

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	PLANNING COMMITTEE	23 JUNE 2021	5
<b>KIRKHAM FUTURE HIGH STREET FUND</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

An award of £6.291m for the development of the Town Centre Strategy for Kirkham (known as Kirkham Futures) was formally announced on the 19<sup>th</sup> May from the Ministry of Housing, Communities and Local Government. This was under the Future High Street Fund (FHSF). This is in effect an award of 100% grant to assist in the delivery of specific projects contained in the detailed bid. This scheme is complementary to the High Street Heritage Action Zone (HS HAZ) award of £1.791m – total scheme value of £3.271m, which is currently in the approved Capital Programme.

It is recommended that a fully funded budget increase should be approved for inclusion into the Council's Capital Programme. In particular, it should be noted that the first-year allocation of £3,489,071 has been transferred to the Council recently so that the scheme can commence forthwith. The details are given in more depth in the body of the Report. The Committee is recommended to formally approve the funding award, the first year spend allocation and agree in principle to the implementation of the schemes contained within the first year programme (set out at Appendix 1) including the acquisition of key building assets which formed an integral part of the bid and subsequent approved award.

### RECOMMENDATIONS

1. That Council be requested to approve the award of the Grant from the Ministry of Housing, Communities and Local Government (MHCLG), under the Future High Street Fund, of £6.290m in respect of the full funding award for the financial years 2021 – 2024.
2. To recommend that Council approve a fully funded capital budget increase of £6.290m to the Future High Street Fund: Kirkham allocated over the financial years as follows: (2021/22 - £3.489m), (2022/23 - £2.118m) and (2023/24 - £0.683m)
3. That Committee agree to the principles of developing and implementing the projects and initiatives as outlined in the Scheme Programme including the development of building acquisition, appropriate procedures in respect of the repurposing of the buildings, public realm development proposals and building refurbishment schemes.
4. That full details of the schemes as they develop including building acquisitions and associated matters be reported to Committee (and other appropriate committees) in due course but in a timely manner to ensure that the Implementation Programme as agreed is achieved with MHCLG.

### SUMMARY OF PREVIOUS DECISIONS

A series of reports and presentations have been made to Committee as the HAZ and FHSF bids have emerged.

These are referenced in the section 'Background Papers' towards the end of this report.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	
Tourism – To create a great place to live and visit	✓

## REPORT

### INTRODUCTION

1. The Future High Street Fund (FHSF) is a national initiative launched by the H.M. Government, in October 2018. Initially, the fund was £675m with a smaller part of that, some £42m, to be directed at the Heritage Action Zone initiative (HAZ), for the revitalisation of town centres that have historic value. The Prospectus set out the aims of the fund, its objectives and eligibility criteria. The FHSF was a competitive process.
2. Planning Committee resolved to apply to the fund for schemes within Kirkham and following that decision, officers drew together an 'Expression of Interest', which was submitted within the deadline. The announcement early in 2019 of 50 'shortlisted' towns did not include Kirkham although the Council, in receiving feedback, were encouraged to bid again in 2020 (Round 2).
3. On the 26<sup>th</sup> August 2019, H.M. Government announced that the fund had been increased by a further £325m. Shortly afterwards, it was announced that the Council would be invited to progress to the next stage for Kirkham (shortlisted) and in doing so, would be asked to make a fully detailed business case. In addition, on the 14<sup>th</sup> September 2019, it was also announced that the bid for the HAZ had been successful, again the Council being invited to develop a programme for delivery.
4. A fully costed bid was submitted to Government for c£9.8m in line with the timescales required. The Government intimated that the bid had been well received but, following a later notification to authorities, it was requested that bids should be revised downwards in view of demands on the Fund. The bid was reassessed which had to ensure that it still met the value for money and economic outputs required by the Fund. A revised scheme amounting to c.£6.3m was submitted and the positive aspect of this was that the fundamentals of the actions and outputs proposed by the original bid remained. This was partly due to the fact that the Council had secured additional significant grant aid as a result of the success of its scheme under the High Street Heritage Action Zone (HA HAZ), approved by Government on the advice of Historic England.
5. The full value of the scheme under the HS HAZ within the approved capital programme is £3.271m including match funding. In essence these schemes are aimed at revitalising Kirkham town centre where market failure is already being experienced or can be envisaged as being such in the future. The grant aid is aimed at incentivising development that otherwise is unlikely to happen with consequent further economic decline of the particular town centre.

