

Subject:	Development of the Former Heritage Arcade, Rawtenstall	Status:	For Publication
Report to:	Cabinet	Date:	2 nd July 2025
Report of:	Director of Economic Development	Lead Member:	Economic Development
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:	n/a
Biodiversity Impact Assessment:	Required: No	Attached:	n/a
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1. RECOMMENDATIONS

- 1.1 That the Council agrees to lead on the project to redevelop the Former Heritage Arcade, Rawtenstall and surrounding opportunities as an integral part of the Plan for Neighbourhoods investment plan.
- 1.2 That the Council enters into an agreement with Barnfield Investment Properties to develop the feasibility assessment for the Former Heritage Arcade, Rawtenstall as part of the Rossendale Together Barnfield (RTB) joint venture partnership.
- 1.3 To delegate authority to the Head of Legal, Director of Resources and Director of Economic Development in consultation with the Lead Member for Economic Development to enter into any agreements related to this project within the agreed project budget, including the procurement of any required consultancy and contractor services.

2. EXECUTIVE SUMMARY

- The Former Heritage Arcade, the former night club and Domus retail unit on Bacup Road, Rawtenstall have been empty for approximately 25 years
- The Plan for Neighbourhoods programme provides £20m over the period 2026 to 2036 for the area covering Crawshawbooth, Rawtenstall and Waterfoot. The Plan for Neighbourhoods Board have had focused discussions on tackling this key gateway site.
- Rossendale Borough Council are in a partnership with Barnfield Investment Properties and Together Housing with the purpose to deliver regeneration schemes across Rossendale. This agreement expires in 2028.
- The proposal is for Barnfield Investment Properties to lead the process to deliver a feasibility assessment, design and cost assessment for the schemes
- If the feasibility assessment demonstrates a viable scheme, then it is expected that Barnfield Construction will be awarded the construction contract as per the joint venture agreement although alternative approaches may be identified through the feasibility stages.

3. BACKGROUND

- 3.1 The Plan for Neighbourhoods Programme is a government initiative that provides £20m over a 10-year period to support town centres and reconnect communities. A board of community representatives has been established and following wider consultation an series of emerging

priority projects have been identified that align with the Councils wider regeneration ambitions as articulated in previously agreed masterplans. The area along Bacup Road in Rawtenstall identifies as having a significant number of derelict buildings in the town and the Board would like to see this resolved as part of their agreed vision and aims.

- 3.2 The three buildings are the former Heritage Arcade and the former night club that are owned by Hurstwood Holdings and the former Domus retail unit at 17-19 Bacup Road registered to a local business person. The Heritage Arcade was last used as a shopping mall but following a fire in 1998 it has remained empty and has deteriorated over time
- 3.3 The Heritage Arcade and the former night club have an extant planning permission for 42 apartments. It has been on the market for sale for a significant amount of time.
- 3.4 The Plan for Neighbourhoods board have visited the properties to understand the challenges and future potential.

4. DEVELOPMENT OPTIONS

- 4.1 The aim is to bring these prominent derelict buildings into active use to benefit Rawtenstall by including these projects in the Plan for Neighbourhoods funding. There could be a number of options to achieve these aims. An assessment is set out below.

Options	Approach	Pro	Con
Enforcement Approach	Use planning enforcement powers to influence the owners to develop the site	<ul style="list-style-type: none"> Low cost approach 	<ul style="list-style-type: none"> Uncertain time horizons Unlikely to achieve a positive outcome
Rossendale BC to directly develop	Rossendale BC purchase and redevelop the site	<ul style="list-style-type: none"> RBC can determine future use Can access lower cost borrowing 	<ul style="list-style-type: none"> Insufficient project management and commercial knowledge and capacity RBC take the financial risk
Gap Fund Hurstwood	Provide gap funding to Hurstwood to allow them deliver the housing scheme with planning permission	<ul style="list-style-type: none"> Will redevelop the site Low level of management capacity needed Low level of risk 	<ul style="list-style-type: none"> Any viability assessment will include the current value of the building Less able to influence the development
Gap fund Rossendale, Together Barnfield Partnership	To use the Partnership to purchase and redevelop the site.	<ul style="list-style-type: none"> Partnership already in place Partnership has the capacity and commercial knowledge Access to private and public financing 	<ul style="list-style-type: none"> New procurement act consideration
Do Nothing	Hurstwood continue to try to increase the massing and sell the site	<ul style="list-style-type: none"> No cost and management capacity required 	<ul style="list-style-type: none"> No evidence that the site will be redeveloped into an appropriate town centre scheme

- 4.2 The two approaches that are most likely to achieve our aims will be to work through the RTB Partnership and/or to support Hurstwood Holdings. The feasibility project will guide the best delivery route to the final project.

