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| Subject: | Bacup Future High Streets bid | Status: | For Publication Appendixes 1-4 Part II - Confidential |
| Report to: | Cabinet | Date: | 1 st July 2020 |
| Report of: | Director of Economic Development | Portfolio Holder: | Deputy Leader of the Council and Portfolio Holder for Health and Leisure |
| Key Decision: | <input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/> | General Exception | <input type="checkbox"/> Special Urgency <input type="checkbox"/> |
| Equality Impact Assessment: | Required: | No | Attached: No |
| Biodiversity Impact Assessment | Required: | No | Attached: No |
| Contact Officer: | Guy Darragh | Telephone: | 01706 252568 |
| Email: | guydarragh@rossendalebc.gov.uk | | |

1. RECOMMENDATIONS

- 1.1. Cabinet to approve the Bacup Future High Streets Fund bid.
- 1.2. Cabinet authorise up to £3.08m of capital funding to support the project if the bid is successful.
- 1.3. Cabinet to delegate authority to the Director of Economic Development in conjunction with the s151 Officer to make any minor amendments to the project bid before submission in consultation with the portfolio holder.

2. PURPOSE OF REPORT

The report outlines the Future High Streets Fund (FHSF) bid submission for Bacup. This is focused around the Market Square redevelopment, public realm enhancements and heritage building repurposing programme that collectively form the Bacup FHSF project.

The confidential appendices contain information that is commercially sensitive to landlords, businesses and community groups. The council is also aware that some bids in the competitive process have been granted an extension beyond 30th June and it would not be in our interest for wider publication at this time.

3. BACKGROUND

- 3.1 Full Council approved reports on 24 September 2019 and 23 December 2019 which covered the wider Bacup THI evaluation, Bacup 2040 Vision, Masterplan, consultation results, High Streets Heritage Action Zone and Future High Streets Fund (see background documents). Recommendation 1.3 of 23 December authorised the submission.
- 3.2 A Cabinet report specifically focusing on the proposed Bacup Market Square development was approved on 4 March 2020. This report updates and seeks approval from members on the content of the final FHSF stage 2 business case submission.
- 3.3 Bacup has historically been a thriving mill town based around wool and cotton production. It has been described by Historic England as one of the best-preserved mill towns in

England. Despite the post war decline in traditional industries, a strong community spirit and determination is evident in the many community groups that are involved in the town centre such as Bacup Pride.

- 3.4 Bacup town centre directly incorporates two wards; Greensclough and Irwell with a population of 11,310. It also is the main town centre for a greater geographical area estimated at 25,500 residents in the south and east of Rossendale. The council has identified town centres as its number one priority. In Bacup, initial work has concentrated on developing strong partnerships involving businesses, investors and community groups. This partnership working has led to the development of an emerging draft strategic long-term Vision, Masterplan, consultation and external funding bids.
- 3.5 In March 2019, baseline data was established. This showed that Bacup had a high retail vacancy rate of 25.86% which is significantly more than the national average of 9.9% reported by Springboard in a national survey. The data relates to ground floor retail units. Vacancy rates are a useful tool in determining the success of a town centre and high vacancy rates are evidence to support the need for public sector intervention and challenging business conditions.
- 3.6 In March 2019, Bacup had two completely derelict buildings, the Bingo Hall/former Regal cinema and the locally known former Woolworths building. In addition, 3 other large semi-derelict buildings: former Barclays bank, former NatWest bank and the former Lancashire & Yorkshire bank, within the town centre. Both of the two completely derelict buildings are in a very poor condition and occupy large footprints. There are also significant derelict buildings on the outer fringe of the town centre boundary, such as Forrest Mill, Old Market Hall and Waterside Mill. These buildings represent a challenge in bringing them back into viable modern uses or redevelopment opportunities.
- 3.7 Footfall counts were conducted as part of the bid submission and these showed that footfall was relatively low during the day and the evening. Despite the need for investment, repurposing and town centre management it should be noted that some significant progress has been made since the baseline data was established. The Bacup Business Association has been reformed with new leadership and is now functioning as a strong organisation. Bacup Now have successfully held events that have drawn new people into the town centre. Some cosmetic work has been undertaken on the former Woolworths building and plans are being developed by a community group to transform the former Lancashire and Yorkshire Bank. New food and drink businesses have also been located in the buildings refurbished by the Townscape Heritage Initiative (THI) project which concluded in 2019; and occupancy rates on St. James Street have notably improved and are now at full occupancy. It is hoped that this new buzz around Bacup can be built upon by the FHSF bid.

