

CABINET

Central Morecambe Regeneration – Delivering the Morecambe Area Action Plan 11 February 2014

Report of the Chief Officer (Regeneration and Planning)

PURPOSE OF REPORT			
To consider how the city council could implement the Morecambe Area Action Plan as one element in delivering the council's priorities for economic growth.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date Included in Forthcoming Key Decision Notice ward Plan		4 November 2013	
This report is public.			

RECOMMENDATIONS OF COUNCILLOR JANICE HANSON

That Cabinet:

1. Supports the preferred approach of engaging with Lancashire County Council's regeneration partner, Carillion, to explore partnering opportunities to develop Morecambe's key central sites.
2. Authorises the Chief Officer (Regeneration and Planning) in conjunction with other relevant Chief Officers to:
 - I. Further explore and clarify the staged assessment process and appetite for County Council/Carillion engagement.
 - II. Clarify the objectives, brief and geographic area for the engagement with Carillion.
 - III. Review the City Council's assets in the area and/or service delivery aspirations and integrate (if required) into the developer engagement/proposal.
 - IV. Seek specialist advice on the legal/state aid implications (if any) arising from the proposals.
3. Approve a general fund revenue growth item totalling £175K for 2014/15 as referred to in Section 3.5 of the report for consideration by Council as part of Cabinet's budget proposals.

1.0 Introduction

1.1 This report is the first in a series of reports being prepared for Cabinet to set out how the council and its partners (particularly Lancashire County Council) can best deliver its economic priorities in a time of great opportunity but with limited resources. Although it focuses on central Morecambe, many of the issues are shared with other priority areas/initiatives. It is useful therefore to:

- Briefly revisit where the council's priorities lie (as a precursor to possible future refinement); and
- Describe potential ways in which new economic development and regeneration can contribute towards meeting and shaping priorities.

2.0 Background

Strategic Policy Considerations

2.1 The District's overall vision and high level regeneration priorities were established a number of years ago in documents such as the LDF Core Strategy, the Community Strategy and the Lancaster and Morecambe Vision. These have been distilled into the council's own corporate priorities which state:

Lancaster district has exceptional opportunities to develop its economy relating to energy including nuclear and renewable energy; the knowledge sector developing around Lancaster's two universities; and the Visitor Economy, capitalising on the district's outstanding culture, heritage and entertainment offer, its beautiful coastline and stunning natural landscapes.

2.2 The diagram at Appendix 1 illustrates how this vision translates today into high level priorities and a strategic framework which, subject to future approval, could form the basis for an updated regeneration strategy. This could be shared with the County Council and other partners. It shows how geographic (e.g. Morecambe centre) and sectoral (e.g. knowledge economy) priorities combine with cross-cutting issues (such as skills and infrastructure) to make a coherent framework for action/delivery.

2.3 This report deals with central Morecambe. The other three strategic priorities (Knowledge Economy, M6 Growth Gateway and Lancaster centre) will be the subject of future reporting.

2.4 The Core Strategy (2008) identifies central Morecambe as a Regeneration Priority Area (author's own **bold** emphasis).

*CENTRAL MORECAMBE is identified as a Regeneration Priority Area of sub-regional importance. Through tourism, housing renewal and heritage-led regeneration, central Morecambe **will be re-invented** as a visitor destination drawing on its natural and built heritage, and as an office and service centre with restored historic townscape and a revived housing market*

2.5 In September 2013, Council approved the Publication Version of the Morecambe Area Action Plan (MAAP). This provides the framework to

facilitate and manage development and change in central Morecambe up to 2021. The Council's Corporate Plan also notes:

In Morecambe, this means a vital and vibrant seaside resort recognised for its tourism offer in an exceptional natural setting with a sustainable economy and a stable resident community.

- 2.6 The MAAP makes clear that to achieve this many actions are needed to help grow investment in central Morecambe. It identifies that these must be driven locally. It states:

"The local councils rightly have a large role but there is a responsibility also on other public, private and voluntary organisations and a crucial role too for local people. Regenerating Morecambe will take concerted, collective effort by all who care about the town"

- 2.7 The recent confirmation of the construction of the Heysham M6 Link road will improve investor confidence in Morecambe and provides further impetus to the task of implementing the MAAP.

