‘A View for Eric’ – Morecambe Townscape Heritage Initiative (THI) 2
5 October 2010

Report of Head of Regeneration and Policy

PURPOSE OF REPORT

To update on this initiative, to consider supporting a capital and revenue growth bid commencing in 2011/12 to assure delivery of ‘A View for Eric’, the second Townscape Heritage Initiative for central Morecambe and also to consider how we might best sustain what this can achieve and support a stronger town centre into the future, through allocating resources to determine the feasibility of setting up a Business Improvement District (BID) for central Morecambe.

RECOMMENDATIONS OF COUNCILLOR BRYNING

That Cabinet -

(1) As part of its General Fund budget proposals, consider including £25K per annum growth in capital funding for the THI from 2011/12 totalling to £125K over five years and, in addition, a revenue contribution of £10K per annum totalling to £50K over five years.

(2) Authorise an allocation in the 2010/11 revenue budget of £40K for the procurement of consultancy support from 2010/11 to investigate the feasibility of a BID and if appropriate, subsequent development work, with this allocation being met from the overall General Fund net under spending identified at Quarter1, through salary savings etc.

Introduction

1.1 The Council is working in a variety of ways to make for a better town centre for Morecambe. The adopted Core Strategy identifies central Morecambe as the regeneration priority for the District and the Council is working on an area action plan to direct development and change for the period up to 2021.
1.2 The Core Strategy directs that heritage-led regeneration be one element of the regeneration strategy for central Morecambe. Grant funding for the appropriate repair and restoration of heritage assets in settled parts of the town centre is likely to be entirely consistent to the emerging action plan and the Council has an opportunity to make available such funding over the next five years through a second Townscape Heritage Initiative (THI) for Morecambe. This report is about how the Council might secure a second THI for Morecambe and about how it is timely now to consider how the Council can strengthen partnership working to help assure that effective arrangements are in place to help deliver to the action plan.

1.3 Cabinet will recall that a THI is part of the Heritage Lottery Fund’s (HLF) grant giving programme to help communities regenerate conservation areas displaying particular social and economic need throughout the United Kingdom. The Council delivered a highly successful first THI for Morecambe in the period 2003 to 2008. Through this the Council grant aided the restoration of some seventy properties within the Morecambe Conservation Area, drove up repair standards and most notably helped achieve the restoration of the grade II* listed Midland Hotel.

1.4 In June 2009 the HLF offered the Council a contract for a second THI in Morecambe – “A View for Eric”. This was one of only two in England to be awarded a grant during the year’s application round. Also, HLF only very infrequently agrees to a THI for a geographic area that has benefitted from THI investment before. This contract award came as the conclusion to a two-stage funding application progressed by officers in Planning Services over the preceding two years.

1.5 The THI aims to deliver conservation-led regeneration in a tight target area in the centre of the Morecambe Conservation Area on Marine Road Central and just behind. It will resource the Council to distribute grant towards the appropriate repair and restoration of properties on the central seafront and on streets just behind. In addition, it provides funding for an element of public realm (street works) focused on Victoria Street and Skipton Street.

1.6 The HLF contract offer was for £923K in funding over five years from contract commencement with £823K of this capital and £100K revenue. The offer was conditional, including that the Council must evidence 50% match funding before the HLF would give a permission to start. Officers were planning that NWDA funding would be the main source of match, a contribution of £750K over five years having been approved in concept.

1.7 On 16 July 2009 the Chief Executive in consultation with the Leader of the Cabinet and Member with Special Responsibility for Economic Development and Tourism made a decision under the Council’s urgent business procedure concerning the prospective second Townscape Heritage Initiative (THI) for Morecambe. This authorised the Corporate Director (Regeneration) to contract with the Heritage Lottery Fund for THI delivery and, subject to the necessary amount of match funding being secured, authorised the Head of Planning Services to apply to the HLF for Permission to Start.

1.8 Unfortunately, subsequent to the Council accepting the contract award, the Northwest Development Agency advised that a detailed application to secure its funding would not meet with success. The NWDA advice must be read in the context of its revised priorities given reducing government funding but nevertheless it was a complete reversal of its position until then, the THI proposal having won both its
approval in concept and it having provided the Council with £20,000 in funding to help it prepare the project and the applications to the HLF.

