

Environment & Economy Overview & Scrutiny Committee

Date of Meeting	Wednesday 12 th May 2021
Report Subject	Town Centre Regeneration
Cabinet Member	Cabinet Member for Economic Development
Report Author	Chief Officer (Planning, Environment and Economy)
Type of Report	Operational

EXECUTIVE SUMMARY

Smaller town centres across the UK have been facing challenging economic circumstances for many years due to changing customer behaviours. The Covid-19 pandemic has accelerated these trends although it remains too early to understand the long term impacts of this.

This report provides an update on the strategic context for town centre regeneration, the funding currently available to support it and the programmes of work underway in Flintshire. The report proposes an increased emphasis on intervention to create more sustainable use of properties within town centres.

RECOMMENDATIONS

1	That the progress in delivering the priorities for town centre regeneration agreed at the March 2020 Cabinet meeting are noted.
2	That the resource implications of delivering the programme are noted and that they will be considered for inclusion in the development of the Medium Term Financial Strategy and Capital Programme.
3	That Members give delegated authority to the Chief Officer (Planning, Environment and Economy) in consultation with the Cabinet Member for Economic Development to bid for external funding as it becomes available to support the approaches to town centre regeneration set out in this report.

REPORT DETAILS

1.00	<u>BACKGROUND</u>
1.01	<p>There are a number of challenges facing all small towns in the UK:</p> <ul style="list-style-type: none"> • Changing customer behaviour, which has accelerated during the Covid pandemic, has dramatically reduced expenditure through high street shops. It is not expected that this will return fully to pre-Covid levels potentially leaving towns with more retail units than they can sustain. • Many units are owned remotely by national or international property finance companies or speculative investors with limited interest in their effective management and no stake beyond their investment in the success of the town centre. • Smaller, more marginal shopping centres are struggling to remain viable with a major collapse of property values and considerable difficulties in attracting tenants. • Although there is a relatively low proportion of vacant retail units in Flintshire town centres, there is considerable underused space above the ground floor and weak business resilience is believed to mask the true picture which manifests in gradually declining building condition and a lack of investment. • There are a small number of longer-term vacant properties in towns which can have a blighting effect on their locality.
1.02	<p>Although Flintshire town centres have not been immune to this process, the loss of major national chains and the increase in vacant floor space has not been as significant an issue as local towns had very few national brands still present and Woolworths was the only closure of significance. The loss of high street banks has been more significant in several Flintshire towns. This gradual decline in vitality has, in turn, impacted on the scale and vitality of the street markets in the County.</p>
	<u>Strategic context</u>
1.03	<p>Welsh Government town centre policy is becoming more ambitious and offers new opportunities in Flintshire. New policy announcements include a "town centres first" policy for application across the public sector to encourage public facilities to be located in town centres wherever possible.</p>
1.04	<p>As part of the regional economic recovery response to the pandemic, Welsh Government have established a multi-agency group to focus on the needs of town centres. This group has developed an action plan to support recovery with priorities including:</p> <ul style="list-style-type: none"> • increasing the use of digital monitoring systems to monitor town centre vitality and to enable more informed management decisions; • reviewing the role of public sector estate strategies in supporting town centre vitality; • considering the use of strategic acquisition processes to acquire retail premises for reuse or redevelopment; • increasing new community and social uses for properties in town centres; • investing further in green infrastructure in town centres; and • supporting investment in residential development in town centres.

1.05	The North Wales Regeneration Strategy was co-produced by the six North Wales local authorities to steer and target the delivery of the Welsh Government Targeted Regeneration Investment (TRI) programme which ended on 31 March 2021. The Strategy will continue to guide investment by Welsh Government until an updated strategy is published late in 2021.
1.06	There is an increased Welsh Government focus on empty town centre properties with a refocusing of their loans programme (delivered through each local authority) and encouragement to local authorities to use their enforcement powers more fully to bring units back into use. Welsh Government will be supporting each area to develop an action plan for this work and will provide training and advice in support.
	<u>Flintshire town centre regeneration strategic approach</u>
1.07	<p>The strategic approach to town centre regeneration in Flintshire was approved by Cabinet in May 2019 and subsequently refreshed in March 2020 immediately before the pandemic restrictions came into place. The strategic priorities agreed include:</p> <ul style="list-style-type: none"> • refreshing the evidence base on town centre vibrancy and vitality; • responding proactively to market interest in town centre investment and actively seeking to encourage investment wherever there are appropriate opportunities; • continuing to support front line service outlets in town centre locations to enable access to Council (and partner) services whilst also helping to sustain footfall; • approving Local Development Plan policies for town centres that enable land use change to be managed to promote sustainability and vitality; • identifying key sites for future redevelopment with an emphasis on diversifying land use to increase sustainability and vitality; • starting, subject to the availability of capital resources and detailed investigation into commercial viability, to acquire key sites for redevelopment; • taking advantage of potential investment in transport infrastructure by Welsh Government to identify how wider regeneration benefits can be realised in the immediate vicinity; • supporting town centre stakeholder groups to develop and implement action plans for their towns and will undertake County-wide actions to support town centres for example through promotional activity; • helping businesses to adapt to the changing economic climate.
1.08	<p>In addition, the 2020 Cabinet report highlighted a number of areas for particular focus in the future:</p> <ul style="list-style-type: none"> • identify potential future development sites and develop options for their future assembly and redevelopment; • diversify land uses to maintain the vitality and viability of town centres; • target vacant or underused properties in town centres for intervention including making full use of Council enforcement powers;