### DECISION BY GOVERNMENT

6. On the 19<sup>th</sup> May of this year, the Ministry of Housing, Communities and Local Government announced that the final allocation of £576m had been awarded to 57 areas under the Future High Street Fund. The Kirkham bid had been successful as the sole representative in Lancashire. In total, the grant aid amounts to £6.291m and is to be expended on a range of projects over the lifetime of the Fund which, incidentally, was 4 years but now 3 as a result of delayed announcements and the impact of the COVID Pandemic. In essence, the Future High Street Fund will operate alongside the previously approved HS HAZ scheme and

can now be treated as a total town centre regeneration initiative for practical purposes, although the specific funding allocations and the schemes within the programmes are run separately.

7. The benefit of aligning the two programmes is that the building/property owners can look forward to the development of several initiatives across the town centre in its entirety since the HAZ, previously approved, could only develop schemes in the Conservation Area. Some of the projects within the FHSF are similar in nature to those in the HS HAZ (discussed below).

#### SCOPE OF THE SCHEME

8. As outlined above, the HAZ and the FHSF awards will, over the next 3 years, develop a range of projects. Within the HAZ these include: public realm enhancements, building refurbishments, restoration of the Hillside – also now part of the FHSF, cultural, health programmes, arts and heritage projects. These schemes are being developed for phased implementation.
9. The FHSF Prospectus had similar objectives, namely the regeneration of the high street. However, a major aspect of the objective of the Fund was one of repurposing buildings since the general assumption is that whilst retail will remain a major aspect of the town centre offer, its impact will be reduced in the future. In many towns, large retail footprints have become redundant with little prospect of reuse for retail purposes and so securing long term imaginative new uses, appropriate to a town centre, is the key challenge. In the case of Kirkham, a number of sites were identified as suitable for redevelopment and a key part of the success of the bid was the fact that building owners had been an integral part of the process and were to actively participate in the development of key sites.
10. The principal projects contained within the FHSF are:
  - Purchase of three key buildings with a view to seeking their reuse and development for appropriate uses. These include *The Hillside*, for the development of a heritage, Eco and Skills training centre in traditional crafts along with new build. *The Kirkgate Centre*, for the use of the ground floor for high level retail/commercial uses, upper floors for residential and the remodelling of outdoor space to the rear. *The former TSB Bank*, to be developed as a community hub including a cinema and arts centre. These schemes were supported by the community, including the Town Council and Business Group. The Hillside and former TSB are both very attractive nationally listed buildings and so seeking their re-use has significant heritage benefits.
  - Public Realm reconfiguration and enhanced quality of design including the potential creation of a public events space at Market Square. Public Realm enhancements along Poulton Street and Town End.
  - Repurposing and refacing of building facades along Poulton Street to a conservation area standard.
11. As outlined, the budget is £6.291m and the projects are required to be phased over the 3 years. The funding requirements have been estimated and uniquely the funding allocation for Year 1, to meet the agreed programme has been transferred. Essentially, an agreement has been signed with the Ministry to commit the Council to delivering the projects set out in the approved scheme programme. This is attached at Appendix 1.

