



Nelson Towns Deal Programme Trafalgar House Redevelopment Viability Report

Pendle Borough Council

A report by Strategic Leisure Limited

August 2024



Pendle Borough Council
Nelson Towns Deal Programme Trafalgar House - Redevelopment Viability Report

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1. Executive Summary

- 1.1. This report evaluates the potential development options for Trafalgar House. This investment opportunity arises from public funds facilitated through the Government's Towns Deal Fund. Consequently, it is critical that the resulting facilities cater for and engage Nelson's diverse community. Furthermore, the proposed developments must seamlessly complement the town's overall landscape, ensuring synergy rather than redundancy or dispersion of demand across Nelson.
- 1.2. The development of this report has been informed through the following:
- Review of strategic local context and relevant policy documents and a Council update since Stage 1 was submitted
 - Analysis of other work completed to date including the Towns Deal bid and monitoring criteria
 - Photographic evidence of the current Trafalgar House build (site visit was not possible due to the condition of the building)
 - Briefing meeting with Pendle Borough Council (PBC), Raise Partnership (Raise) and Brookhouse Developments
 - Anticipated capital costs for redevelopment provided by Barnfield Construction
 - Review of public consultation on the three wet and dry leisure facilities in Pendle
 - Identified stakeholder consultation with PBC, PLT, Members, and relevant external organisations (Appendix 2)
- 1.3. This viability appraisal is underpinned by extensive engagement with a diverse array of key stakeholders. While Stage 1 primarily focused on gaining input from local residents, particularly the youth demographic, this report encompasses insights gathered from relevant stakeholders affiliated with the council and their operating partner, Pendle Leisure Trust (PLT). A list of all stakeholders can be found in Appendix 10.
- 1.4. The driver for the Towns Deal project is to regenerate Nelson resulting in an improved overall economy within the town for its residents. Revitalised Nelson is one of seven projects in the wider £25m Nelson Towns Deal with investment from the Government's Towns Fund. Pendle Borough Council (PBC) and developer partner, Brookhouse Group are working on this scheme together to deliver positive change in Nelson, supported by project managers Raise Partnership (Raise). Since the inception of this work, PBC has also been bolstered by an additional £20 million injection from Central Government, earmarked for a Long-Term Plan for Nelson. This financial boost, allocated over a ten-year span, forms part of a larger initiative comprising 55 identified projects nationwide. The primary objectives of this substantial allocation are to rejuvenate the local high street, combat anti-social behaviour, enhance transportation infrastructure, and stimulate economic growth within the region.
- 1.5. 'Revitalised Nelson' encompasses several large-scale capital developments including the redevelopment of Pendle Rise Shopping Centre, the potential refurbishment/redevelopment of wet and dry leisure facilities across the Borough and the development of a community hub to house a number of businesses and charities in Nelson (see Appendix 3 – Options appraisal). The redevelopment of Trafalgar House must be considered alongside other major developments in Nelson, ensuring these complement, rather than compete with trade across the Borough.

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- 1.6. Based on consultation, competition analysis and industry expertise, it appears there is no absolutely unambiguous route forward for Trafalgar House. Throughout the consultation period, vastly differing opinions on the future of the site have emerged, both internally in PBC and externally amongst identified community organisations. It is clear that in reality a leisure offer is not a sustainable option for Trafalgar House and there is no evidence to support a return of the building to education use. Equally, as a consequence of this position there is as yet no clear choice of future operational model for Trafalgar House.
- 1.7. The only certainty about a future iteration of Trafalgar House is that it must deliver a return on investment for PBC. This is very challenging, particularly in the short-term. Consultation also revealed that although an initial financial return on investment may be challenging, Trafalgar House is recognised as an asset with great potential if brought back into use for the Nelson community, primarily due to its attractive frontage.

- 1.8. Therefore, at this point in time, the two options really worth consideration are:

Option 1 – a multi-purpose Events Space

Option 2 – a car park for electric vehicles

- 1.9. Option 1 has significant capital cost but generates income and delivers social value. However, it operates at a deficit when allowance is made for a sinking fund and payback of capital. This means a subsidy is likely to be required of PBC. There would also be a cost to establishing a new trust to manage the multi-purpose events venue (circa £250k).
- 1.10. Option 2 has a much lower capital cost but generates no income and delivers less social value. It would not require all the capital allocated to Trafalgar House, nor any additional funding from PenBrook and therefore does not need an operational subsidy. Option 2 would, however, result in the loss of a historic town centre asset and there is no evidence of strategic need for additional car parking within the town centre.