1.9 With this decision, there being no realistic prospects of securing the required funding, in late 2009 officers agreed with the HLF to effectively put matters on hold. At this point the scheme was removed from the Council’s capital budget.

1.10 Officers have now identified a possible way forward.

2.0 Proposal Details

2.1 After a review by both parties council officers liaised further with the HLF. The outcome is that the HLF has invited the Council to submit revised proposals to fit to a reduced funding total by March 2011. Further, to best assist the Council, HLF has said that it will consider increasing its relative funding contribution above 50% and towards 75%. This shows great flexibility on the part of HLF.

2.2 However, this still leaves a significant (if reduced) element of match funding to be secured. The mathematics are quite complicated but officers consider that over five years the Council might still lever the full £823K of HLF capital funding and some £50K in HLF revenue funding.

2.3 A Council funding contribution will be essential to this but officers now have some hope that the Council will not need to fund the whole match amount. Last month English Heritage (EH) invited the Council to submit a funding application under its Partnerships Scheme in Conservation Area (PSiCA). Under normal circumstances funding through this scheme is rarely available to act as match towards a THI but, like the HLF, EH is prepared to be flexible given the circumstances facing local authorities. Accordingly, officers have submitted an application to EH without prejudice and EH will consider it in October 2010. The application is for up to £200K in capital funding and some £25K revenue. EH has made it clear though that it expects to see a Council funding contribution.

2.4 In addition officers continue to liaise with Lancashire County Developments Ltd (LCDL) to establish whether a £100K funding contribution secured in principle some two years ago might still be available. The position though is uncertain. At this stage any LCDL funding should not be relied on. If ultimately secured it should be considered as a bonus and in any event only some £40K might prove eligible as capital match for the purposes of the HLF match funding criteria.

2.5 Assuming that some £200K can be secured from EH and with a reasonable Council contribution this should make for a capital grant fund of some £1,198K over five years and provide some £125K in revenue funding. This would fund a reduced but still significant THI. Officers would then prepare a revised delivery plan and look to commence grant distribution in 2011.

2.6 The delivery plan will set out the detail of how the grant scheme will work. Very broadly, it will be as per the first THI with officers considering applications on a first come first served basis with grants offered to those projects that meet the relevant eligibility criteria in terms of works proposed and fit to THI and regeneration priorities.

2.7 The THI will help make certain streets and spaces people want to go to and be in – but it is only a part of what is required to regenerate central Morecambe and its town centre.
2.8 The Area Action plan will set out the full range of activities that we need to do into the future to make the town centre better and should provide new tools for regeneration. It must be ambitious and to do justice to the community’s ambition for Morecambe. It must challenge how the Council and its partners do things today so that we might do them better tomorrow. It is timely therefore to start considering even now how the Council and its partners can work together better so that collectively we are ready to deliver the Area Action plan - when it is firmed up.

2.9 The better management required demands more effective joint working than we have achieved with partners until now but also, unavoidably, more resources. As everyone knows economic conditions are presently very challenging but economic recovery will over the long term present opportunities. The THI presents a specific opportunity for investment in the short – medium term and we will need to sustain what it can achieve into the long term. In this way the total of monies secured for the THI might be viewed as the first step in establishing a town centre investment fund for Morecambe.

2.10 The challenging economic times make it appropriate to investigate new opportunities for delivering regeneration priorities. One way is via establishing a Business Improvement District. Many towns have found that this provides a mechanism for effective partnership working and for increasing investment, focused on delivering a better managed centre and its sustainable growth. Funding sourced in this way may lessen the future call on Council resources and reduce risk that regeneration priorities cannot be funded. Also, a BID could help secure a sustainable source of financing for the latter years of the THI and for a dedicated town centre investment beyond.

2.11 To establish the feasibility of a BID will require a focused piece of work over some three to six months to gauge potentials including for partner and business support and to explore what the focus of any BID should be. If feasibility is evidenced then the next step is a development stage over a necessarily longer period perhaps nine to twelve months. Objectives and aspirations must be determined, a partnership structure developed, a Business Plan prepared and funding and delivery mechanisms worked through and agreed. Subsequent to this, the final stage is to seek to secure a mandate from businesses for a BID proposal and subject to this to establish a BID Company and then move into the delivery.

