

## Lancaster City Council | Report Cover Sheet

<b>Meeting</b>	Executive Decision to be taken by the Leader	<b>Date</b>	17 March 2020
<b>Title</b>	Lancaster High Streets Heritage Action Zone		
<b>Report of</b>	Director for Economic Growth and Regeneration		
<b>Purpose of Report</b>			
To brief and gain approval for delivery of a four-year High Streets Heritage Action Zone (HSHAZ) for Lancaster and complementary project to support St John's Church, North Road.			
<b>Key Decision (Y)</b>	<b>Y</b>	<b>Date of Notice</b>	<b>28.2.2020</b>
		<b>Exempt (Y/N)</b>	<b>N</b>

### Report Summary

Following a non-binding expression of interest in July 2019, Lancaster was identified as one of 69 successful towns and cities across the country to be nominally awarded a High Streets Heritage Action Zone (HSHAZ), part of the Government's plan to help reshape and renew high streets. The area identified to the north-east of the city is particularly rich in heritage assets but suffers from a range of issues relating to condition, occupancy and footfall which negatively impacts on the city, including linkages with the Canal Quarter. The four-year programme led by Historic England seeks to change perceptions of heritage and the high street, support sustainable economic and cultural growth and restore and enhance local historic character.

In December 2019 further information articulating a £4.603M project and a request for £1.15M funding was provided to Historic England as part of their required Programme Design stage. A final decision by Historic England on whether to offer the city a HSHAZ is anticipated in late March for commencement in April 2020. In anticipation of a positive response this report provides details of the proposed programme and the co-funding requirements.

Additionally, this report also relates to activity with the Churches Conservation Trust to bring forward the restoration and re-use of St John's Church, North Road, identified as grade II\* listed and priority A on the national Heritage at Risk register.

### Recommendations

That the Leader:

- (1) Subject to the agreement of recommendation (3), agrees to accept an offer of up to £1.15M from Historic England for a Lancaster High Streets Heritage Action Zone and delegates authority to the Director for Economic Growth and Regeneration for the city council to enter into a grant agreement and undertake the role of accountable body.
- (2) Endorses the four-year investment proposal included in the Capital Programme agreed by Council on 26 February 2020 for a £1.15M City Council contribution to the Lancaster High Streets Heritage Action Zone, of which the £337,500 earmarked for the Grand Theatre Phase 2 works to the new foyer is contingent on Lancaster Footlights having made the required balance in order to make the project deliverable.
- (3) Agrees to underwrite £546,125 of unsecured partner contributions from the Council's

Reserves and that officers should continue to work with local partners and investigate opportunities for further public funding to secure the balance of funding required to meet the full programme costs.

- (4) Endorses in principle a contribution to a maximum of £500,000, contingent on the Churches Conservation Trust having made the balance in order to make the project deliverable, as included in the Capital Programme agreed by Council to support the repair and beneficial re-use of St. John's Church, North Road and delegates authority to the Director of Economic Growth and Regeneration to enter into a formal offer subject to the approval of a robust business case, capital scheme and wider due diligence by Capital Strategy Group.
- (5) Delegates authority to the Director for Economic Growth and Regeneration to work with partners to bid for, accept and act as the accountable body for complementary funding from Historic England in respect of the Cultural Programme.

### **Relationship to Policy Framework**

The HSHAZ supports the implementation of a number of strategic plans and policies, including:

Council Plan 2018-2022– towards the principles for Shaping the Place and Valuing the Distinctiveness of the district and achieving the ambitions for a Thriving and Prosperous Economy and Clean, Green and Safe Neighbourhoods by transforming the centres, encouraging investment, supporting businesses and delivery quality public realm.

Local Plan – specifically towards policies to support delivery of a thriving and sustainable local economy by promoting the vitality, viability and accessibility of Lancaster city centre and capitalising on heritage and cultural assets (e.g. Policies SO1 and SO4). Policy EN3 Mill Race Heritage Priority Area specifically identifies the area as a heritage priority for the district.