4. BACUP 2040 VISION AND MASTERPLAN

- 4.1 Building upon the results of the Bacup THI evaluation the Bacup 2040 Vision and Masterplan were developed with strong engagement and support from residents, stakeholders and community groups. The Vision outlines the regeneration aims of the council in delivering a thriving town centre through sustainable development with business and community investment. Footfall and occupancy rates will be boosted through events and the town centre will be a welcoming environment that people want to visit and spend their leisure time. It will tackle derelict historic buildings through repurposing; vacant retail shops through a mix of repurposing and restoring architectural features; create a new

attractive open Market Square area that can be used as a multi-use market and events area; create a new quality indoor market with a community hub and quality food and drink experience; improved public realm with attractive pedestrian routes, café culture space and greenery; sustainable transport plan boosting cycling and walking and a clear parking strategy.

4.2 The design has been shaped by extensive public consultation and input from stakeholders. Consultation showed that there is a clear need to repurpose the offer for both residents and visitors in Bacup town centre. The key findings from the consultation include:

- 75% state that the current shop provision does not meet their needs
- 70% would like to see alfresco dining – indicating demand for a café culture
- 75% do not currently visit in the evening – showing that the evening economy could be significantly improved
- 87% want more night time entertainment/leisure/food and drink offer – this shows demand for expansion of the evening economy and a new Market Square facility
- 85% want to see new community space i.e. a space which can be used flexibly for a variety of functions/activities
- Only 14% shop on the existing market – showing that the current market offer does not meet the needs of existing shoppers
- 85% would visit themed markets – showing the demand for a reformed market offer
- 81% would visit an indoor market – showing demand for an indoor modern facility
- 71% do not think that the current town centre is attractive to visit – demonstrating the need for transformational regeneration of the town centre

Full Council adopted this Bacup 2040 Vision and Masterplan on 23 December 2019.

4.3 The Bacup 2040 Board has been established and has met on multiple occasions over the last 6 months and has been influential in shaping the content of the bid. All active community groups, business and landlord representatives and ward councillors have been invited to send a representative. This ensures strong community engagement in the project management. The Board acts as the steering group for the project. It has a series of sub-groups that offer detailed feedback on specific issues, these are the four Vision themes as well as market traders group, sustainable transport and the fountain.

4.4 Separate but complementary to the FHSF bid is the HSHAZ. This is expected to deliver circa £1.1m in grant funding to upgrade 20 heritage buildings and a limited public realm enhancement programme. FHSF and HSHAZ can operate in the same town centre as long as there is no duplication and in Bacup's case will focus on elements of work or buildings that are not part of the FHSF bid.

5. FUTURE HIGH STREETS FUND

5.1 The fund has been set up by Government in order to meet the national challenges that town centres are facing with the decline in traditional retailing. The fund is capital expenditure focused to support the following:

- Investment in physical infrastructure
- Acquisition and assembly of land including to support new housing, workspaces and public realm
- Improvements to transport access, traffic flow and circulation in the area

- Supporting change of use including (where appropriate) housing delivery and densification
- Supporting adaptation of the high street in response to changing technology

5.2. The funding is highly competitive with over 400 bids received in the first stage of the application process, including Bacup. £150,000 has been awarded to Rossendale to develop the bid. The council allocated £250,000 from the employment and transport reserve in September 2019 to support the advancement of the proposals. If successful up to £25m is available for each town centre. A smaller award is expected for a town the size of Bacup. The bid will have to pass rigorous value for money check and be judged nationally by its benefit/cost ratio score.

