

Report of

**THE MORECAMBE FUTURE HIGH
STREETS BID**

INFORMAL TASK GROUP



CONTENTS

1. Foreword by Chairman of Overview & Scrutiny
2. Summary of Recommendations
3. Introduction
4. Informal Task Group
5. Findings
6. Conclusions

FOREWORD

Following the Council's unsuccessful bid under HM Government's Future High Streets Initiative, the Overview & Scrutiny Committee established an informal task group to consider why the bid had failed and what lessons might be learned from the experience in order to make success more likely in future bids.

The Report of the task group was submitted to Cabinet on 8th June 2021 but was rejected on the grounds that it consisted substantially only of a list of recommendations, with insufficient explanation of the background giving rise to them. I agreed to produce a fuller Report for consideration by Cabinet. This is the Report I promised.

I was not a member of Overview & Scrutiny when this Report was prepared and did not participate in the task group or in the drafting of the original Report. I have had to base this Report on notes and drafts supplied to me by my predecessor, Cllr Patricia Heath, for which I am grateful to her.

Councillor Richard Austen-Baker

LL.B., Ph.D., Barrister

Chairman, Overview & Scrutiny Committee

Abbeystead, August 2021

SUMMARY OF RECOMMENDATIONS

The recommendations have been re-ordered to reflect the order they appear in this report with some grammatical corrections.

RECOMMENDATION 1

That Officers ensure in future bids that consultants have a local knowledge base, and that use is made of expertise available in the area, including nearby universities.

RECOMMENDATION 2

That comparisons with other locales should be like-for-like: there is no benefit in comparing a seaside-based, seasonal tourist town with major city yields and operations.

RECOMMENDATION 3

That a Capital Strategy policy be developed to include the purchase of land in Morecambe.

RECOMMENDATION 4:

That any future bids (whether for Morecambe or other parts of the district or the district as a whole) involve consultation with a wider base of stakeholders, with a broader scope of interests, and further that all councillors in the affected area are invited to participate, from Town, City and County councils.

RECOMMENDATION 5

That full consultation takes place with County highways, rail and Eden North to ensure a whole structured, environmentally-friendly transport plan is conceived for the area.

RECOMMENDATION 6

That more sustainable regeneration proposals are developed following wider consultation.

RECOMMENDATION 7

That conversion of empty business premises and new build of housing should be undertaken throughout the town centre, to bring back the community feel of the whole central area.

RECOMMENDATION 8:

That the Winter Gardens is an essential part of Morecambe's future and should be a part of any future bid of a similar nature.

RECOMMENDATION 9:

That the Council tries to source other funding for hyperfast broadband in Morecambe.

RECOMMENDATION 10:

- (i) That this bid is not reused/recycled in the future, as it is outdated and no longer fit for purpose post-COVID.**
- (ii) That a new Morecambe Area Action Plan is drafted with full participation of all Morecambe councillors and with business representatives.**
- (iii) That for clarity, an Executive Summary be attached to officers' reports on, which also defines the original Council brief, tasks undertaken, personnel involved and third party outsourcing responsibilities.**

RECOMMENDATION 11

That, as a rule, final bids (which ultimately involve spending commitments by the Council) should be signed off by the Departmental Head, the Chief Executive, the portfolio-holder and the Leader of the Council.