Lancaster District Highways and Transport Masterplan and Movement Strategy – through joint working with the highways authority to deliver towards the 2031 vision for Lancaster centre as a much improved environment with strengthened focus on sustainable travel patterns, including walking and cycling.

Canal Quarter – the emerging Spatial Regeneration Framework focuses on improved movement patterns to the east of the centre and the protection and enhancement of the heritage, arts and cultural qualities of the area of which there is a spatial overlap with the HSHAZ.

Lancaster City Centre Surface Water Management Action Plan – joint working with the flood authority to ensure measures support improvements in managing surface water.

Lancaster Place Story – central theme of connecting and celebrating culture and heritage.

### **Conclusion of Impact Assessment(s) where applicable**

<b>Climate</b>	<b>Wellbeing &amp; Social Value</b>
<b>Digital</b>	<b>Health &amp; Safety</b>
<b>Equality</b>	<b>Community Safety</b>

Please see Appendix i) Lancaster HSHAZ Impact Assessment Commentary.

### **Details of Consultation**

The bid was developed in discussion with key partners at Lancashire County Council, Lancaster Business Improvement District (BID) and Lancaster University and further key delivery contributors such as Lancaster Footlights and the Churches Conservation Trust.

Further aspects of programme delivery will be led by the formalised partnership board. The programme provides for multiple opportunities for community engagement through co-design, consultation and involvement.

### **Legal Implications**

Legal Services input will be required with regards to any contractual arrangements for funding, grants or direct works contracts. Appointment of external contractors will need to comply with the Council's contract procedure rules and procurement requirements.

### **Financial Implications**

Details of the funding position are contained in the report and Appendix ii) Lancaster HSHAZ Budget Summary.

The Council's contribution of £1.15m towards the High Streets HAZ is included in the development pool in the five year Capital Programme approved by Council on 26 February and is available for release into the main programme.

The direct programme founding of £2.875m is dependent on confirmation of contributions from Lancashire County Council and Lancaster BID. Historic England may require the Council to underwrite £546,125 of unsecured contributions as a condition of their grant offer. There is currently no budgetary provision for this. Cabinet may approve a contribution from reserves to provide for anticipated expenditure for identified projects in respect of corporate priorities. The Corporate Priorities reserve currently has an uncommitted balance of £457,600. Cabinet may direct a transfer of a further uncommitted sum of £88,525 from the Restructure reserve to the Corporate Priorities reserve to cover the remaining shortfall.

The in principle contribution of £500,000 in 2022/23 and 2023/24 towards St John's Church is included in the development pool in the approved Capital Programme. On the approval of a robust business case, capital scheme and wider due diligence by Capital Strategy Group it would be available for release into the main programme

### **Other Resource or Risk Implications**

The programme includes for a fixed-term four-year post, the cost of which will be split between Historic England and the city. Contributions to existing staff time are ineligible. The programme will be led by the regeneration team and require cross-working within the Economic Growth and Regeneration Directorate through the input of the conservation, engineering and cultural teams. The programme will also require officer support through the legal, financial and public realm teams.

### **Section 151 Officer's Comments**

The potential transformational aspects to the area are clearly documented within the report. The project itself aligns to the Council's Priorities and is complementary to other Council schemes within the City such as Canal Quarter. Members will be aware that business rates represents a significant source of funding for the Council and the potential investment in the area may increase business confidence resulting in a higher levels of in business rates and other sources of income retained by the Council.

Council approved £1.650M of capital funding 26 February 2020 for this project which currently sits within its development pool pending approval of the supporting business case by the Council's Capital Strategy Group (CSG).

Although it is uncertain if the Council will be formally requested to underwrite the value of the unsecured contributions (£547K) there is currently no budgetary provision for this. Cabinet is able to approve the underwriting of this amount and reserve funding could be made available

should it be required from the Council's Corporate Priorities reserve. However, our current 4 year projected balance of this reserve shows a shortfall of approximately £89K in 2023/24. This shortfall could be addressed as part of the realignment of current reserves and assessment of balances as part of our year end processes with any proposed transfers being subject to the appropriate level of approval and authorisation.

