

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	PLANNING COMMITTEE	3 JUNE 2020	8
KIRKHAM REGENERATION PROPOSALS : FUTURE HIGH STREET FUND			

PUBLIC ITEM

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

SUMMARY

This is an update for Committee with reference to progress on the Kirkham Regeneration initiative in response to the announcement by Government in 2019 to launch the Future High Street Fund. Committee resolved that bids under the Fund should be directed at Kirkham Town Centre. Essentially, the broader fund was sub-divided into two distinct but nonetheless related elements. These were the heritage-based restoration and conservation element known as the Heritage Action Zone, concentrating on designated conservation areas and the wider Future High Street Fund promoting regeneration in the town centre as a whole.

The up to date position is as follows.

High Street Heritage Action Zone (HS HAZ)

- Funding bid to Historic England submitted towards the end of 2019 for a maximum of £1.8m. An official announcement has yet to be made but the indications are that the bid was well received and should prove successful. An award of £1.8m would be match funded from sources detailed in the bid.
- 4-5 year programme of heritage led regeneration beginning this financial year.
 - Key projects: Heritage led public realm improvements
 - Heritage & Eco Skills Centre
 - Building envelope / shop front enhancement schemes
 - Community engagement by way of a health and cultural programme.

Future High Street Fund (FHSF)

- In final stages of producing a Full Business Case for submission to government by 31st July 2020
- FHSF is an Interventionist approach focused on remedying market failure through acquisition & re-development of key commercial assets in Kirkham
- Overall bid likely to be in region of £10-12million, depending on the scheme development
- Proposed interventions synergise with HS HAZ and combined represent a once in a lifetime transformation of Kirkham town centre

Further details are set out in the main body of the report.

RECOMMENDATIONS

1. That Committee approves the detailed approach to the development of the final business case for the Future High Street Fund Business Case to be submitted to the Ministry of Housing, Communities and Local Government. Officers will subsequently inform Committee of the outcome from which point further reports as appropriate, will be submitted to Committee highlighting the details and refined proposals for the future implementation and implications of the scheme. The scheme as submitted will also form part of a longer-term regeneration strategy for the town centre, to be fully developed and again brought forward for consideration by Committee.

2. That Committee agree to the recruitment of a Project Officer to assist with the delivery of the HAZ subject to confirmation of the grant award from Historic England. The post will be fully funded by the Historic England grant and associated match funding as previously agreed by Committee.

SUMMARY OF PREVIOUS DECISIONS

Report to Planning Committee dated the 18th November 2019

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	✓
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	✓
Promoting Fylde as a great destination to visit (A Great Place to Visit)	✓

REPORT

Background

HS HAZ

1. Following a highly competitive process, the HS HAZ funding bid to Historic England, has hopefully been successful. Although the assumed level of support at one stage was thought to be around £1.5m, the full bid amount at £1.8m would bring the total fund to circa £3.5m (including matching contributions). Due to CV-19 situation, Historic England (HE) have embargoed a formal press release about the successful recipients of the awards. If Kirkham is successful, legal agreements will be agreed which should then formally trigger the start of the scheme's implementation.
2. As outlined in the Summary Section, the proposed programme for Kirkham is based around a number of interventions both physical improvements but also engaging the community in various initiatives to increase an understanding of the importance of history and heritage and the role this can play in engendering community spirit and pride. The application was a complex and detailed piece of work. It involved designing a strategic 4-5 year programme encompassing heritage led public realm improvements; a cultural heritage, health and well-being programme, a heritage and eco skills centre (a full list of projects is found below). It also entailed developing brand-new partnerships with a wide range of stakeholders at local, regional and national level, including the NHS, Princes Trust, Groundwork, Construction Industry Training Board to name a few of the 30 organisations that wrote letters of support. The full bid document and letters of support is available on request.
3. The experience of preparing a bid under HAZ will help with the development of other schemes, as they develop, across the Borough.

FHSF Progress on FBC

4. Having submitted a *Draft Full Business Case* (FBC) to The Ministry of Housing, Communities and Local Government (MHCLG) in March 2020 (available upon request) we are now in the final two months of producing the Final FBC, which must be submitted by 31st July 2020. Following a competitive tender process late last year, [Bauman Lyons Architects \(BLA\)](#) were appointed as associate consultants, using some of the £150k 'funding pot' which was awarded to this Council to help develop the FBC. The Regeneration Team are liaising extensively with BLA and fulfilling a strong client role to direct and manage this work.