3.0 Details of Consultation

3.1 The Council liaises closely with relevant partners through the Local Strategic Partnership and its thematic groups. The Chamber of Commerce is a key partner. To establish the feasibility of a BID and then to develop a BID will involve extensive and rigorous consultation.

3.2 Specific to the THI, in 2007/2008 officers worked with Poulton Neighbourhood Management and through this with local community representatives and ward councillors to scope the area for the proposed THI. This informed definition of a tight THI area in order to maximise investment impact within the very heart of the town. It also informed the priority for public realm works on Victoria Street (and if possible Skipton Street) in order to strengthen linkages from the transport hub of the town (central parking areas and the railway station) and the seafront through to the main shopping area centred on the Arndale.

3.3 In addition, officers engaged in extensive consultations in 2008 and 2009 as part of the two stage application process to the HLF during which officers worked up
detailed proposals for the THI. The summer 2008 community engagement on “A View for Eric” involved public exhibitions on the central seafront. This round of engagement was well publicised and proved to be highly successful. All members were invited. It elicited strong support for the principles of the THI and the visions set out and also useful suggestions as to how the Council might best tailor the scheme and achieve best value.

4.0 Options and Options Analysis (including risk assessment)

4.1 Option 1 has two strands. The first is that Cabinet consider taking forward a growth bid providing £25K per annum in capital funding for the THI from 2011/12 totalling to £125K over five years and, in addition, a revenue contribution of some £10K per annum totalling to £50K over five years. In addition to this there would be contributions in terms of officer time. The second strand is that Cabinet authorise and provide funding of £40K in 2010/11 for officers to commission consultancy support to investigate the feasibility of a BID and if this is evidenced, to undertake development work.

4.2 Option 2 is that Cabinet do not consider taking forward a growth bid for the THI2 and also, decline to authorise and provide funding to commission consultancy to work on a BID for central Morecambe.

4.3 Option 1 gives best prospects for the Council securing a funding contribution from English Heritage equal to that the Council might make. In turn this makes for a funding total sufficient to run a reduced but in the opinion of officers still very significant and worthwhile project. ‘A View for Eric’ will give the Council an ability to distribute grant for building repair and restoration projects in the critical central seafront area and properties immediately to the rear. The scheme must meet rigorous heritage objectives and should bring about quantitative and demonstrable improvements to the built fabric within the defined THI area. Grant aid must be targeted and can only be applied to eligible works. The first THI helped drive up standards and secure community acceptance of these and the new project must achieve and improve on the standards achieved to date.

4.4 The THI will not be a means by which owners can undertake routine repair and maintenance work that is rightly their own responsibility. For information, the Regeneration and Policy Service has commenced an initiative to help ensure owners meet their responsibilities through pro-active planning compliance work with the aim that that the appearance of all properties within the THI area and beyond are brought up to a baseline level of acceptability that meets regulatory requirements. This will help support the scheme and mitigate risks that improvements to properties secured through the THI are not negated by the condition and appearance of other properties. This action and commitment to using the Council’s resources and powers is also a key consideration of external organisations when considering committing their own limited resources to a scheme.

4.5 Public realm works should be focused on securing improvements to the street scene over and above what can reasonably be achieved through standard highway works to a level of heritage accuracy. Officers have prioritised part of Victoria Street and its environs whereby available funding can be maximised through investing monies already secured through a Section 106 Planning Agreement.

4.6 Option 2 would make an EH funding offer unlikely. In turn this would mean that the Council has little or no prospect of securing the match funding needed and therefore the Council would not be able to run a second THI for Morecambe which has been
identified as a means by which the Council’s priority of ‘Economic Regeneration’, through investment in heritage and cultural tourism assets, can be delivered (Corporate Plan 2010-2013). In terms of the BID, if this is not supported then a key opportunity to secure funding to sustain the benefits of the THI and regeneration into the longer term will be lost. In addition, a short term implication is that the potential to coordinate BID feasibility and development work for the centres of both Lancaster and Morecambe will be lost, with attendant consequences for maximising efficiencies and achieving cost savings.