I INTRODUCTION

- 1.1 The Future High Streets Fund ('FHSF') was launched by HM Government in December 2018 to '...support and fund local areas' plans to make their high streets and town centres fit for the future' (Ministry of Housing, Communities & Local Government, *Future High Streets Fund Call for Proposals*, 26 December 2018). The fund offered a total of £675 million pounds in co-funding, as well as the offer of expert input and assistance, and represented an attempt to assist in redevelopment of town centre areas in decline. The history of Morecambe's decline as a tourist destination and its accompanying general social and economic malaise is well-known locally. The causes of this and the prospects of visitor-led rejuvenation of the town are canvassed in, amongst other places, D. Jarratt, 'The Development and Decline of Morecambe in the 19th and 20th Centuries: A resort caught in the tide' (2019) 11 *Journal of Tourism History* 1-21. The revival of Morecambe's economic, physical and social fabric is generally seen as a key priority for Lancaster City Council, and Morecambe was an obvious candidate for support such as that offered by the FHSF.
- 1.1 Lancaster City Council submitted a bid to the fund on 21st March 2019
- 1.2 A letter to Councillor Heath from Luke Hall MP (Minister for Regional Growth and Local Government) of 28 June 2021 (hereinafter 'the letter' or 'the Government letter') explained that although the bid passed the 'gateway' criteria it fell very far short of the central benefit cost ratio ('BCR') threshold required for a successful bid. The original bid document stated in its first line that the BCR was expected to be - 0.48. This increased after clarification to +0.27, but that is still a long way short of the +2.0 expected. The Council argued that conditions in Morecambe were especially challenging owing to market failure and low land values, which are not unique to Morecambe, as the minister points out in paragraph 4 of his letter: 'The Fund has awarded up to £149m to 13 local authorities in the North West, all experiencing a challenging context. [The Council] may wish to contact them and learn about how they addressed similar issues.' Further feedback in the minister's letter identified that '...whilst there was some evidence of stakeholder engagement, public consultation had not taken place, so could not evidence the public backing we were looking to see demonstrated.' Deliverability was also a concern because '...contingencies were on the low side given the early nature of the projects and no allowance for optimism bias.' Council funding had not been explicitly approved; private sector funding had not been secured; there was a lack of clarity as to the rationale for calculating levels of grant required for some aspects, for example, the market hall. Inadequate progress had been made on contractual arrangements with much work to be undertaken, including negotiations with market traders, leading to a risk that not all funding could be deployed by the end date of 31 March 2024.

- 1.3 The bid process was managed by the directorate for Economic Growth and Regeneration and signed off by the Director of Economic Growth and Regeneration.

2 TASK GROUP

- 2.1 On 10th March 2021 the Overview & Scrutiny Committee resolved to establish an informal task group to establish what went wrong with the bid and what could be improved in relation to future bids. The membership of the task group was as follows: Councillors Anderton, Dennison, Duggan, Heath and Matthews. Councillor Heath chaired the Task Group meetings.

- 2.2 The task group assessed documentary evidence as well as having oral input from a number of people with relevant knowledge.

At the Committee meeting on 10th March 2021 the Director of Economic Growth and Regeneration attended the meeting and provided the Committee with an overview of the recent Future High Street bid for Morecambe.

The Task Group met on two occasions. At the task group meeting held on 15th April 2021, the Director of Economic Growth and Regeneration along with the Head of Economic Growth attended the meeting to discuss the bid process and respond to questions from Members of the group. This was an evidence gathering meeting.

The minutes of the Committee and Task Group meetings when this issue was considered are Appended to this report as Appendix B.

- 2.3 The Report of the task group was submitted to Cabinet to consider on 8th June 2021. After some discussion Cabinet agreed to defer consideration of the item to the next Cabinet meeting in order that enquiries could be made with Democratic Services as to whether there was a report from the task group that could be presented to Cabinet along with the recommendations.
- 2.4 As referred to in the Foreword to this report the current Chairman of the Overview and Scrutiny Committee was not a member of Overview & Scrutiny when the Report was prepared and did not participate in the task group or in the drafting of the original Report. He has agreed to produce a fuller Report for consideration by Cabinet.

3 FINDINGS

- 3.1 The reasons given by the Ministry of Housing, Communities and Local Government for the failure of the City Council's bid have already been adumbrated above (paragraph 1.3). They may be summarized as: (i) very low BCR, far below the

threshold set by HMG; (ii) lack of evidence of public engagement; (iii) insufficient clarity relating to delivery, in particular inadequate contingencies, poorly explained rationales, and a lack of evidence of realism (optimism bias); (iv) a failure to put Council and private-sector funding commitments in place; and (v) inadequate progress on connected matters (e.g., negotiations with market traders). This Report will briefly deal with these in turn, before considering a number of substantive elements of the bid which caused concern to the members of the task group. The Report will turn finally to general questions of process not addressed elsewhere in the Report.