FHSF Rationale and what the funding would seek to achieve

5. High streets lie at the heart of our communities and local economies, creating jobs, nurturing small businesses and injecting billions of pounds into the economy. But the way the public shop and the way that communities use their high streets is changing e.g. shopping more online, making fewer 'weekly' shopping trips and 'little

and more often'. This changes the nature of what may make a high street successful or not. The Government is committed to helping local high streets evolve and adapt to these changes. Government wishes to encourage vibrant town centres where people live, shop, use services, and spend their leisure time. The FHSF has been set up to support and fund Councils plans to make their high streets and town centres fit for the future by adaptation and innovation.

6. The FHSF will provide funding to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability through:
 - a) Investment in physical infrastructure;
 - b) Acquisition and assembly of land to support new housing, workspace and public realm;
 - c) Improve transport access, traffic flow and circulation;
 - d) Adaption of high streets in response to changing technology
7. Kirkham has significant challenges relating to vacancies, footfall, elements of neglect, traffic/accessibility and some weakness in its overall offer. Some key findings include:
 - The town has several substantial key landmark buildings which are currently vacant / under occupied.
 - Whilst investors may be willing to invest in Kirkham the lack of existing footfall is challenging meaning prospective investors are faced with funding gaps in attempting to restore/ bring buildings into productive use.
 - The town centre is focussed in Poulton Street which is heavily trafficked. This results in a perception of a somewhat hostile environment for pedestrians.
 - Excessively wide junctions onto side streets inhibit free flow of pedestrians along the length of the high-street with a consequential lack of activity around the whole of the town centre. This discourages visitors from exploring beyond their initial destination and fails to capitalise on the potential of the town centre.
 - Many of the towns older buildings have had poor quality alterations which detract from the heritage of the town and some of the newer buildings also have a poor appearance due to neglect.
 - The combination of these factors has brought Kirkham Town Centre to a critical point whereby a spiral of decline is likely further undermining confidence which outlines the need to act promptly.

However, the town has many strengths, including its market town status offering the potential to act as a hub for the rural hinterland and a significant history including some significant historic buildings and townscape character. These are often hidden beneath a veneer of inappropriate alterations and additions that have accrued over decades. The evidence also suggests, which is vitally important, that there is significant community interest in reviving and renewing the town centre.

8. **The overall strategic approach**
 - Whilst Kirkham faces many challenges it has considerable untapped potential to once again become a thriving and bustling market town.
 - The town is a tier 2 growth area with over 1,300 new homes in development, it is therefore essential that future residents are attracted to the town centre
 - Ribby Hall is a major tourist attraction less than 2km from the town centre. Such visitors using the centre would add significantly to growing its economy and sustainability.
 - In this regard there is a clear need for a decent and distinctive town centre which serves not only the immediate local population but also the rural hinterland.
9. The FHSF bid for Kirkham is focussed on capital support for the acquisition of a number of vacant / underutilised land and buildings and to provide physical improvements to the public realm to remove the majority of extraneous traffic and reprioritise the high street (Poulton Street) in favour of pedestrian movement, addressing the conflicts between traffic and pedestrians, leading to a positive ambience within the town centre. Support is also sought to enhance the function and effectiveness of space within existing properties along the High Street, which will address issues of upper floor uses, fabric repairs, better accessibility and re-

modelling of elevations to significantly enhance the architectural quality of the street scene and improve townscape quality.

10. Clarity on exactly what FHSF entails

It is very important for Committee to be clear about what the FHSF seeks to achieve which in turn reflects on the type of interventions that can be proposed. The general ideas that were first suggested to Committee, based on your officers understanding of the fund, were endorsed. The FHSF is intended to deliver fundamental transformational change to high streets and town centres. It is not about ‘tinkering round the edges’ or merely cosmetic changes which don’t address some of the core underlying problems of our high streets, such as longstanding vacant properties. It is primarily about finding commercially viable new uses (aka ‘re-purposing’) for empty and underused properties that blight Britain’s high streets and creating new uses which will generate footfall and, it is hoped, revitalise the town. It is a fundamentally interventionist approach – using state money to address market failure.