#### YEAR 1 SPEND

12. The agreed funding for Year 1, essentially amounts to the development of three of the key projects, which are as follows.
  - The purchase of three key buildings. Essentially, the funding award will require the Council to purchase these properties and then transferring them to developers to achieve the agreed outputs. The grant aid will allow for this. Initial purchase prices have been agreed based on market valuations. The detailed schemes are now being developed. In the case of the Kirkgate, the development will most involve a housing association who will develop the site for residential to the

upper floors and commercial use at ground floor. Therefore, in addition to the grant aid costs to bridge the funding gap of development, the housing association will invest considerably in the development and reuse of the site. The two aspects of the development, therefore, amount to a major investment in the site. In the case of Hillside, again an initial purchase price has been agreed and the FHSF will be used to purchase the property. Grants from Historic England as part of the HAZ in addition to match funding will be used for refurbishment and repair of the listed building. The asset will then be transferred in due course, with the assumed economic benefits to the town being seen as considerable. The former TSB is of a similar proposition, whereby the Council would use the grant aid funding to purchase the building and develop fully costed proposals working with potential developers.

13. The purpose of this report is to seek approval of the funding now received and integrate this into the Capital Programme as well as agreeing to the Year 1 spend. In respect of the acquisition of buildings, the legal processes and other assessments are currently being undertaken to ensure due diligence and in the near future, full reports will be presented to both Planning Committee and Finance and Democracy Committee to detail the processes involved in delivering the proposed schemes.
14. The enclosed Programme (Appendix 1) details the full anticipated programme over the 3 years, but the key aspects are as follows:
  - Purchase of the three key buildings and working up the investment strategies for redevelopment for each, services, business case planning, looking at floorspace options, configuration of uses, architectural studies and overall development options.
  - Public Realm scheme for Market Square and environs (being drawn upon at the present time with public engagement events included). This will be complimentary to the HAZ public realm aspects for Poulton Street, Church Street and Freckleton Street). In effect this will be one scheme funded through both programmes. Work on site anticipated to be from April 2022.
  - Public Realm design proposals to be prepared for Poulton Street to Town End outside the conservation area. Work on site anticipated to be from April 2023.
  - Preparing proposals for building refurbishment and repurposing of upper floors where possible, with potential grant aid on offer this financial year – to compliment the scheme operating within the HAZ area.

## CONCLUSION

15. Committee members are fully aware of the FHSF bid for Kirkham and a presentation has previously been made to describe the proposals in more detail when the bid was being prepared. It has now been confirmed that the award of £6.290m has been made to this Council to develop the schemes as contained within the bid. It is necessary for Committee to recommend that both the full award and the first-year allocation be brought into the Council's Capital Programme as appropriate. Committee will note the proposed development of the First Year of the programme and are asked to agree to the development of these schemes including the 'in principle' agreement to purchase the three buildings referred to. A full report explaining in detail the proposals for the buildings and the necessary financial and legal obligations will be presented in due course to this Committee and the Finance and Democracy Committee.
16. Further details will be given by way of an update at the Committee meeting.

IMPLICATIONS	
Finance	That Council be requested to approve the award of the Grant from the Ministry of Housing, Communities and Local Government (MHCLG), under the Future High Street Fund, of £6.290m in respect of the full funding award for the financial years 2021 – 2024 and to

	approve a fully funded capital budget increase of £6.290m to the Future High Street Fund: Kirkham allocated over the financial years as follows: (2021/22 - £3.489m), (2022/23 - £2.118m) and (2023/24 - £0.683m)
Legal	The funding is to be used specifically for the development of the FHSF scheme. The Council has agreed to the processes of monitoring and managing the fund including its correct appropriation. Monitoring and reporting will be required and normal auditing as well as legal mechanisms to ensure the correct procedures are followed commensurate with Central and Local government procurement, policy and financial regulations
Community Safety	Dealt with at detailed stages of the development of individual schemes within the Programme.
Human Rights and Equalities	No specific issues. The scheme is aimed at benefitting all sections of the community.
Sustainability and Environmental Impact	Scheme aimed at sustaining and enhancing the role of Kirkham as an important service centre and market town.
Health & Safety and Risk Management	Deal with at subsequent sages of the Programme development

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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
The Future High Street Funding Bid : Report to Planning Committee	14.11. 19	Town Hall, St. Annes
Fully Funded Budget Increase : Report to Planning Committee contains detailed background information	25.11.19	Town Hall, St. Annes

Attached documents

Appendix 1 - Programme for the delivery of the FHSF 2021 - 2024