5. ROSSENDALE TOGETHER BARNFIELD PARTNERSHIP

- 5.1 The Rossendale Together Barnfield Partnership was formed in 2013 to deliver key projects within the borough, in particular regeneration schemes, between the three partners. The process to establish this joint venture involved an open procurement process. The agreement is for 15 years so ending in 2028.
- 5.2 Previous projects delivered through the joint venture include Spinning Point (Rawtenstall Bus Station and Town Hall) and Futures Park (Orthoplastics). Through similar joint ventures in

East Lancashire, Barnfield Investment Properties have successfully delivered projects such as the Victoria Mill in Burnley and North Lights in Pendle.

- 5.3 The projects can involve two or all three of the partners depending on the mix of end uses so if there is a housing component Together may wish to be involved.
- 5.4 Once appointed, and assuming the scheme moves from feasibility to construction, Barnfield will be responsible for the following:
- Project management & cost control
 - Commercial assessment and value engineering
 - Provide funding if required
 - Construction
 - Lease space
- 5.5 The joint venture has the ability to borrow through private financing or through public sector borrowing such as the public works loan board. Depending on the conclusion of the feasibility study, if, as expected, the redevelopment of the Heritage Arcade is not commercially viable then funding from the Plan for Neighbourhoods to fill the viability gap will be required.
- 5.6 The benefits of using the joint venture to redevelop the Heritage Arcade is that Barnfield Investment Properties can provide their commercial and project management skills. This takes a lot of the risk and burden from the local authority. The disadvantage is that it is possible that this approach will not achieve lowest cost but this can be partly addressed by employing an independent quantity surveyor.

6. PLAN FOR NEIGHBOURHOODS AND DEVELOPMENT OF HERITAGE ARCADE

- 6.1 The Plan for Neighbourhood Board for Rawtenstall wishes to address the issue of long term derelict buildings along Bacup Road. The fund can support feasibility work up to March 2026 and after that date support capital investment. The fund provides £2m per year for 10 years but this is likely to be required to deliver a range of activities.
- 6.2 The key steps in the development of the case are:
1. Agree to partner with Barnfield Investment Properties via the existing JV partnership (RTB)
 2. Assist with design brief
 3. Commercial assessment
 4. Architectural design
 5. Cost assessment and value engineering
 6. Agreement to proceed
- 6.3 A maximum of £125k will be provided from the Plan for Neighbourhoods fund to support the delivery of the feasibility study for the three buildings on Bacup Road. This could include development work as part of a revised planning application.
- 6.4 If the decision made is not to proceed with the joint venture with the construction phase, any costs incurred by partners will need to be reimbursed by the Plan for Neighbourhood fund.

7 RISK

- 7.1 There is a risk that the initial feasibility stage may result in a recommendation that it will not be reasonable to proceed. The approach set out in this report will be fully funded by the Plan for Neighbourhood Fund which will own the financial risk. Future financial risk will be dependent

upon the development approach and the make-up of partner bodies. This will be known on completion of the feasibility stage.

- 7.2 To deliver a future scheme, it is essential that the partnership secures control of the buildings prior to planning permission. Hurstwood have informed us that they are willing to sell the building for approximately £1 million.

8 FINANCE

- 8.1 The feasibility study will be funded from the currently available Plan for Neighbourhoods budget.
- 8.2 Any future funding requirements and sources will be assessed at the completion of a successful feasibility study.

9 LEGAL

- 9.1 Continued collaboration with the RTB partnership is in full compliance with all relevant public procurement regulations and the Council's constitution.
- 9.2 A further report will be presented to full council following the outcome of the feasibility study.

10 POLICY AND EQUALITIES IMPLICATIONS

- 10.1 Any policy implications are included in the body of the report. There are no equality implications.

11 REASON FOR DECISION

- 11.1 The RTB partnership offers the most time-efficient route to obtain comprehensive feasibility evidence on this significant derelict asset, ensuring informed decision-making for Plan for Neighbourhoods investment allocation over the next four years.

12 BACKGROUND PAPERS

<https://www.hurstwoodholdings.com/properties/heritage-arcade-bacup-road-rawtenstall-bb4-7ng/>