11. Where ‘market failure’ can be demonstrated e.g. landlords are unable, or unwilling to invest in their properties, because, for example, they have no tenants, it will entail the acquisition and re-development of these assets by councils who could purchase some of these under-performing assets and re-develop them as part of a comprehensive regeneration plan. In some cases, a partnership will be entered with a commercial development partner, such as a Registered Provider (RP) of social housing to expedite a development. In effect, the FHSF would provide funding to make commercial development viable where otherwise it would not be. Whether development is commercially viable or not, will require an expert evaluation of a scheme considering costs, risk, viability and financial returns. The consultants engaged by the Council are assessing these aspects and their evaluation and calculations will input into the level of funding required from the FHSF. The sites in Kirkham are defined as ‘development hubs’ which are an essential element of any medium to long term regeneration strategy for the town centre. These are as follows:

Key development hub	Current owner	Valuation Agreed?	Proposed end-use and development partner
Kirkgate Centre, Poulton Street	Mr Solomon Halpern, Kirk Assets Ltd Managing Agent: Hallmark Property Group, Salford.	On going	New mixed-use development with active ground floor leisure / retail uses and X units of new social housing on upper floors Potential partner: For Housing
Market Square & Eagles Court	Michael Sternberg Starmount Securities Ltd Managing Agent: Martin Slowe Commercial Property, London	On going	Demolition of 1960s units around Market Square and construction of new mixed-use development
Hillside	Mr Thomas Macdonald, Kirkham & Wehsam Holdings Ltd	99 year lease	Repair and restore Grade II Listed Hillside and convert to a heritage and Eco Skills Centre with Earthship constructed in the grounds to rear
Former Lloyds bank	“	Under Discussion	Work in Progress
Former Natwest bank	“	Under Discussion	Work in Progress
Building Envelope Schemes	Various	Probably specifically grant aided	

Basic flow chart setting out acquisition & redevelopment process – Kirkgate Centre

- Agree acquisition price and Heads of Terms by July 2020 – this will need to be included in the final business case.
- Identify preferred delivery partner and Heads of Terms for conversion of the property by July 2020. (it is the intention to appoint one of the Councils RP partners to refurbish the building, we will need to identify who in the Business Case)
- Successful bids announced autumn / winter 2020
- Post award exchange contracts to acquire the property – Q1 2021
- Formally exchange contracts with preferred delivery partner – Q1 2021. This could be seen as being a 'back to back' with acquiring the property – so the property is acquired then at the same time grant a 60 year lease (or similar) with the RP.
- RP partner then works up conversion plans and secures statutory approvals (planning permission, building regulations etc) – complete by summer/Autumn 2021.
- RP commences refurbishment of the building start 2022 (note this will depend on the terms of the leases, and the strategy around what will happen to the existing tenants.). This element will be looked at in more detail over the coming months and will be set out within the final business plan.
- Complete refurbishment end of 2022.

Basic flow chart setting out acquisition & redevelopment process – Market Square and Eagles Court

- Agree acquisition price and Heads of Terms by July 2020 – this will need to be included in the final business case.
- Successful bids announced autumn / winter 2020
- Post award exchange contracts to acquire the properties – Q1 2021
- Delivery strategy has changed from the draft Business Case. Now linked to the Hillside Education and Skills Centre with Market Square being used at the training project!
- Wider delivery timescales therefore linked to the Business Plan for Hillside (this is emerging). Envisaged this will be a project delivery by the Council or through enabling partners such as Groundwork.
- Start on site unlikely to commence before summer 2022. Therefore, there is likely to be a short period of time where the Council is having to manage the existing assets while the plans are developed.

12. Risk management

The key financial risks which may impact on the delivery of the FHSF package of projects for which funding is sought are set out below. A full risk register is being prepared and will be submitted including mitigation strategy as part of the final submission in July 2020. It should be stressed however, that at this stage The Council are putting forward a Final Business Case which will have to meet the objectives and evaluation criteria of the Fund. It would not be until it is learned that the Council had been successful (or not) that there may then be detailed involvement and at that stage the full methods of project delivery would need to be fully considered with the appropriate skills, management and processes fully brought together. Risk Management needs to be considered as part of the Business Case submission.

