- 3.9 One option would be for the public sector partners to enter into a legally binding Agreement. This would establish the decision making process for acquisitions, the proportion of funding to be provided by each party, the responsibility for ongoing management of the acquired interests and the structure of any 'winding down' of the agreement. This agreement could also deal with infrastructure issues such as the bridge and sluice gates (discussed in section 2). The potential public sector partners are SEEDA, HCA, Faversham Town Council, Kent County Council, the Environment Agency and Natural England.
- 3.10 To engage the public sector partners, it will be necessary to persuade them that the potential numbers of housing units, jobs or enhancements to public realm and the quality of the environment justify their intervention.
- 3.11 The advantages and disadvantages of formal and informal public sector partnership are discussed at appendix A. A formal partnership would be required for **Option 4**.
- 3.12 In **Option 4**, the public sector partnership then decides the manner in which it engages with the private sector in order to procure the right delivery partner. The advantages and disadvantages of different approaches to this (a single site; a portfolio of projects and an investment vehicle) as well as a note on procurement are contained at appendix B.

#### 4. Long Term Management – the Creek and the Surrounding Land

- 4.1 We have identified in section 1 a proposed approach to addressing the initial capital expenditure on the bridge and sluice gates. Nevertheless, the successful long term management of the Creek and the surrounding area is necessary to ensure that the environment remains attractive, that existing occupiers are encouraged to stay and to continue to invest in the Creek and that new occupiers are encouraged to locate and invest in the Creek.
- 4.2 The Creek itself is owned by the Sondes Estate. Freehold interests in land around the Creek are owned by a number of different parties including businesses, SBC, Faversham Town Council, local residents associations and private individuals. Many of these interests are let to occupying tenants including businesses, residents and allotment holders. MPA own the gates and sluices and KCC own the roadway.
- 4.3 The management and sluicing of the Creek is the responsibility of MPA. MPA also has a duty to maintain a navigable channel up to the current bridge. Recent sluicing over the last two years has enabled the gates to be opened. Whilst MPA believes that there is little scope for significant commercial activity, there is increasing small craft traffic.
- 4.4 Nevertheless, the impact of this is that the potential leisure opportunities, amenity and local environment of the Creek and surrounding area are not maximised.
- 4.5 The degree of public sector intervention will affect how the area can be managed and whether the Creek and surrounding area can be managed as one, or whether they will need to be managed independently of one another. For example, if the public sector secures funding for (e.g. s.106 payments), or contributes towards the improvements to the gates and sluices, a condition of this should be the continued maintenance of the Creek by the relevant parties. Alternatively, it may be possible to create a BID (see below) to contribute towards the ongoing management of the Creek itself as well as the land around it. The potential income that could be raised through a BID would need to be calculated and compared to the cost of maintaining the Creek and the interest from landowners and occupiers in supporting a BID would also need to be tested.
- 4.6 Setting up the right management facility will therefore be important, so that it can form a clear part of the marketing strategy to attract the right end users. There are a number of options for this:
- **Low intervention/ do nothing** – the current status quo will continue with no agreement being reached between the respective parties as to management and maintenance responsibilities.
  - **Medium Intervention** -the public sector creates a Business Improvement District (BID). A BID is a partnership between a local authority and the local business community to develop projects and services that will benefit the trading environment within the boundary of a clearly defined commercial area. By the beginning of 2008, over 60 Business Improvement Districts had been established across England, Wales and Scotland. This could be combined with a Charity taking over responsibility for management funded through the BID.
- BID's give local businesses the power to effect changes that will benefit them in their local community. Improvements may include extra safety/security, cleansing and environmental measures, improved promotion of the area, improved events, and greater advocacy on key issues, but the legislation does not put a limit on what products or services are provided. Further details are contained at appendix D.



**High Intervention** - the public sector assembles land and retains a reversionary freehold interest. A service charge could be imposed on owners/occupiers to provide an income stream for day to day management of the Creek and surrounding land and a potential sinking fund for future maintenance and re-investment. However, this will impact on the price that developers will pay for land as the costs are passed on to end landlords and eventually tenants. Equally though, the well managed creek and the place changing effect could mitigate this.

The public sector could also consider acquiring interests within the Creek to control ongoing management and maintenance.