Having consulted with colleagues and having regard to risk and reward I would support the Officers preferred option.

### **Monitoring Officer's Comments**

The Monitoring Officer can confirm that, in accordance with Part 3 section 7 of the Constitution, Cabinet are able to:-

1. approve any external funding bid that is above the Key Decision threshold and within the Budget & Policy framework; and
2. give approval for the Council to act as the "accountable body".

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### **Links to Background Papers**

None.

## **1.0 Introduction**

- 1.1 In December 2018, the Ministry of Housing, Communities and Local Government (MCHLG) announced the Future High Streets Fund, a £675M fund to support the renewal and reshaping of town centres in a way that improves experiences, supports growth and ensures future sustainability. As part of this, £95M was allocated to Historic England for work to support historic high streets in conservation areas.
- 1.2 The High Streets Heritage Action Zone (HSHAZ) programme is a nationwide and place-based initiative designed to secure lasting improvements to our historic high streets for the communities that use them. The funding seeks to support sustainable economic and cultural growth to make historic town centres attractive and engaging places for people to live, work and visit.
- 1.3 The HSHAZ programme was launched in May 2019 and expressions of interest invited by 12 July with bids of up to £2M. A non-binding expression of interest was submitted for an area to the north-east of Lancaster city centre under the delegation of the Director for Economic Growth and Regeneration. On 14 September Lancaster was identified as one of 69 successful towns in England who would continue to a further non-competitive development stage. This followed the July announcement that Morecambe had been selected as one of the first fifty towns to be considered for the larger and core Future High Streets Fund programme.
- 1.4 On 6<sup>th</sup> December 2019 a second submission was made to Historic England detailing further aspects of Programme Design and requesting £1.15M in funding over four years to support direct project costs of £2.875M which would further help lever an

additional £1.728M in private investment. This is now subject to regional and national review with the outcome anticipated in late March. If successful, and with Cabinet approval, the programme will launch in April 2020 and end on 31 March 2024.

- 1.5 Relating to the above, each HSHAZ will have the opportunity to bid to Historic England for supporting funds towards a Cultural Programme of activity, with further details relating to this to be made available over the coming months.
- 1.5 The Grade II\* St John's Church, North Road, is identified as a high priority building on the national Heritage at Risk Register and is central to the HSHAZ area both physically and in terms of its opportunities for placemaking. Due to funding arrangements, it is ineligible for HSHAZ funding and therefore its repair and re-use is identified as a complementary project to the core Lancaster HSHAZ programme.

## **2.0 Proposal Details**

- 2.1 The Lancaster High Streets Heritage Action Zone (HSHAZ) will deliver heritage-led regeneration to shape a sustainable future for an area to the north-east of the city centre. This is an area which has seen low levels of public investment and was selected by officers for its fit to the HSHAZ programme selection criteria and prior near-success with a 2016 bid for a Heritage Action Zone. This area abuts the pedestrian zone and is covered by North Road, Lower Church Street, St Leonardgate and immediate streets and traces the development of the city from its Roman and medieval settlements through its great 18th and 19th century expansion. It is part of the large Lancaster Conservation Area (2013) which covers the historic core of the city. The area is rich in heritage assets but the condition of these is variable with some key assets at risk and / or vacant, some since and even prior to the events of Storm Desmond in December 2015 which badly affected the area. The area is disconnected from the core city centre by the one-way gyratory system and the public realm offers a poor environment for pedestrians, exacerbated by traffic-related issues relating to air quality and safety. These collectively create an environment which is ill-fitting of the city's status as one of England's Heritage Cities.
- 2.2 The four-year programme will deliver a combination of building repair grants, public realm improvements, heritage training and skills opportunities and cultural programming. A key building project includes working with the charitable trust Lancaster Footlights in providing the Grade II listed Grand Theatre with phased support towards essential repair work to the existing building and provision of a new foyer. These works will increase the Grand's on-going and future viability, accessibility and appeal as a well-loved cultural and community asset. Its inclusion was a recommendation of Historic England in response to the HAZ application in 2016. A further 10-15 building owners and businesses will be supported in the appropriate repair, conservation and re-use of buildings to maximise their value as heritage assets and in their contribution to a thriving city centre with a mix of uses. This shall include incorporating flood resilience measures which are sensitive to the historic fabric. Public realm improvements will focus on Lower Church Street and North Road to advantage pedestrians and cyclists, enhancing access to and the setting of key heritage assets such as St John's Church and Centenary Church (vacant former Friary public house) and help better deal with surface water drainage. As part of this the public realm works will seek to improve pedestrian connectivity across the gyratory by means of a toucan crossing on North Road in the vicinity of St John's Church. Planning permission granted for the redevelopment of 47-51 North Road ref. 13/01274/FUL made a requirement for a £17,000 contribution towards this but payment is yet to be fulfilled as to date there has been no wider funding to support delivery. The availability of public realm funding through the HSHAZ should enable this contribution to be captured and the crossing delivered as part of the wider programme of public realm improvements

