

Report to: Cabinet

Date of Meeting: 17 July 2017

Report Title: **Priory Meadow - Supplementary Capital Budget**

Report By: Peter Grace
Assistant Director Financial Services and Revenues
(Chief Financial Officer)

Purpose of Report

To agree funding for the Council's share of enhancement work at Priory Meadow shopping centre in Hastings.

Recommendation(s)

- 1. A sum of £250,000 (representing the Council's 10% share) be allocated towards a programme of work to be undertaken at Priory Meadow shopping centre.**

Reasons for Recommendations

Works, estimated at some £2.5m in total are to be undertaken at Priory Meadow shopping centre on a couple of units, new car park machines and signage and potentially a new small development. The council has a 10% stake in Priory Meadow shopping centre, and if this is to be preserved is required to provide a matched contribution.

The Council needs to ensure that the town remains attractive for the future to ensure businesses are attracted to, and remain in, Hastings – particularly so as the Council will need to ensure business rate growth in the future. The continued updating of the centre is welcome for Hastings and the Council in particular. The centre provides a significant income stream for the Council and these additional works will look to preserve and enhance the income stream in future years.

Proposal

1. A series of works, estimated at some £2.5m in total are to be undertaken at Priory Meadow shopping centre on a couple of existing units, new car park machines and signage and potentially a new single retail development.
2. The Council has a 10% stake in Priory Meadow shopping centre, and if this is to be preserved the Council is required to provide a matched contribution i.e. some £250,000.
3. The Council's contributions to the various initiatives will be payable in stages over the next 3 years (2017/18 to 2019/20). The amounts and timing are uncertain as the contracts to be let by New River are either to be tendered or are in the process of being tendered, and in at least one instance planning permission will be required.

Financial Implications

4. The Council's contribution currently estimated broadly at £250,000 will be funded from either capital receipts, reserves, or from new borrowing. If borrowing is required the financing costs are expected to be covered from enhancements to the long term future rental streams, albeit there may be a period before which the rise in income covers the initial borrowing costs.
5. Should the Council need to borrow to fund this expenditure the additional costs would amount to £18,750 p.a. based on a Public Works Loan Board (PWLB) maturity loan of £250,000 over 20 years at an interest rate of 2.5%.

Risk Management

6. The Council's current share of the income is some £360,000 p.a. and it is important that this is preserved and enhanced wherever possible. Should the Council not invest then the percentage of the Council's ownership reduces along with a commensurate reduction in annual income.
7. The opportunity exists for the Council's share of the expenditure to enhance the overall income streams and provide a very welcome additional resource for the Council.

Conclusion

8. The town benefits from increased investment in terms of providing an attractive shopping environment, and enhanced employment opportunities if Priory Meadow remains fully occupied and successful. The Council benefits directly if the investment drives additional income growth.
9. The Council is recommended to approve a supplementary Capital budget of £250,000 which is expected to be sufficient to meet the Council's share of the capital works proposed.

Wards Affected

Castle

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	
Crime and Fear of Crime (Section 17)	
Risk Management	x
Environmental Issues	
Economic/Financial Implications	x
Human Rights Act	
Organisational Consequences	
Local People's Views	
Anti-Poverty	

Additional Information

Officer to Contact

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