4.7 The table below summarises the risk position and potential for each option to deliver the Council's objectives.

No.	Option	Political Sensitivity	Financial Exposure	Resource Commitment	Ability to meet objectives
1.	Do nothing	M	L	L	L
2.	Medium intervention	L	L	M	M
3.	High level intervention	H	H	H	H

## 5. Conclusion and Recommendations

- 5.1 In order to deliver the mix and diversity of land use that the AAP will envisage, it is vital that the planning, funding and delivery mechanisms are available and that the project objectives are not watered down.
- 5.2 The public sector partners need to establish the extent to which they have an appetite for funding a project of this scale and length. To support this, we strongly recommend that further work be undertaken to identify funding gaps or opportunities for land acquisition. This can only take place once a capacity study of appropriate land uses has been undertaken for each development opportunity within the AAP boundary.
- 5.3 We have identified different options for intervention to address the three key areas of the bridge and infrastructure, land development and long term management. We have also identified important actions that now need to take place. These are set out in the table below.

No.	Action Point	By
1	Justification for section 106 contribution under existing policy	SBC
2	Potential for infrastructure tariff	SBC & UD
3	Developing dialogue with landowners	UI,UD,SBC
4	Development Site capacity/ land use study	SBC
5	Financial appraisal of land value uplift/development potential	UD
6	Availability of public sector funding	UD & SBC
7	Risk appetite for each option– political, resource and finance	SBC
8	Consider options for engaging with <b>public</b> sector	UD & SBC
9	Consider options for engaging with <b>private</b> sector	UD & SBC
10	Soft Market Testing	UD
11	Long term management options appraisal	UD & SBC
12	Public sector review of asset base and occupational needs	SBC
13	Agree baseline costings for required enabling infrastructure	TBA

# Appendix A – Public Sector Partnership

## Public Sector Partnership

- The advantages and disadvantages of a formal and informal partnership are discussed below.

Structure	Advantages	Disadvantages
<p>'Informal Partnership'</p> <p>(an Informal Partnership via a collaboration agreement between the Council and other public sector bodies)</p>	<ul style="list-style-type: none"> <li>a flexible arrangement in which each public sector partner retains a level of control and autonomy in their own decision making</li> <li>perceived by the private sector as a relatively straight forward structure with which it can engage</li> <li>a level of co-ordinated decision making</li> <li>Board can act as a filter for the approval mechanism back through the respective bodies</li> <li>provides clarity of objectives and roles</li> </ul>	<ul style="list-style-type: none"> <li>over time uncertainty can creep in terms of loss of clarity of delivery responsibilities</li> <li>it is potentially and actually easier to legally disengage from an informal arrangement if one of the partners' agenda changes</li> <li>market risk – potentially perceived as a weaker delivery entity and decision maker if not truly 'joined up'.</li> <li>may not be resourced at the right level or seniority to properly drive the project forward</li> <li>organisations which lack legally binding documentation can break down more easily which can make it more time consuming to administer</li> </ul>
<p>Formal Partnership</p> <p>(Formalised Partnership between the Council and other public sector bodies)</p>	<ul style="list-style-type: none"> <li>true co-ordinated decision making between the public sector which also gives confidence to the market</li> <li>potential to add real momentum to the delivery process motivating officer resource and delivery responsibilities via a board reporting process</li> <li>Board can act as a filter for the approval mechanism back through the respective bodies</li> <li>Has the benefit of dedicated administration and officer resource and forces individuals to take responsibility</li> <li>provides clarity of objectives and roles</li> </ul>	<ul style="list-style-type: none"> <li>whilst not a disadvantage, consideration needs to be given to the legal entity which is to be formed. The extent of the powers of the Board and governance issues need to be agreed and documented</li> <li>if the position of other public sector partners changes so that their involvement is no longer necessary or peripheral then it would be more difficult, through a formal structure, for the Council to disengage with that party</li> </ul>

## Appendix B – Private Sector Partnership and Procurement

### Private Sector Partnership

- We have set out below the advantages and disadvantages of a number of options for partnering with the private sector. Note, option 4 (prudential borrowing) is focused on fund raising rather than delivery. A hybrid option is a combination which allows the Council to select solutions for each part of the programme.