- FHSF moneys are not secured. A draft submission was submitted in March 2020 to test the current proposition. Feedback will be used to inform order of magnitude and nature of final submission to be made in July.
- Increased acquisition costs or being unable to acquire by agreement all property interests required for development. The acquisition costs have been formalised through Red Book Valuations. The Council has held initial discussions with all of the property owners and hopes to agree draft Heads of Terms prior to the submission of the Final Business Plan in July.

- Market appetite for released land / buildings does not materialise. A key requirement of the final business plan is to confirm market interest and the Council has / is undertaking soft market testing for the various projects to ensure there will be market demand in the event the FHSF is successful.
- A simplified version of what BCR is i.e. the need to make a convincing/compelling case based on a full economic justification

The BCR (I.e Benefit Cost Ratio) is the governments way of assessing value for money. This forms a key element of the economic case which accounts for 50% of the overall evaluation. The BCR must be at 2.0. (This means that for every £1 spent £2 must be generated in return).

13. Green Book evaluation

HM Treasury Green Book provides is the 'bible' guidance document for preparing business cases for public sector intervention. The guidance covers 5 different aspects which are interconnected but distinct (namely, the strategic, economic, financial, commercial and management aspects of the business case). The business case should enable Treasury and other stakeholders to ascertain that proposals:

- are supported by a robust Case for Change – the Strategic Case;
- optimise Value for Money – the Economic Case;
- are commercially viable – the Commercial Case;
- are financially affordable – the Financial Case; and,
- can be delivered successfully – the Management Case.

The Green Book provides guidance and evaluation parameters for each of the above cases.

14. A '[meanwhile use](#)' has nearly been finalised for [35 Poulton Street, Kirkham](#). This will mean the council will become a tenant completely rent free of this unit in the Kirkgate Centre. The space will be used as a HQ for the Kirkham regeneration and as a drop-in / community consultation centre where local people can see exhibits of the regeneration plans. It can also be sub-let for arts & crafts activities.

15. Conclusion

This report is ostensibly an update on progress with the development of the High Street Action Zone and the Future High Street Fund. It will be seen that the full list of interventions as proposed are varied but primarily relate to the re-use/repurposing and redevelopment of key sites which are considered fundamental to the long-term viability and vitality of the town centre. The grant aid under FHSF would be used to work alongside developers to bring about the redevelopment of key hubs probably in a partnership arrangement. At this stage a bid or Final Business Case is being developed that will be required to demonstrate that its proposals are deliverable, viable, provide value for money and would achieve longstanding permanent enhancement to the prospects of the town centre. At this stage and until a decision is made on the Business Case the precise level of engagement by this Council is not entirely known in detail though it can be predicted, as outlined in the report. This is a competitive bidding process and so the proposals need to be realistic and deliverable at little risk since the objective is one of positively using the fund to bring about longstanding change for the better. A formal announcement is expected on the HAZ very shortly and if successful a delivery programme can then be implemented in accordance with the bid. The two schemes if successful will make positive change for the twin centre over the forthcoming years.

Officers will be able to provide further information and illustrations at Committee.

IMPLICATIONS	
Finance	<p>The grant aid awarded from the MCHLG amounting to £150,000 which is within the Councils financial programme and is being used to inform the content of the study and the preparation of the Final Business Case. There are no direct financial implications as a result of this 'update report'. As matters progress and at the relevant time. further details and implications will be brought to the appropriate attention of the relevant Committees of the Council.</p> <p>In respect of HAZ the potential implications of grant aid and match funding requirements are contained within the Council's Capital Programme.</p>
Legal	None specific to this report. As a result of the success of the HAZ an agreement would be required between Historic England and this Council in respect of the future delivery of the Programme as set out in the final bid and as may be amended in the future.
Community Safety	None specific to this report
Human Rights and Equalities	The schemes being proposed would have equal benefit to all sections of the community.
Sustainability and Environmental Impact	The proposed schemes are aimed at revitalising and repurposing the town centre of Kirkham to ensure its long term sustainability in line with Government and local planning policies.
Health & Safety and Risk Management	None relevant.

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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None Specific		