The City Council's Role

- 2.8 The city council working with the County Council and other partners can assist in MAAP implementation by:

- Direct implementation, facilitating investment and responding to the opportunities and drivers presented by the council's service delivery reviews;
- Managing development proposals to fit to the plan; and
- Deploying its property assets and securing external funding to act as a catalyst to underpin private investment.

- 2.9 Key proposals include:

- Prepare and implement a joint transport plan for central Morecambe;
- Better management of the seafront and integration with the town centre;
- Regenerate the central Platform/Market/Car Park area and provide replacement/improved/new community and visitor facilities; and
- Consider an acceptable approach to development on the Central Promenade (former Urban Splash) site.

- 2.10 The council has now submitted the MAAP for independent examination and the council's planning position is now effectively 'fixed'. At the examination in public it will be necessary to demonstrate that key elements of the Plan have a reasonable prospect of being delivered. It is therefore an appropriate time to consider how best to do this. This report considers how public sector land, property and services can best be marshalled alongside private sector investment and expertise to help deliver key aspects of the plan.

3.0 Report

3.1 Implementing the MAAP will involve a range of approaches and levels of council involvement. The Appendix 2 schematic plan shows the main intervention areas. In summary these are:

- *Area DO3 Arndale/Poulton:* encouraging private investment by improving the physical appearance of the area to increase footfall. This involves some capital investment combined with partner funding to maximise benefits. Subject to an available budget, a small amount of revenue funding is required to enable officers to meet their role in this area (see Financial Implications);
- *Areas DO2 and DO5 Central Area:* is the main focus of this report and is covered in more detail later in this section;
- *Seafront (from the Battery to the Town Hall):* requires better management of leisure uses and improved linkages to the town centre. Over time (in conjunction with the county council) Marine Road will require remodelling and associated revenue funding (see Financial Implications). The opportunity presented by the planned renewal of coastal defences should be maximised;
- *Area Do6 Morrisons/Frontierland:* led by the private sector but there are opportunities to co-ordinate development and investment with improvement of the seafront through the coastal protection works and to improve links through to the West End.
- *West End:* outside the MAAP area but key Housing Regeneration projects (Chatsworth Gardens and Bold Street) should be complemented by measures such as enhanced licensing and enforcement regimes (to be the subject of separate Cabinet reporting).

The Central Area

3.2 A number of opportunities/considerations are currently in play in this area of Morecambe (see Areas DO2 and DO5 in Appendix 2):

- The MAAP suggests the former Urban Splash site benefits from a lower key more leisure oriented form of development, with more commercial uses directed to the land south of Marine Road. The emphasis on more leisure orientated uses on the seafront part of the area may result in the need for an element of cross subsidy from more commercial uses south of Marine Road;
- The city and county council and other public bodies have centrally placed assets (both land and property), various service delivery obligations (e.g. Festival Market, Platform, car parks) and potential to improve/introduce revamped elements as part of an overall strategic service/property review;
- There has been some recent speculative individual development / commercial interest for council land. Any future developer partner will view these interests as positive. However, other landowners in the vicinity are known to be preparing development proposals that could also accommodate such major commercial interest. More work is required to fully understand the total level of commercial interest in central

Morecambe. Until that work is completed, there remains the possibility that demand could be taken up elsewhere in the town on less central sites which is contrary to current MAAP principles;