3.2 Low Cost-Benefit Ratio

- 3.2.1 HMG's criteria for bids included a 'BCR' (benefit-to-cost ratio, more usually referred to as a cost-benefit ratio) of +2.0 or better. That is to say, that for every £1 spent under the bid, at least £2 of benefits should accrue to the local economy. The City Council's bid opened with a statement to the effect that we recognized that our bid failed to meet this criterion, having actually a *negative* BCR of -0.48. For every pound spent, then, there would only be 52 pence of benefit to the area. Given this analysis, it is hard to avoid the question of why a bid was submitted at all. However, the so-called 'gateway' criteria were met and funding of £150,000 was given to the Council allowing expertise to be bought in to improve the bid. The net benefit of this money was to improve the BCR to a positive +0.27, meaning that for every pound spent £1.27 of benefits would be achieved. This was still a very long way below the threshold.
- 3.2.2 The robustness of the economic assumptions underlying the stated BCRs is also a matter which ought to have been questioned before any bid was submitted. While it is not certain that they were not robust, it is equally unclear that the various possible outturns were given adequate consideration. For instance, a programme of investment improving a town centre environment, and capital investment in town centre land, might well act as correctives for market failure and a stimulus for increasing land values. Indeed, that is part of the rationale of such investment. The engagement of economic analysts, perhaps from the university, might have resulted in a different view being taken of the BCR achievable from the proposals. This seems not to have been the only area where choice of consultants and the design of consultation processes could have been better.

RECOMMENDATIONS:

That Officers ensure in future bids that consultants have a local knowledge base, and that use is made of expertise available in the area, including nearby universities.

That comparisons with other locales should be like-for-like: there is no benefit in comparing a seaside-based, seasonal tourist town with major city yields and operations.

That a Capital Strategy policy be developed to include the purchase of land in Morecambe.

3.3 Lack of Evidence of Public Engagement

3.3.1 The Government letter identified this is a consideration. The letter stated that HMG expected evidence of public backing for bids, but that this was lacking in Morecambe's case because a public consultation had not been held. It seems that the only consultee was Morecambe Coastal Communities Team ('MCCT'), which was set up by the Council and comprised three councillors from one political grouping and two festival organizers. Morecambe BID was listed but the management board was not in fact consulted. Morecambe Town Council was also listed as a consultee, but again, members were not consulted: the chair at the time was one of the three councillors on the MCCT. It is evident that HMG did not consider this to amount to public consultation at all. MCCT does not appear to represent a sufficiently wide range of stakeholders and viewpoints.

3.3.2 It is, perhaps, not surprising in the circumstances, that the bid was heavily reliant on the development/maintenance of festival events, the wider benefits of which are not demonstrated and may be questionable.

RECOMMENDATIONS:

- (i) That any future bids involve consultation with a wider base of stakeholders, with a broader scope of interests.**
- (ii) That all Morecambe councillors are invited to participate, from Town, City and County councils.**

3.4 Insufficient Clarity Relating to Delivery

3.4.1 The Government letter contains the following paragraph:

The picture on deliverability was more mixed. There was a reasonable delivery plan and budget costings were generally clear. However, contingencies were on the low side given the early nature of the projects and no allowance for optimism bias. Risks existed on co-funding as council co-funding had not been expressly approved and the private sector funding was

not secured. In some cases, it was not clear what the rationale was for calculating the level of FHSF grant required e.g. market hall. Finally, with respect to contractual arrangements, it appeared that a great deal of work still needed to be undertaken on a number of complex projects including negotiations with market traders. Consequently, there was a risk that not all funding would be deployed by 31 March 2024 when the FHSF grant would end.

- 3.4.2 This is a fairly damning judgment on the bid put forward by the Council. It is impossible to avoid asking why Council funding had not been approved and why private-sector funding was also not secured. These would be, in anyone's terms, basic matters to be established before the bid was put forward. In the view of the task group, these are basic failings in approving the bid document. It is not clear that a proper business plan was put forward. If not, why not? Indeed, evidence seems to be lacking of business plans being prepared for major Council projects generally. Why is this? An individual businessperson approaching a funding source would be expected to have a fully worked-out business plan to back their funding bids.
- 3.4.3 The question of contingencies being 'on the low side' and 'optimism bias' are matters of professional judgment and the papers on which this Report is based do not give sufficient grounds for comment beyond saying that these points need to be borne in mind during preparation of future bids.