	<ul style="list-style-type: none"> • investigate the feasibility of piloting a community ownership structure for town centre properties for Holywell; • use these work streams to develop potential projects for future capital funding opportunities; and • continue to progress the potential redevelopment of the Mold Hall Field site.
1.09	<p>Despite delays created by the Covid-19 pandemic and challenges in recruiting additional staff there has been significant progress on these priorities since March 2020 as summarised below.</p> <ul style="list-style-type: none"> • Completion of depedestrianisation scheme for Holywell. • Development of an ambitious multi-phase programme of active travel investment across Buckley and Mold with Welsh Government investment secured for first phases. • Secured Welsh Government investment in active travel and public transport infrastructure in Deeside. • Mold Bailey Hill visitor facilities completed. • Commissioning a masterplan for Deeside Leisure Centre site. • Establishing Shotton Masterplan governance structure and work streams. • Welsh Government investment in green infrastructure in Shotton secured for delivery in 2021/2022. • Welsh Government investment in circular economy centre and community garden in Buckley town centre. • Supported market traders through the Covid-19 pandemic through reduced rents or deferred rent arrangements. • Waived car parking charges throughout pandemic period. • A promotional campaign for town centres and for businesses in the towns and in the tourism and hospitality sectors. The first phase was very successful and the second phase went live in April 2021. • Property investment projects developed with private sector investors ready for future capital funding availability.
1.10	<p>In addition, the Council has established a new governance structure for economic recovery in the County with a strong focus on town centre regeneration. The Economic Recovery Group is a multi-agency partnership tasked with steering the recovery programmes. Specific sub-groups have also been established for town centre regeneration and business promotion.</p>
1.11	<p>The area of the strategy for town centres where there has been least movement has been in encouraging a more sustainable mix of uses in towns through property-related interventions. It is proposed that the future approach to town centre regeneration places increased emphasis upon this area to:</p> <ul style="list-style-type: none"> • reduce the number of long-term empty properties in town centres; • reduce the overall quantum of retail provision in town centres by repurposing units on the fringes; • find more sustainable uses for retail units and increase community enterprises on the High Streets; • develop plans to repurpose less viable shopping centres; • develop starter units for new retail enterprises in town centres; • encourage private sector investment in town centre properties; and

	<ul style="list-style-type: none"> co-ordinate and support other FCC portfolio interventions to maximise the regenerative effects of investment and resource.
	<u>Resources</u>
1.12	In order to deliver this programme effectively there will need to be increased resources available. External resources are discussed below but the Council will also need to consider making available an increased scale of revenue and capital resources in order to facilitate development. This is outlined in the Resources section of the report.
1.13	<p>New opportunities for investment in Flintshire towns have emerged since the last report and these are summarised below.</p> <ul style="list-style-type: none"> Welsh Government Placemaking Grant (From May 2021) Capital investment for a wide range of projects including property investments, environmental improvements and digital infrastructure. £4m available across North Wales in 2021/22. Welsh Government strategic investment fund (Available now) Capital investment for major projects in the towns prioritised in the North Wales Regeneration Strategy. £4m available across North Wales in 2021/22. Welsh Government Town Centre Loans (Available now) Repayable property investment funds. The Council holds £840,000. Welsh Government enforcement programme (Available now) Repayable finance to support empty property enforcement costs. £15m held by Welsh Government for use across Wales. UK Government Levelling Up Fund (Bidding process open) Capital funding for major transport, regeneration and cultural infrastructure investment. £800m available across Wales, Scotland and Northern Ireland up to 2024/2025. <p>In addition, the Council is working collaboratively as part of the North Wales Economic Ambition Board and Mersey Dee Alliance to make the case for additional investment to support the effective long term regeneration of town centres.</p>
	<u>Next steps</u>
1.14	<p>The Council will make use of the new opportunities highlighted above to:</p> <ol style="list-style-type: none"> provide a one-to-one support service to businesses with investment proposals for High Street properties; offer business loans to incentivise investment in High Street properties; offer business grants to incentivise investment in High Street properties; use the Council's enforcement powers to bring long term empty properties back into use; develop a community ownership model that enables town centre units to be acquired through grant and then vested in a local delivery vehicle to ensure their effective management for the benefit of the town centre and local people;

	<ol style="list-style-type: none"> 6. select blocks of properties in town centres for repurposing and undertake gradual acquisition over time with end uses to include demolition for alternative uses, including housing or green space; 7. wherever possible, create town centres which are accessible to all including those with physical and mental disabilities such as dementia; 8. develop environmental improvement and active travel projects; and 9. create redevelopment plans for the less viable shopping centres with options to include: a) refurbishment and management; b) redevelopment into new uses including housing and contemporary retail spaces; and c) demolition and conversion into green or amenity space.
1.15	It will be necessary to develop updated action plans for each town centre to show funders how the package of property (and other) interventions fit together into a coherent whole. These will only transition into more detailed masterplans where a major site requires detailed consideration to get the maximum regeneration benefit.

