



Report Title	Item 9: Revised Appendix 7 Addition to Capital Programme 2015/16-2019/20 Cultural Quarter Vulcan Works
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1. Purpose

- 1.1 To seek approval to incorporate the Vulcan Works redevelopment, a key part of Northampton's Cultural Quarter, into the 2015/16-2019/20 Capital Programme.

2. Recommendations

That Council:

- 2.1 Approve the revised Appendix 7 Capital Programme for 2015/16-2019/20 as attached.
- 2.2 Subject to formal confirmation of the Local Growth Fund award from SEMLEP, as per paragraph 4.4 below, agree that up to the full value of the said award may be borrowed via Northamptonshire Enterprise Partnership (NEP), from the Public Works Loan Board, to allow the Vulcan Works project to immediately progress to its construction phase and notes that the loan is to be repaid when SEMLEP's Local Growth Fund award becomes available in 2016/17.

3. Background

- 3.1 In January 2013, The Northampton Cultural Quarter was established to provide one of a number of major driving forces for regeneration of Northampton and to provide an opportunity to celebrate both the town's rich history and to showcase its unique contemporary offer. In June 2014, approval from Cabinet was granted for the re-development of the Vulcan Works into a new building to create managed workspaces to support local creative businesses.

4. Proposed Changes to the Capital Programme

- 4.1 The total £10.8m cost of the Vulcan works redevelopment is proposed to be added to the Capital Programme with expenditure expected in 2015/16 and 2016/17.

- 4.2 The bulk of the funding – £6.3m – is expected to come from South East Midlands Local Enterprise Partnership's (SEMLEP's) Local Growth Fund allocation for 2016/17, which will be available from April 2016. Confirmation of this allocation is anticipated in March 2015. The risk that this funding is not secured is low following SEMLEP's public announcement that the Vulcan Works will be funded from their LGF allocation.
- 4.3 To enable the construction phase to begin immediately, it is proposed that up to the £6.3m is borrowed via Northamptonshire Enterprise Partnership (NEP), from the Public Works Loan Board (PWLB) as NEP have access to preferential borrowing rates more advantageous than the council is able to access directly. The loan will be repaid when SEMLEP's Local Growth Fund allocation becomes available in 2016/17.
- 4.4 The remaining SEMLEP funding of £0.5m has already been secured through the Enterprise Zone Business Rates uplift mechanism.
- 4.5 The Council will be contributing the remaining £4m to the redevelopment. The majority of this comprises £3.35m in land, buildings and other assets already owned by the Council. The remaining £0.65m will be a cash contribution, which will be managed within the existing capital resources of the Council.

5. Impact of Proposed Changes

- 5.1 There will be no significant overall impact on the Council's resources as a whole or on the affordability of the capital programme, by managing the £0.65m within existing funding sources already identified.
- 5.2 There will also be no significant impact on the prudential indicators within the Treasury Management Strategy.

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