4.7 Option 1 carries several tiers of risk regarding the THI funding. The first tier relates to the Council’s ability to secure the required match funding and make a start on ‘A View for Eric’. Should the Council signal a significant contribution then officers are quite hopeful that EH funding can be secured subject to working in partnership with the HLF and EH over the coming months. If not the position will need to be reviewed further. The involvement of another partner organisation is in itself a potential area for risk however, as each organisation brings with them their own principles, aims and criteria. The benefit of working with HLF and EH, and the THI and PSiCA programmes in particular, is that these are very similar. The second tier of risks relates to the likely level and rate of grant take up. Several factors will affect this. Experience with the first THI for Morecambe suggests that the exacting works standards and criteria as set by the HLF and which the Council must follow will be one. Another will undoubtedly be the difficulty posed by the present worsened economic conditions and the affects this has on investment confidence. The third tier of risks relates to the Council’s ability to run a new project. As regards operational risks officers are experienced and well practised in heritage conservation and project management and will be able to run an efficient grant aid scheme and works contracts (for public realm). There are no significant financial risks attached to this tier. All grants would be made under specific contracts with third parties placing all works and cost risks on applicants. Public realm works will be delivered via contracts that place cost risks with the contractor.

5.0 Officer Preferred Option (and comments)

5.1 Option 1 is preferred as this will maximise investment into Morecambe and further regeneration through conserving and enhancing the built fabric in the very centre of the town. The project can be the next visible step in Morecambe’s regeneration and clearly fits to regional and local policy objectives, including the Lancaster District Core Strategy (adopted July 2008). This identifies the regeneration of Morecambe as a matter of sub-regional importance to be delivered in part through heritage-led regeneration. Officers are working to prepare an area action plan for the central part of the town that fits to the Core Strategy and a THI delivery over the next five years can only support the trajectory of this planning work. Delivery risks can be managed satisfactorily through proper project management including for considered project planning and continued close engagement with the local community and key stakeholders.

6.0 Conclusion

6.1 The Council has been given an opportunity to deliver a second project in Morecambe to help restore and celebrate heritage assets. This can provide for investment into the existing built fabric of the town on the central seafront and behind at a time when levels of investment are otherwise very low. It can help sustain the performance of the central area pending an economic recovery and opportunities in the future to deliver regeneration to the framework that the new Area Action Plan should provide.
A BID might help secure funding for the latter years of THI delivery and help resource better management of the town centre beyond expiry of the THI.

RELATIONSHIP TO POLICY FRAMEWORK

The proposal for THI 2 ‘A View for Eric’ is specifically identified in the Corporate Plan under Priority b) Heritage and Cultural Tourism for the District, including creative industries and employment.

Any proposals would be considered as part of the budget process for 2011/12, to fit with the review of the Council's Medium Term Financial Strategy.

CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The proposal raises no implications.

FINANCIAL IMPLICATIONS

Option 1 would inform the Council’s budget setting for its General Revenue and Capital budgets from 2011/12 and beyond.

The THI element requires a Council capital contribution of £25K per annum from 2011/12 totalling to £125K over five years and a revenue contribution of £10K per annum totalling to £50K over five years.

The table below summarises the funding proposals, subject to Member consideration and ultimate approval during the budget:

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<th>Funder</th>
<th>Five year programme totals</th>
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<tbody>
<tr>
<td></td>
<td>Capital</td>
</tr>
<tr>
<td>HLF (THI)</td>
<td>823</td>
</tr>
<tr>
<td>English Heritage (EH, PSiCA)</td>
<td>200</td>
</tr>
<tr>
<td>Council contribution (Option 1)</td>
<td>125</td>
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As noted in the report (paragraph 2.3), there is some uncertainty over the funding from EH who are also expecting a Council contribution. Should this funding not be awarded, there would be further financial implications for the Council to satisfy the match element required by HLF.

The Council contributions quoted under option 1 exceed the absolute minimum amounts to bring the total of EH and Council funding up to the 25% match required by the HLF. A degree of judgement has been applied to pitch the contributions at an appropriate level to signify the Council’s commitment to the scheme. This is to help secure the EH funding and so prevent a higher level of Council funding being required to satisfy the HLF.
In addition, the LCDL element of funding is far from certain as discussed in paragraph 2.4. However, any allocation could be included as part of the Council contribution; whether this means a larger scheme or a reduced call on Council resources should be considered through the budget process and subject to the level of LCDL award.

Assuming the contributions remain as stated in the report, the Council funded capital requirement would have a revenue impact through the Minimum Revenue Provision (MRP) and the cost of capital employed (either through loss of earnings or interest on borrowings). At current rates this is estimated at £6K per annum for MRP and £5K per annum for interest costs under Option 1 (assuming financing through the PWLB over 20 years). This would lead to a total revenue impact of £21K per annum for the first 5 years and £11K per annum for a further 15 years. In return, the Council may be able to secure over £1M of external investment into the district.