subject to the approval of the highway authority. Collectively, these works shall improve pedestrian connectivity beyond the pedestrian zone, delivering a safer, distinctive and more welcoming environment to support footfall, trading, community activities and events in the area. These activities will include a bespoke and separately funded complementary Cultural Programme, further details of which will be made available in the spring. The Programme shall involve working with a range of local partners via a separate consortium to increase opportunities for cultural experiences in the city. Each of the national High Street HAZs will be split into three levels of cohorts ranging from one flagship programme per region, mid-sized schemes that can enhance existing cultural programming (in this instance for example, Light Up Lancaster), to a range of smaller pilot activities. Development funding will be awarded in 2020/21 for delivery anticipated across the middle two years of the Programme. Further, a range of capacity building and heritage skill and learning opportunities delivered alongside these will help facilitate and sustain improvements, increasing understanding of the area's heritage. The area and individual project areas are identified in Appendix ii) Lancaster HSHAZ Project Plan.

- 2.3 A summary of direct programme costs is provided in the table below and further detailed in Appendix iii Lancaster HSHAZ Budget Summary. Cost information for the Grand Theatre is well understood based on the approved consents for works. Wider building and public realm costs are based on prior experience of similar conservation-led programme delivery costs and rates and at a level deemed sufficient to beneficially impact on the area. The programme includes for a new full-time fixed term post in the regeneration team who will work with colleagues across the directorate and be the main point of contact for the community.

<b>Activity</b>	<b>Cost</b>
Building investment including phased support to the Grand Theatre, to the maximum value of £0.75M	£1.435M
Public realm improvements	£1.25M
HSHAZ Officer and wider programme delivery and monitoring	£0.15M
Capacity Building and Community Engagement e.g. skills and training	£0.04M
<b>TOTAL</b>	<b>£2.875M</b>

- 2.4 The programme will be led by the city council, working via a formalised partnership with Historic England, Lancashire County Council, Lancaster Business Improvement District (BID) and Lancaster University. Details of partner financial contributions to the project are as per the table below.

<b>Organisation</b>	<b>Indicative Funding Contribution</b>	<b>Status</b>
Historic England	£1,150,000	Pending an offer of grant anticipated in late March.
Lancaster City Council	£1,150,000	Pending approval.
Lancashire County Council	£500,000	Lancashire County Council have confirmed they will need to undertake a commissioning process to identify any possible funding from existing approved budgets for the Lancaster District to support public realm improvements. Contributions to this activity are primarily required in 2021/22 and 2022/23.
Lancaster Business Improvement District (BID)	£50,000	The BID have confirmed £3,875 in 2020/21 subject to board approval with the remainder built into their Business Plan for a third five-year term from April 2021 which is subject to a ballot in November