	Delivery Option	Advantages	Disadvantages
1.	<b>Site by Site</b> via unconditional or conditional development agreements or Joint Venture (Traditional Joint Venture)	<ul style="list-style-type: none"> <li>Ability for the public sector to participate in value uplift via overage agreements</li> <li>Tried and tested method familiar to both public and private sectors</li> <li>Clear division of risk</li> <li>Potential to deliver enhanced competition between developers, also offering diversity of product</li> <li>early land receipt on exchange with potential for future phased payments is only possible if the project is sufficiently viable</li> </ul>	<ul style="list-style-type: none"> <li>Uncertainty over timing and amount of land receipts, so some level of risk sharing is accepted by the public sector. Land receipts subject to re-appraisal unless paid or guaranteed in advance</li> <li>Potential lack of joined up approach to fulfil AAP objectives</li> <li>Difficult issues arise over the relationship of one site to the next in terms of decant / vacant possession, infrastructure, grant and cross subsidy. VP is particularly important as it is the responsibility of the Council</li> </ul>
2.	<b>Portfolio Joint Venture</b> – ie Master Developer Partner (a series of development opportunities packaged and marketed to selected developer partner(s)).	<ul style="list-style-type: none"> <li>Ability to participate in value uplift</li> <li>Single point of responsibility makes it easier to deliver strategic infrastructure, and to manage decant and vacant possession, grant allocation and cross subsidy between sites</li> <li>Clear shift of risk to the private sector</li> <li>Potential to secure lower returns and lower costs of finance if the private sector partner values the guaranteed deal flow and longevity of the opportunity – unless private sector argues risk increased</li> <li>early land receipt on exchange with potential for future phased payments is only possible if the project is sufficiently viable</li> <li>Private sector, could issue a bond to attract city investment in the regeneration (similar to Lend Lease approach at Stratford Village)</li> </ul>	<ul style="list-style-type: none"> <li>Relatively few disadvantages provided the contract is well drawn and protects the public sector's land value and outputs.</li> <li>Specific concerns which will need addressing include quality and diversity of product (the volume housebuilder approach) as well as preventing land banking and reduced rates of sale and securing uplifts in value</li> <li>Need to ensure developer competition in bidding for the opportunity and that outputs continue to represent value for money</li> </ul>
3.	<b>Local Asset Backed Vehicles</b>	<ul style="list-style-type: none"> <li>Able to borrow funds to drive forward a comprehensive regeneration and investment</li> </ul>	<ul style="list-style-type: none"> <li>By investing its assets in the vehicle, the Council has less control (often 50/50 control)</li> </ul>

	Delivery Option	Advantages	Disadvantages
	(Council and one or more private sector partners form a public/ private SPV into which Council invests its land assets. The private sector matches this investment with a land asset or equity investment. The SPV can borrow to facilitate its activities and fund up-front infrastructure, CPO, delivery and project development. Operating surpluses are in principle shared in proportion to original investments)	<p>reducing the need for direct public sector intervention. This could be advantageous if Council is unable to prudentially borrow or other public/ private sector funding is unavailable</p> <ul style="list-style-type: none"> <li>▪ The LABV brings with it private sector expertise to either deliver projects or to procure their delivery (depending on its remit) through one or more of the options considered in this section</li> </ul>	<p>provisions) over the timing of their disposal which may fetter its ability to fund activities elsewhere</p> <ul style="list-style-type: none"> <li>▪ This could be an expensive way for the public sector to borrow money and procure private sector assistance – it needs to be subject to a full economic appraisal to ensure it represents VFM – Navigant has found in one case that this route cost an authority 32% more than a traditional procurement would have done.</li> <li>▪ Potential for conflict between the interests of shareholders and those of the public sectors given different corporate agendas when it comes to investment in infrastructure and community benefits</li> <li>▪ Perceived as complex, adds an additional layer and requires payment of additional professional fees</li> <li>▪ Raises a debate over the timing and methodology of valuing the Council's land investment</li> </ul>
4.	<b>Prudential Borrowing</b> Similar to the bond issue, this is a potential funding solution for the council	<ul style="list-style-type: none"> <li>▪ Provides up front investment at relatively low costs to the scheme</li> <li>▪ Council seen to lead on the process and generate confidence through own investment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Exposes the Council to risk and is subject to it meeting its prudential indicators and not having high levels of long term debt</li> <li>▪ Revenue financing costs need to be balanced against the Council's need to continue to deliver services</li> </ul>