6. THE BACUP FHSF BID

6.1 The bid is made up of the following key elements:

- New Market Square
- Public realm enhancements
- Heritage building repurposing

6.2 Market Square

The Market Square redevelopment is made up of the following key elements:

- Opening up key frontage and landscaping from Market Street to Market Square
- Creation of a large multi-use town square that can be utilised for live events and outdoor markets
- Creation of a stepped area, providing a venue for outdoor theatre, culture and music
- Storage space within the natural topography for outdoor equipment and cycle hire equipment

6.3 Building One:

- Ground and 1st floor – flexible space comprising quality indoor day market of 7 lockable stalls and 4 daily set-up stalls. A Food and Drink Hall (with multi offer stalls and communal seating area) able to operate 7 days a week and late into the evening consisting of 7 lockable stalls.
- 2 and 3rd floors – 13 residential units (8x1 bed and 5x2 bed)

Building Two:

- Ground floor - cycle hub (providing bike hire, café and shop), linked to a hotel/breakfast and restaurant unit and quality food and drink retail units with outdoor seating; this equates to x5 retail units.
- 1st and 2nd floor - hotel accommodation with 22 bed capacity

6.4 Quality pedestrian corridors from the car parks into the Market Square development, supporting footfall flows. New pedestrianised area on the Union Street area annex by the existing market entrance. Purchase of 12 Market Street. Demolition of the current market area and 12 Market Street. Transitional market plan to ensure continuity during the development period (see Appendix 1).

6.5 Public realm enhancement

The proposed Public realm enhancements are:

- Cycle and pedestrian walkway from Morrison's car park along Irwell Street to the new Market Square development
- Cycle link to the town centre boundary which connects to a future Stubblee-Lee Quarry/Valley of Stones Greenway
- Upgrades and expansion of the walkways to create a more pedestrian friendly environment and café culture on Lee Street, Irwell Street and Union Street.
- Alterations to vehicle flows and one-way system
- Landscaping and public art enhancements
- Parking Strategy
- Sustainable Transport Plan
- New Welcome signage at entry points
- New parking and wayfinding signage

See Appendix 2 for detail.

6.6 Heritage repurposing

Bacup has 14 significant buildings that are either derelict or in limited use. All of these buildings were assessed for repurposing by an architect and in most cases in discussion with the current landowner. A short list of these buildings has been taken to RIBA stage 2 in order to determine costs of refurbishment and assess suitability against the funding criteria. Cabinet should note that these buildings have been included in the business case as an optional extra which will be determined by MHCLG.

The bid submission is proposing that the following buildings are included in the funding bid:

- Former Woolworths
- Trinity Baptist Church
- 4-6 Union Street
- AB&D Centre #
- Royal Court Theatre #

building of cultural and community value.

6.7 The council is exploring an option if a co-operative of groups could make a heritage project viable either using FHSF, Heritage Action Zone or other funding source. The Bacup 2040 Vision and Masterplan has the aim of bringing into use all of the 14 derelict buildings. It is not possible to include all of these in the current bid as the funding gap and FHSF ask is large. Further funding sources will be explored (see Appendix 3).

6.8 Assessment has been undertaken into the commercial aspects of the project. This includes demand assessments and market price data to support viability. The space created can ultimately be used for multiple end users and may therefore vary from the proposal as currently outlined. Detailed business cases will be developed for each element as part of the due diligence process if funding is secured from the Future High Streets Fund. However, informal dialogue has been undertaken with market providers which have been used to shape the proposal to ensure an attractive offer is developed for

a potential end user.

6.9 Consultation has taken place between the Market Square architect and heritage architect to ensure that the designs are appropriate for the conservation area. A pre-application has been held with the Planning Manager regarding the Market Square development.

7. FINANCE

7.1 The bid is based on a blend of Future High Street funding, private sector investment and council funding. The **bid to the Fund is for £11.72m**. The total cost of the works within the bid will be £16.04m (the balance being made up of £3.08m council funding and £1.24m private sector funding). A detailed cost schedule for the bid can be found in Appendix 4.

7.2 There is potential for the scheme to generate revenue for the council. However, there is also financial risk. The main risk being demand for the business and residential units. Once the project is underway Officers will ensure the optimum funding arrangements are in place, including: use of capital receipts, internal borrowing and any other requirements for PWLB borrowing. The use of available capital receipts and/or internal borrowing will improve the financial returns by reducing the reliance on external borrowing.

8. RISK

8.1 Future High Streets Fund:

Bacup's bid at the first expression of interest stage for the Future High Streets Fund was part of the successful 101 bids approved in England. The bid which closes on 30th June 2020 will be highly competitive and not all the 101 bids will be successful. Future High Streets funding is critical to make the proposal financially feasible. The funding gap cannot be bridged from existing or other known funding sources and partnerships. There is also concern that the land value uplift calculations used to determine the benefit/cost ratio is low in Bacup as land values are poor in comparison to other competing towns. However, a strong professionally based bid is being submitted by the council supported by professional input.