2.00	RESOURCE IMPLICATIONS
2.01	<p>The regeneration team currently stands at two individuals with recruitment for a third currently underway. Although there is considerable experience in delivering regeneration projects the increased scale of the programme and more property-related regeneration work proposed is not deliverable with current resources. In particular, staff with high level property development skills will be required to successfully deliver the programme and manage risks to the Council.</p> <p>Further, the proposed approach will place demands upon other teams in the Council to deliver specialist advice and support, for example property and legal services. The Council will also need to purchase specialist property expertise on a consultancy basis in order to effectively survey and value properties and to help plan viable end uses.</p> <p>Finally, although the Welsh Government are making regeneration capital funding available to the Council for property-related regeneration work this funding is either repayable or requires significant match funding. Without capital funds the Council will not be able to take full advantage of these opportunities to regenerate town centres.</p> <p>Further work is needed to quantify the scale of resources needed to deliver the programme but it is anticipated that, in the short term, a suitably experienced and qualified manager role is required to drive forward the regeneration programme together with some modern trainee support to the team to free up time for project delivery.</p> <p>The estimated annual revenue cost for the staff requirements would be approximately £75,168.</p>

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	<p data-bbox="320 203 671 237">Experience and capacity</p> <p data-bbox="320 275 1366 674">The Council does not have considerable experience in some of these work streams or much surplus capacity to deliver it which will limit progress. The regeneration team is currently recruiting additional posts which will help with capacity and use will need to be made of consultancy support to bring in both expertise and capacity to move the programme forward and to ensure that risks are effectively managed. Welsh Government are also looking to support the process regionally through sharing learning and expertise. However, the team still has a limiting shortfall of capacity and expertise in town centre property development as well as more junior supporting staff to deliver projects and engage stakeholders.</p> <p data-bbox="320 712 571 745">Capital resources</p> <p data-bbox="320 784 1366 1003">The main Welsh Government capital programme for town centres (Transforming Towns) will be available to all Flintshire towns from May 2021 but remains a small fund (£8m pa) that is likely to be oversubscribed. However, Welsh Government are eager to see ambitious plans for property intervention in the town centres and may make further funding available.</p> <p data-bbox="320 1003 1353 1149">Where risks can be effectively managed the Council could consider investing its own capital resources through borrowing although it is expected that this would be to support the social outcomes arising rather than in expectation of a significant return on investment.</p> <p data-bbox="320 1149 1342 1261">The Council holds £1.5m of repayable WG funding to use for its own property projects in town centres. Further funding is available to support private sector projects.</p> <p data-bbox="320 1261 1374 1406">In addition, UK Government are starting to make capital resources available for regeneration which may be a source of future investment. The Council will need match funding or loan repayment funding in order to make full use of these opportunities.</p> <p data-bbox="320 1444 959 1478">Revenue costs arising from property portfolio</p> <p data-bbox="320 1516 1366 1776">Maintaining any form of portfolio of town centre properties will bring revenue pressures in terms of officer time and management costs (rates, maintenance, legal costs etc). It is not possible to quantify these fully at this stage but this will need to be factored into any decisions on the strategic approach in town centres. In the short term it is suggested that a senior manager and operational support staff are required to drive the programme forward and build momentum.</p> <p data-bbox="320 1814 432 1848">Political</p> <p data-bbox="320 1886 1374 2101">Resources will not allow the Council to do everything everywhere and viable property interventions will not be present in every town. Managing expectations will be key in the process. Interventions that change the form and function of towns may not always be popular locally. Where significant change is proposed then the development of masterplans allow for extensive local consultation and discussion on options.</p>

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4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None at this stage.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None.

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Niall Waller (Enterprise and Regeneration Manager) Telephone: 01352 702137 E-mail: niall.waller@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
	<p>Circular economy - A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them while in use, then recover and regenerate products and materials at the end of each service life. (wrap.org.uk)</p> <p>Green infrastructure - Green infrastructure is a network of multi-functional green space and other green features, urban and rural, which can deliver quality of life and environmental benefits for communities. (tcpa.org.uk)</p> <p>Targeted Regeneration Investment (TRI) programme – Welsh Government capital investment programme for town centres operating between April 2018 and March 2021.</p>