3.5 Inadequate Progress on Connected Matters

- 3.5.1 There seems to have been a lack of evidence put in to support the bid, in relation to connected matters, so any progress was not made clear (assuming progress had been made).
- 3.6 The task group considered and made recommendations on a number of substantive specifics, viz.: (1) 'Destination Morecambe'; (2) 'New Contemporary Heart'; (3) redevelopment of telephone exchange car park; (4) Winter Gardens provision; (5) 'Art Deco Revival'; (6) 'Start-up St Laurence'; (7) 'Animated Arndale'; and (8) Hyperfast broadband. These will now be considered in turn and in that order.
- 3.6.1 'Destination Morecambe'
- 3.6.1.1 This concerned 'restructuring and reimagining how people arrive and connect with the town. the bid was very vague on how this was to be achieved. For instance, station platforms are open to the elements, but there was no suggestion of covering for protection of passengers. There are no directional signs - passengers arrive to a 'void' and at a loss of which way to turn, but this has not been addressed. There were no details on directing vehicles to the centre of town or the car parks

etc. The Task Group was at a loss to find any positive suggestions as to what this would actually mean.

RECOMMENDATION:

That full consultation takes place with County highways, rail and Eden North to ensure a whole structured, environmentally-friendly transport plan is conceived for the area.

3.6.2 *'New Contemporary Heart'*

3.6.2.1 The bid proposed one new indoor and two outdoor events areas, alongside the indoor facility at the Winter Gardens and the proposed events venue at Eden North, without any suggestions as to how all these areas would be sustainable, and no revenue budget from which they could be facilitated.

3.6.2.2 In respect of the proposed indoor events space, the task group observes that the current 'Festival Market' was originally built as an indoor events space, but it only lasted a short time before it became a permanent market, because it was not sustainable as an indoor events venue, even at a time when the Council had its own large arts and events department. The bid does not make clear why the proposed indoor events space would not merely be a repeat of the same mistake. Moreover, the scheme does not make clear where the 80-plus existing businesses would be relocated.

3.6.2.3 In respect of the additional outside events spaces, there is no rationale given for the establishment of these. If these spaces were only in occasional use, and unused for most days in the year, it is hard to see what value they add. Again, there is no mention of revenue funding to support festivals year-round.

3.6.2.4 The task group noted that the Portas funding attempted to repurpose Victoria Street as the town's 'high street' was unsuccessful. The group believed that the Promenade will always be Morecambe's 'high street' and the bid missed the chance to direct people from the Promenade into the various business-based streets behind.

RECOMMENDATION:

That more sustainable regeneration proposals are developed following wider consultation.

3.6.3 *Development of Telephone Exchange Car Park*

3.6.3.1 The task group found that there was no clear rationale for developing more retail premises when there are so many retail premises in Morecambe that are empty at the present time.

RECOMMENDATION:

That conversion of empty business premises and new build of housing should be undertaken throughout the town centre, to bring back the community feel of the whole central area.

3.6.4 *Winter Gardens*

3.6.4.1 The task group approved that aspect of the bid which concerned the provision of essential new infrastructure at the Winter Gardens, to increase capacity, opportunities and viability.

RECOMMENDATION:

That this aspect is an essential part of Morecambe's future and should be a part of any future bid of a similar nature.

3.6.5 *Art Deco Revival*

3.6.5.1 The task group agreed with the principle of bringing former department store buildings back into use, as the bid proposed. However, it was unclear in the bid how this was to be achieved.

3.6.6 *Start-up St Laurence*

3.6.6.1 The proposal here was the provision of high-quality workspace in order to boost Morecambe's 'offer' to business. The task group considered that more information was needed on this aspect of the bid and observed that the cost of this seems extremely high.

3.6.7 *'Animated Arndale'*

3.6.7.1 This came with the strapline 'creating flexible spaces to activate traditional shopping core'. The task group was unclear what this actually meant. Would it, for instance, mean another void events area? Again, more detail is required in future, including specifics on use and sustainability, lacking in the bid. Questions of detail will need to be addressed; for instance, would the current problematic access to the delivery/service area be changed?

3.6.8 *Hyperfast Broadband*

3.6.8.1 This involved installation of engineered servicing to facilitate hyperfast broadband provision for Morecambe town centre. The task group considered this to be an essential development, the future of which should not be blighted by the failure of this bid.

RECOMMENDATION:

That the Council tries to source other funding for this essential purpose.

4 CONCLUSIONS

4.1 Morecambe represents a clear case for intervention to revive a struggling tourist-based economy, and to restore a sense of purpose, pride and community cohesion. The town ought to succeed in bids such as the FHSF and was indeed expected to do so. That the bid failed was due to multiple factors, which have been identified and discussed in this Report.