In addition, paragraph 4.1 notes the contribution in kind of staff time; as the scheme would rely on existing staff, these charges would not be eligible expenditure against the external funding and so neither would it count as Council match funding. However, it will use up the Council’s revenue resources so any decisions about the scheme need to take this into account. This call on resources will need to be quantified as part of the budget process and would be a further demonstration of the Council’s commitment to the scheme.

No spending commitments would be entered into until the Council has taken a final decision regarding growth and if approved it would also need to attain ‘Permission to Start’ on this project from the HLF and subject to its decision, any similar contractual arrangements with EH would need to be met. In addition, any authorisation would be subject to satisfying the requirements of LAMP.

The other element to Option 1 is to start the process of establishing a BID. The revenue impact of this is £40K. Should this be successfully established, a BID could form another source of funding for improving the area and increasing engagement by local businesses, however, the types of scheme the BID would fund and the level of funding available would depend entirely on the wishes of the local business rate payers. (NB: this is in addition to the £40K requested within the Square Routes report, also on this agenda).

Option 2 would have no direct quantifiable financial implications on the Council’s resources at this stage although it would mean the loss of significant external investment into the district and would result in a reduction in future workloads, the implications of which would need further consideration.

SECTION 151 OFFICER’S COMMENTS

The Council is due to review its priorities for capital investment as well as its revenue prospects at its November meeting, in light of information arising from the Comprehensive Spending Review and any proposed changes to the Council’s corporate priorities or objectives. In line with the appropriate code of practice, the Council has a duty to ensure that its capital investment plans are affordable, financially sustainable and also prudent. To ensure that this is the case, any growth bids such as the THI proposal would be appraised in light of investment priorities, other competing investment needs and aspirations, and the Council’s financial prospects generally. It is stressed that the Council is not expected to be in a position where it can support all potential growth areas; indeed there are already known significant pressures and risks attached to existing capital investment plans and their financing (e.g. municipal building works, capital receipts generation). Therefore prioritisation will be crucial, and in all likelihood very challenging.
With regard to the proposals for allocating resources to take forward the feasibility of developing a BID, Members are advised to consider whether they have sufficient knowledge and understanding of BID arrangement in order to support this proposal, or whether they require any further information either now or later during the budget. Any feasibility would need to cover all the various financial and tax raising issues; that said, Members will be aware that the City Council is currently working on shared service proposals with Preston City Council regarding Revenues services and it is known that Preston have a BID in operation; there would therefore be an opportunity to learn from their experiences.

It is proposed that the BID be funded from savings identified so far in the current financial year. The s151 Officer would advise against this course of action. Instead, if Members are minded to support the feasibility of any BID, she would advise that this be considered as a growth bid for 2011/12, as part of the budget exercise. This is because:

- Whilst the Council has a track record of underspending, the current year’s position is not guaranteed and further unavoidable pressures could arise.
- More significantly, the Council does not yet know how much it needs to save in future years. In order to ensure that the Council makes best use of its resources and prioritises effectively, given expected constraints on future spending, generally the s151 Officer’s advice has been (and still is) that growth bids such as this should be considered alongside each other. This is to avoid the scenario that the Council chooses to progress an initiative that later it wishes it hadn’t, either because of affordability generally or because other more pressing investment needs arise.
- The establishment of a BID is a major piece of work and there is no specific urgency identified or opportunities lost, should the proposal be taken through the budget process.

The Council’s record of underspending was discussed at the last Council meeting. Allocating any apparent under spending in year to specific initiatives, where there is choice and without considering other options or needs, may set a precedent that runs contrary to good practice in financial planning and budgeting.

That said, if Members are of the view that taking forward BID development is of top priority, then the budget allocation and the use of in year savings to date is a valid route for Members to take, accepting the risks surrounding this course of action.

LEGAL IMPLICATIONS

Legal Services will assist in completing the required contract documentation if the preferred option is approved.

MONITORING OFFICER’S COMMENTS

The Deputy Monitoring Officer has been consulted and has no further comments to make.

BACKGROUND PAPERS

Urgent Business item 16 July 2009

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