- There are known expansion requirements (Midland Hotel), amenable major third party land interests and a tired commercial interest/offer (particularly around the Platform development and the margins of Morrisons) that could be improved/redeveloped.
 - The context for external public investment is changing towards support for major strategic economic projects. This is the direction of the Government's 'Growth Agenda' and Lancashire Enterprise Partnership's (LEP) Growth Deal/European Strategic Investment Framework. Tourism infrastructure is a key element of the LEP's investment strategy. The County Council is also examining the case for designating parts of Morecambe and Lancaster as an "Assisted Area". This would enable access to special grant streams and investment allowances. While public finances are clearly constrained the potential for substantive external public grant funding (or publicly underwritten investment finance), to support growth/development is a possibility.
 - The start of Heysham/M6 link construction is already facilitating a more positive view of Morecambe as a place for investment;
- 3.3 The two councils (and partners) have the opportunity to take a strategic lead role in delivering the Core Strategy/Corporate vision. This is best achieved alongside a major commercial development partner and this report outlines options to secure this interest and respond to emerging commercial opportunities. A quality, mixed retail/leisure/housing led development for central Morecambe is also only likely to be realised with major public intervention and the creative use of public assets and funding to underpin private investment. The right development partner who can work in innovative ways with the public sector is a pre-requisite.
- 3.4 To kick-start this process, architects have been engaged to provide high level development options for key MAAP sites. This will inform the council's engagement with the private sector. For example, if the preferred option of engaging with Carillion (the county council's strategic regeneration partner) is agreed, then the development options will form the basis for future contract discussions/negotiations. If another route is chosen (e.g. tendering on the open market) then the development options will provide a starting point.

Immediate Resource Issues

- 3.5 Alongside exploring the developer engagement route, a number of smaller measures need to be undertaken to support (and encourage) the private sector. These are set out in Appendix 3 and are linked directly to the "Action Sets" contained in the MAAP. In summary work required includes:
- Topographic surveys;
 - Traffic assessments;
 - Specialist highway design work;
 - Structural surveys and building assessments;

- Valuations and financial appraisals; and
- Publicity materials and communications.

The Regeneration and Planning Service with support from Resources Service (as currently established) can undertake some elements of this work. Others, particularly traffic assessment and specialist highway design work are not available in-house. Where possible officers will secure funds from other stakeholders (including the county council) and external grants but opportunities are limited. In addition to an existing unallocated MAAP budget (ending in 2013/14) provision of an additional £25K for plan implementation is therefore sought as part of the 2014/15 budget process.

3.6 Similarly, budget provision c£150K is sought to enable relatively small scale but beneficial changes in the public realm. There are opportunities to:

- Rationalise space at the seafront to increase parking space provision in well used locations and reduce the council's maintenance liabilities;
- Make changes to signage for improved pedestrian movement and to drive footfall;
- Make improvements and increase provision at car parks landward of the seafront to improve amenity and encourage more usage.

4.0 Details of Consultation

4.1 Preparing the MAAP has involved extensive stakeholder and public engagement over many years.

5.0 Options and Options Analysis (including risk assessment)

5.1 The options are detailed in the table at the end of Section 6.

6.0 Officer Preferred Option (and comments)

6.1 There are 3 main options to how the council might respond to the commercial opportunities and interests currently expressed for central Morecambe:

Option 1 - Adopt an ad hoc reactive approach and treat with potential developers on a reactive and opportunist basis (subject to property disposal rules).

Option 2 - The council could seek engagement with a major developer partner to bring forward commercial ideas and partnership interest in a formal way. Given the extent of publicly owned assets in the central area there is potential to explore a range of delivery arrangements/approaches. Securing a developer partner to the stage where a proposal is on the table which covers all council objectives, requirements and legal/procurement issues points to the need for a 'complex' OJEU (European Union) compliant procurement process, such as Competitive Dialogue (CD). CD is a non-standard procurement approach to ensure that, to the best of its ability, the council ensures its objectives and statutory obligations can be met efficiently, effectively and legally. The procurement process would need to be highly structured, resource intensive and include for specialist advice to reduce the risk of legal challenge associated with undertaking complex procurements.

Option 3 (Preferred Option) - the County Council has already undertaken an OJEU compliant exercise to appoint Carillion as its strategic partner for the delivery of a range of regeneration and property services for East and North Lancashire. It is suggested that that the City Council engage with Carillion to review their potential and interest in delivering a comprehensive approach to regeneration on Morecambe's key central sites. Carillion are interested in exploring this opportunity and have assisted the Council (on a without prejudice basis) to undertake the aforementioned development options exercise (described above). Although procured to full OJEU compliance standards, the City Council may still require independent specialist advice to resolve any potential legal issues, particularly in areas such as State Aid, which may have a bearing or impact on its ability to implement a development strategy with Carillion (refer to Financial Implications).