4.2 There would seem to be various reasons for the unsuccessful bid. These include over confidence and a lack of use of expertise and experience in the local area. Not enough local consultation was undertaken in the pre-bid processes. There is also the need for a more open and wider consultation from a wider range of people with an interest and expertise in the relevant field, elected members of the City Council and relevant town and/or parish councils, and the wider public

Without a change in outlook and attitudes, there is little likelihood of learning from past errors to improve success rates in the future.

- 4.3 A culture of transparency and accountability, coupled with a willingness to listen to a wide range of voices and adapt proposals to take account of outside views, would probably lead to greater success in future bids and proposals. A more business-like approach to planned investments is also needed, involving the development on each occasion of proper business plans, revenue projections, and criteria for failure (e.g., 'the project will be considered to have failed if: (a) the cost exceeds budget by more than 10%; or (b) practical completion is more than 6 months behind schedule...'), and proper oversight of major projects, bids and proposals needs to be maintained at all stages, to avoid a silo situation, where one senior officer is in complete control from start to finish. Nevertheless, there should be a senior officer who has 'ownership' of a project or bid, and will be held accountable if it fails (as well as being given due credit where it succeeds).

RECOMMENDATIONS:

- (iv) That this bid is not reused/recycled in the future, as it is outdated and no longer fit for purpose post-COVID.**
- (v) That a new Morecambe Area Action Plan is drafted with full participation of all Morecambe councillors and with business representatives.**
- (vi) That for clarity, an Executive Summary be attached to officers' reports on, which also defines the original Council brief, tasks undertaken, personnel involved and third party outsourcing responsibilities.**
- (vii) That, as a rule, final bids (which ultimately involve spending commitments by the Council) should be signed off by the Departmental Head, the Chief Executive, the portfolio-holder and the Leader of the Council.**

Overview and Scrutiny Committee meeting – 10th March 2021

The Chairman welcomed the Corporate Director for Economic Growth and Regeneration, the Cabinet Member with responsibility for Sustainable Economic Prosperity and the Cabinet Member with responsibility for Economic Recovery & Resilience to the meeting.

The Corporate Director for Economic Growth and Regeneration provided the Committee with an overview of the recent Future High Street bid for Morecambe.

Members were advised of the application process and the reasons the Ministry of Housing, Communities and Local Government gave for the bid being unsuccessful. The bid was one of many Lancashire bids that were not successful with only one in the county securing funding.

It was suggested that an Informal Task Group be established to consider the bid and report back to the next meeting of the Committee and that the 2 Cabinet Members be invited to the April meeting to consider the Task Group's findings.

Resolved :-

- (1) That the Corporate Director for Economic Growth and Regeneration and the Cabinet Members be thanked for their attendance at the meeting.
- (2) That an Informal Task Group be established to consider the bid and report back to the next meeting of the Committee.
- (3) That the 2 Cabinet Members be invited to the April meeting to consider the Task Group's findings.

Task Group Meeting – 30th March 2021

The Informal Task Group had a general discussion about the Future High Street Morecambe bid.

As it was such a lengthy document, it was agreed that the consideration of the document would be split between two groups and reported back to the next meeting of the Group.

Task Group Meeting – 15th April 2021

The Director for Economic Growth and Regeneration gave the Group a detailed overview of the process that was undertaken in submitting the bid for the Future High Streets funding. Members of the Group were guided through the criteria and the complexities of putting the bid together and how resource intensive this was.

The Group went on to discuss the issue of land value in Morecambe and the benefit cost ratio the Government applied to such projects which put Morecambe at a huge disadvantage.

Members of the Group asked a number of questions relating to the bid and how Morecambe's chances could be improved for future bids.

The Chair thanked the Director of Economic Development and Regeneration and the Head of Economic Development for their attendance and valuable input into the meeting.

Overview and Scrutiny Committee meeting – 28th April 2021

The Chairman presented the recommendations of the Morecambe Future High Street Bid Informal Task Group. It was reported that the informal group had studied the failed bid and had a number of positive suggestions to assist with future bids for funding for the district that the City Council made.

The Committee considered each recommendation individually and made comments.

The Report of the task group was submitted to Cabinet to consider on 8th June 2021.