		2020.
Lancaster University	£25,000	Contribution confirmed.
<b>TOTAL</b>	<b>£2,875,000</b>	

- 2.5 Historic England guidance anticipated that their funding would in general account for approximately 50% of costs across the programme but the amount of leverage secured by their funding would form part of their value-for-money assessment. At a request of £1.15M, their anticipated contribution is 40% of overall costs. The direct programme funding of £2.875M is anticipated to generate a minimum of £1.728M in additional third-party investment in buildings, bringing a total of £4.603M investment to the area. This includes £1.5M into the Grand Theatre via Lancaster Footlights which shall be generated by fundraising and external bidding, of which £600K has been raised to date prior to any formal fundraising campaign.
- 2.6 In addition to the above, each HSHAZ will be invited to bid for additional support for cultural activity via a consortium of local arts and heritage partners. This is part of a wider national Cultural Programme which is benefiting from funding support from Arts Council England and the National Lottery Heritage Fund. Further details regarding the fund will be made available over the coming months. The city will take an accountable body role and support the consortium, with Lancaster Arts Partnership anticipated to lead activity.
- 2.7 Outside the scope of the Lancaster HSHAZ, St John's Church of North Road is a Grade II\* listed building which places it within the top 8% of nationally designated heritage assets. The building is considered as defining of Lancaster's key period of prosperity in the mid to late 18<sup>th</sup> century and its significance relates to its Georgian influence of design in churches and links with architect Thomas Harrison and local artisan manufacturers Shrigley and Hunt and Gillow and Co. The building has been under the care of the Churches Conservation Trust (CCT) since its closure in 1983 and maintenance responsibility for the deteriorating closed churchyard lies with the city. The building has been vacant since being flooded during the events of Storm Desmond in December 2015 and prior to that used for informal café and performance use.
- 2.8 The CCT have been working closely with the city to address immediate concerns relating to damp and dry rot and protect the building from further loss of historic fabric however the building is now identified as Priority A on Historic England's national Heritage at Risk register. The CCT are ambitious to see the building brought back into beneficial use and have identified it as one of their four national priority projects. The building has the opportunity to be capable of truly beneficial occupation for the first time in almost forty years, supporting the economy through increased footfall, jobs and with a greater role for volunteers, creating research opportunities and opportunities for traditional construction skills development which remain lacking in the area.
- 2.9 Over the coming months, the CCT will be developing a business case and capital scheme for likely delivery within 2022/23 and 2023/24. Indicative costs based on prior experience suggest a budget of £2.73M will be required with a significant element of this for repair and conservation. The CCT have a strong track record of delivering successful schemes and attracting external funding support from organisations such as the National Lottery Heritage Fund to re-purpose churches for a range of uses including commercial and leisure. As Historic England already support the CCT at an organisational level, the building is ineligible for direct support through the HSHAZ.
- 2.10 The proposal seeks to provide the CCT with in principle £500,000 or 20% of full scheme costs, whichever is the lower, in grant support over 2022/23 and 2023/24 towards a scheme to be developed with the city over the next year. This will include

for transforming the churchyard to become a welcoming and much needed green space in the city centre. Final approval of a city contribution will be subject to the production of a robust business plan, capital scheme and delivery plan to be agreed with the Director for Economic Growth and Regeneration. The availability of funding and its co-location with a HSHAZ strengthens the broader funding appeal of the project.

- 2.11 The total funding position over the course of the four years assuming delivery of the HSHAZ and St John's and full partner contributions is as follows:

Organisation	2020/21 £	2021/22 £	2022/23 £	2023/24 £	Total £
<b>LCC</b>	132,250	359,625	961,125	197,000	<b>1,650,000</b>
<b>Historic England</b>	115,625	360,000	574,750	99,625	<b>1,150,000</b>
<b>Other HSHAZ partner contributions</b>	8,875	347,875	197,250	21,000	<b>575,000</b>
<b>CCT attributed funds</b>	75,000	200,000	1,600,000	356,045	<b>2,231,045</b>
<b>Indicative minimum private investment by third parties</b>	59,200	68,400	1,543,400	57,000	<b>1,728,000</b>
<b>TOTAL</b>	<b>390,950</b>	<b>1,335,900</b>	<b>4,876,525</b>	<b>730,670</b>	<b>7,334,045</b>

- 2.12 Collectively the Lancaster HSHAZ will ensure that buildings are in good condition, capable of beneficial occupation, offering a range of uses with improved environmental conditions and connectivity for pedestrians across the city centre. This programme will improve Lancaster's offer as a place to live, work, visit and play and change perceptions of the area from being secondary and traffic-dominated to an integral and desirable part of the city centre with animated, distinctive streets offering a broadened range of cultural and community experiences. Further the programme shall maximise the benefits and potential of developments to the north and east of the centre, including recent delivery of c.1,000 student beds in this area and strengthening connections with the Canal Quarter.