- 6.2 Option 3 is preferred, but Member's should appreciate that Carillion's involvement is not certain. The county council's regeneration partner agreement covers 6 Lancashire districts and Carillion's own resources are limited to genuine commercial opportunities. An assessment protocol is in place where schemes/ideas are subject to a phased endorsement process and movement through the early stages is dependent on the outcome / attractiveness of the development options exercise.

	Option 1: Do Nothing – progress with ad hoc reactive approach	Option 2: Undertake a new preferred developer competition	Option 3: Engage with Carillion (PREFERRED OPTION)
Advantages	<p>Minimum officer input “up-front”</p> <p>Maintains flexibility and ability to be opportunistic</p> <p>Allows market to dictate pace of development</p>	<p>Provides opportunity to promote comprehensive development and maximise the contribution of public assets</p> <p>Widest range ideas/proposals</p>	<p>Provides opportunity to promote comprehensive development and maximise the contribution of public assets</p> <p>Simpler process taking advantage of county procurement exercise</p> <p>Known developer with good track record and access to necessary resources</p> <p>Ability to undertake feasibility, demand work “up-front” at risk (although this may need under-writing by the public sector)</p>
Disadvantages	<p>Reactive piecemeal approach less attractive to major developers</p> <p>Less opportunity to integrate and maximise benefits of public assets</p>	<p>Relatively complicated and time consuming process</p> <p>Requires more “up-front” council involvement</p>	<p>Still areas to address in terms of procurement and state aid</p> <p>Narrows field to one developer</p>
Risks	<p>Competing sites come forward sooner and undermine viability of central sites</p>	<p>No guarantee that necessary quality of developer will be secured</p>	<p>Carillion decide that this is not a proposal they wish to pursue and council has to revert to one of the other options</p>

7.0 Conclusion

- 7.1 Option 3 is considered to be a pragmatic and cost effective way of engaging a major developer partner to bring comprehensive change to a key part of central Morecambe. Should Carillion not wish to continue towards a formal engagement the ideas generated and work done will be useful in assessing future approaches to regeneration and, if required, moving forward with a structured and OJEU compliant developer partner procurement exercise.

RELATIONSHIP TO POLICY FRAMEWORK

The Morecambe Area Action Plan is part of the Local Plan which is part of the policy framework.

The links to the Corporate Plan are covered in Section 2.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The MAAP has been the subject of a thorough and on-going sustainability appraisal which covers environmental, economic and social implications.

LEGAL IMPLICATIONS

Legal Services will assist in consideration of any legal/ State Aid issues regarding developer procurement and generally in terms of implementation of these development proposals.

FINANCIAL IMPLICATIONS

As set out in the report, there is no specific city council budget currently available to facilitate MAAP plan delivery beyond 2013/14.

Additional budget provision for plan implementation and small scale public realm projects is sought therefore as part of the 2014/15 budget process.

If members approve the proposal, it is recommended that a specific Reserve be set up in 2013/14 for the purpose of MAAP implementation, into which any projected underspend from existing revenue MAAP budget currently estimated at £13K is transferred at year end plus an additional allocation totalling £175K in 2014/15 for future revenue and capital costs as referred to in Appendix 3. The future use of this Reserve would be subject to Cabinet's approval. The financing of the growth item is dealt with in the Budget and Policy Framework report elsewhere on this agenda.

OTHER RESOURCE IMPLICATIONS

Human Resources: The immediate work requirements can be resourced utilising existing staff primarily in the Regeneration and Planning Service. The involvement of a private developer partner will bring the necessary resources to progress with the wider central area redevelopment. There will inevitably be a need to involve other staff when considering the future of Council services and facilities in the central area.

Information Services: No direct implications.

Property: Resources (property team) are directly involved through the joint property/regeneration partnership with the county council.

Open Spaces: No direct implications at this stage although the master planning exercise will consider the future of council owned open space and the central seafront both in terms of uses and management.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no comments to add, given that the growth bid is also covered in the budget report elsewhere on the agenda.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and her comments incorporated into the report.

BACKGROUND PAPERS

none

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