8.2 Business and financial case assessment:

The project will need to demonstrate good value for money to the principal investors in the project; Rossendale Council and Future High Streets Fund. Each element of the project will need to be robustly scrutinised to ensure deliverability and long term sustainability. Early business case reports have been requested on all elements of the Bacup Market Square project to ensure that the proposal remains economically viable and likely to attract end users for facilities.

8.3 Planning permission:

Planning permission will be required for this project which will involve the demolition of the current market area and other associated buildings. A pre app and early discussions have taken place between the lead architects and the council to mitigate the risk of a possible rejected application.

8.4 Limited demand for the market or food and drink hall by traders & other commercial activities:

A high level concept study based on benchmarking has been conducted into each commercial area to establish likely demand, mitigating early risk. As the proposal

progresses, at the appropriate stage, dialogue will be opened to potential end users of specific sites to raise interest in the site.

8.5 12 Market Street:

This property is significant in making the Bacup Market Square project effective. The freehold has now been purchased by the council. The council continues with its negotiations in the purchase of the whole of the building. By acquiring the site this has mitigated the risk of not being able to gain control of the site.

8.6 Public realm not supported by the highways authority

The RIBA 1 and 2 designs have been produced by a professional highways and transport consultant and discussed with LCC highways who has given input into the proposals. If successful, the plans will be developed further at RIBA 3 and the subsequent approvals process where further adaptations to the designs can be made.

8.7 Landowners not in agreement with the parking plan

The new pedestrian/cycle walkway requires access over several plots of land and is stipulated in the Bacup 2040 Masterplan. As such further more detailed discussions with landlords and consent will be required if the proposals and bid progress further.

8.8 Landowners not able to match fund the heritage buildings programme

Each of the heritage repurposed building landlords have been consulted with during the stage 2 process and in-principle letters of support have been acquired. This mitigates the risk of no match funding and it is unlikely that a grant funding agreement would be entered into during the delivery stage without the necessary gap funding.

9. **LEGAL**

There are no legal implications arising at this stage of the process. Due diligence needs to continue and acceptance of any funding will be subject to further reports in the event the council is successful in its bid.

10. **POLICY AND EQUALITIES IMPLICATIONS**

Extensive public consultation, management team, members throughout the development of the bid proposal.

The bid proposals will ensure that people in the area, no matter what their background and circumstances, should have equality of opportunity to succeed and gain from the improvements and growth of the economy in the town centre. Any future equality implications will be given consideration in a relevant and proportionate manner.

11. **CONCLUSIONS**

This is an exciting project which has the power to transform Bacup town centre for the next generation. The Bacup Market Square development aims to deliver a modern vibrant offer to visitors, businesses and residents. The new public realm proposals will enhance the town centres appeal and draw visitors from the car parks into the heart of the town. The heritage buildings chosen will be restored and given new modern uses.

If successful, this bid provides a once in a lifetime opportunity to bring significant investment into a town centre that has suffered from lack of investment for many generations.

| Background Papers | |
|---|---|
| Document | Place of Inspection |
| Appendix 1 (New Market Square) | Confidential – New market square report (RIBA 2) ED Office |
| Appendix 2 (Public Realm) | Confidential - Public Realm report (RIBA 2) ED Office |
| Appendix 3 (Heritage Buildings Repurposing) | Confidential - Heritage building report (RIBA 2) ED Office |
| Appendix 4 (Financial table) | Confidential – Financial profile ED Office |
| Appendix 5 (Map of project locations) | Included in report below |
| 24th September 2019 Council report (d3) | https://www.rossendale.gov.uk/meetings/meeting/1182/council |
| 23rd December 2019 Council Meeting (c4) | https://www.rossendale.gov.uk/meetings/meeting/1183/council |
| 4 th March Cabinet report (c3) | https://www.rossendale.gov.uk/meetings/meeting/1206/cabinet |
| Bacup THI Evaluation (d1) | https://www.rossendale.gov.uk/meetings/meeting/1160/overview_and_scrutiny_committee |

MAP OF PROJECT LOCATIONS



Key

- FHSF Boundary
- FHSF Repurposing Heritage Buildings
- FHSF Public Realm - Phase One
- FHSF Market Square
- HS HAZ Target Buildings

HS HAZ Public Realm

THI Public Realm

THI Buildings Undertaken