### 3.0 Options and Options Analysis (including risk assessment)

**Option 1:** Decline any offer of grant from Historic England and decline to support St John's Church (do nothing).

**Advantages:** City funding and resources can be applied elsewhere.

**Disadvantages:** Lost opportunity to improve the city's deteriorating historic fabric and support the evolving role of town centres as retail functionality changes. In particular does nothing to assist Lancaster Footlights charitable trust with their ambitions for the Grand Theatre which is a well loved community and cultural asset that operates without subsidy.



<p><b>Risks:</b> Reputational risk with Historic England and other partners; inconsistent with ambition to promote city's heritage status; negatively impacts on the Grand's delivery of the foyer and the CCT's ambitions to bring St John's into active, beneficial use</p>
<p><b>Option 2:</b> Accept prospective offer of grant funding from Historic England and commit own resources to meet project needs including commitment to underwrite unsecured partner funds</p>
<p><b>Advantages:</b> Multiple benefits include that the area's unique historic character is better revealed for communities today and in the future to enjoy; the long-term vitality and sustainability of the local economy is improved; the area is a safer, healthier and more welcoming setting for activity; and, the city as a whole is improved as a cultural and heritage destination supporting community cohesion and wellbeing.</p>
<p><b>Disadvantages:</b> Requires contributions of city resources and funding. Does nothing to assist St John's Church as the city's most vulnerable heritage asset, including for much needed improvements to the churchyard the maintenance of which is the responsibility of the city.</p>
<p><b>Risks:</b> There may be a requirement by Historic England for the city to underwrite uncommitted funds from partner organisations. Relevant uncommitted spend would only occur from 2021/22 onwards therefore the risk of this occurring can be mitigated over the forthcoming year by joint working and investigation of alternative funding sources. The maximum sum at risk is £546,125.</p>
<p><b>Option 3:</b> Accept prospective offer of grant funding from Historic England and commit own resources accordingly, including to support St John's Church and underwrite unsecured partner funds.</p>
<p><b>Advantages:</b> As per Option 2, but additionally supports the beneficial re-use of the city's most important at risk heritage asset and addresses a key building and space for placemaking within the HSHAZ area. The commitment of funds shall help the CCT business case and applications for wider funding support.</p>
<p><b>Disadvantages:</b> Requires contributions of city resources and funding as per Option 2. The business case / capital scheme for St John's is as yet not developed but in principle grant support and joint-working with officers shall help drive the best solution and use for this unique space.</p>
<p><b>Risks:</b> As per Option 2. In respect of St John's, risk is minimised by joint working. The provision of in-principle support now strengthens the CCT's deliverability prospects and the project's attractiveness to other funding bodies.</p>
<p><b>Option 4:</b> Decline prospective offer of grant from Historic England and to support St John's Church but continue to work with local partners to implement change in the HSHAZ area.</p>
<p><b>Advantages:</b> Any investment unconstrained by requirements of Historic England.</p>
<p><b>Disadvantages:</b> The prospects of achieving all the advantages as per Option 3 significantly diminished by the much reduced funds.</p>
<p><b>Risks:</b> As per Option 1.</p>

#### 4.0 Officer Preferred Option (and comments)

- 4.1 The officer preferred option is Option 3. This is considered to be the most beneficial and holistic approach. Together the HSHAZ programme and St John's project should deliver at least £7.334M of investment in the area when taking into consideration levered private / public investment. Assuming for a maximum city contribution of £1.65M this means that for every £1 of city investment, a further £3.44 will be prospectively levered. If the underwritten element cannot be secured in its entirety, a maximum city contribution of just under £2.2M would still be anticipated to lever £2.34 for every £1 spent.