- OJEU Panel Tender – where a number of land uses may be required it may be beneficial to set up some panels which could comprise two or three companies. They could then be potentially given certain roles within the delivery of the project, provided they worked within pre-set criteria. Given the size of the opportunity at Faversham Creek, this is unlikely to be appropriate.
- Direct Appointment – in rare circumstances it may be appropriate to approach one partner only, particularly where it has a major controlling land interest or if it avoids a costly CPO. This would need to be considered carefully, but should not be ruled out if it helps to deliver the mix and diversity that is sought. However, clear legal advice should be sought, particularly in light of the recent *Auroux v Commune de Roanne* case (C-220/05[2007] All ER(EC) 918). This case centred on the need for the public sector to tender and advertise for works, supplies or services.
- Main-stream target markets versus specialist/local target markets will be a major feature of this project. Many of the end users could be local or regional and therefore the marketing strategies will need to optimise such markets and target them in the right way. However, within European Procurement regulations, it is not possible to give local firms preference.
- In the light of the Roanne case, it is extremely difficult to avoid an OJEU procurement process. It is possible to still conduct a fairly rapid procurement within a year dependant upon the complexity of the project.

- The ability of the Public Sector Consortium to procure the right parties to the project, whether they be developers, contractors, advisors, purchasers or occupiers, will be key to the project's success.
- It is important to consider some key principles at this early stage in the delivery process:
  - OJEU – this is now a very well recognised method of procurement. However, it can put off the very parties that may be seen as potentially ideal partners, as it is generally costly and time-consuming. It will be important that the project considers whether OJEU is really required for key elements of the project and whether the criteria that trigger OJEU can be packaged up in a manner that avoids this process.

### Infrastructure Tariff

- The regeneration of Faversham Creek may require improvements to services and infrastructure. This could include works to de-silt the Creek, to improve the quality of the basin, improve flood defences, public realm improvements, a new bridge(s) across the Creek as well as new education, civic and community uses. With any complex and challenging scheme, the public sector needs to identify and prioritise its objectives taking account of commercial realities.
- Policies within the Local Plan enable the Council to seek developer contributions towards education, youth and communities, libraries, adult education etc as well as towards other costs that are necessary to enable development to take place. The Council could therefore continue to use this approach to secure enabling infrastructure and services.
- Alternatively, the Council could consider establishing a tariff, such as a Community Infrastructure Levy (CIL). The overall purpose of the CIL is to ensure that development contributes fairly to the mitigation of the impact it creates: to ensure that development is delivered, and in a more sustainable way. The CIL is a standard charge which could be levied as a certain amount per dwelling or per square metre of development and is decided by designated charging authorities and levied by them on new development.
- The advantage of a tariff is that the Public Sector could potentially deliver improvements to the Creek, bridges, community uses etc in the short term to stimulate development and investment and secure the receipts from developers over the longer term as and when phases of development are constructed. However, the Public Sector would need to secure the necessary funding to achieve this and if development is slow in coming forward, it could take a long time to recover the expenditure.
- If the Council has to Prudentially borrow, it needs to identify a secure revenue stream and may have to carry holding costs until tariff receipts arise. The alternative approach might be to use its assets to lever in such funds from the private sector.
- If the public sector wishes to explore the implications of a tariff/ CIL, it will need further advice and guidance to assess the structure and operation of such an option.

## Appendix C – Infrastructure Tariff

## Appendix D – Business Improvement District (BID)

### Business Improvement District

- A BID is a flexible funding mechanism to improve and manage a clearly defined commercial area. It is based on the principle of an additional levy on all defined ratepayers following a majority vote. Once the vote is successful, which must achieve both a majority in terms of number of ratepayers and the proportion of their rateable value, the levy becomes mandatory on all defined ratepayers and is treated in the same way as the Business Rate, becoming a statutory debt.
- The public sector has an important role in assisting the development of a BID. It is vital that the proposed BID has the support of the public sector and necessary that a strong partnership is formed between the public sector and the BID proposer at an early stage. A BID can help the public sector to establish relationships with businesses where none may have existed before, or develop existing ones, and this will help in balancing business needs with those of residents.
- The public sector can work with businesses through the BID mechanism to improve the safety, cleanliness and marketing of an area. This will benefit not only the businesses but all those who live in, work in and visit the area. In this way BID's can also help local authorities to achieve their statutory aim of improving the economic, social and environmental well-being of their communities.
- Most BID's will offer at least one service, such as an extra street cleaning team, which complements and adds to those already provided by the council. Therefore a BID is also likely to have an impact on service delivery for local authorities. If this is the case, a detailed baseline agreement will need to be drawn up that will set out the council's responsibility for each service that the BID will be complementing. The council will have to adhere to this agreement to ensure that businesses can see that the BID is adding to council services as opposed to replacing them. One of the key issues for businesses in deciding to support a BID is that they must feel assured that the council will not reduce or remove existing services that it provides.