Table 1: Summary of Option 1 and Option 2 – Financials

Facility	Option 1	Option 2
Total Cost of works	£2,765,026	£2,136,558
Annual capital repayment cost	£69,904	£0
Sink Fund	£13,825	£5,000
Income	£191,845	£0
Expenditure	£233,953	£0

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Total Gross Surplus (Loss)	(£42,108)	£0
Throughput	22,225	NA

- 1.11. Both these identified development options carry some risk. Option 1 is inherently risky in financial terms. It requires additional capita; over and above the Revitalise Nelson allocation, which will need to be repaid. This places additional pressure on the level of income to be generated, and also means that operating costs will need to be minimised.
- 1.12. The risks of Option 2 relate to community outcry at the loss of a historic asset and the fact that once demolished, it is lost forever. A further risk relates to whether additional car parking is even needed in the town centre.
- 1.13. Based on no clear option, Table 2, summarises the potential options for Trafalgar House moving forward in terms of feasibility, potential impact and alignment with the Towns Deal Objectives.

Table 2: Decisions for PBC

Option	Social and Economic Impact	Revenue Impact	Capital Cost Impact	Risk
A) Decide to Do nothing i.e. status quo and no investment in the short term	<ul style="list-style-type: none"> Heritage Preservation: Maintains the historical integrity of the building. Flexibility: Allows for future decisions based on evolving town dynamics and development outcomes. Risk of Deterioration: Prolonged inaction may lead to further degradation of the building's condition, which impacts on the Nelson townscape. 	<ul style="list-style-type: none"> Maintenance Costs: Ongoing maintenance of the building may still incur costs. Opportunity Cost: Potential revenue from redevelopment is foregone. 	<ul style="list-style-type: none"> Towns Fund Allocation: £1.6m earmarked for redevelopment is foregone Cost Efficiency: No immediate capital expenditure required. 	High – may lose all opportunity for funding and building deteriorates, meaning any future investment will be more costly.
B) Decision 2 Decide to Invest in redevelopment	<ul style="list-style-type: none"> Community Engagement: Partnerships with educational institutions can foster community involvement and usage. Local business investors would support the redevelopment of Nelson as a whole through community buy-in Local Focus: Alignment with community interests. 	<ul style="list-style-type: none"> Subsidy Requirement- there is likely to be this requirement from PBC in the short term 	<ul style="list-style-type: none"> Initial Redevelopment Costs: will still need to be incurred and some repaid 	Medium – retains Towns Funding and investor contribution for the good of town regeneration, but revenue position still likely to require subsidy

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Option	Social and Economic Impact	Revenue Impact	Capital Cost Impact	Risk
	<ul style="list-style-type: none"> • Sustainable Management: A dedicated entity focused on the building's success and maintenance. • Cultural Preservation: Retains the heritage building's historical significance while repurposing it for modern use. 			
C) Decision 3 On the basis of investing in redevelopment i.e. Option 1 secure the least risky and most cost-effective delivery model, at least in the medium-term i.e. 5-10 years	<ul style="list-style-type: none"> • Local Control: The Trust model ensures local governance and alignment with community interests. A lease is less risky and likely to require a lower subsidy. A sale is the least risky in terms of ongoing financial commitment, but the risk lies in finding a buyer. • Sustainable Management: A dedicated entity focused on the building's success and maintenance. • Cultural Preservation: Retains the heritage building's historical significance while repurposing it for modern use. • Limited Control: The council is likely to have less control over the operation and usage of the facility under a lease. • Dependency: Success depends on finding a suitable and committed operator. 	<ul style="list-style-type: none"> • Financial Sustainability: If operating at a loss ongoing subsidy required • Operational Risks: The Trust needs to be well-managed to reduce operational risk. • Existing Trust: PLT is not interested in operating another building, and setting up a new trust will be time and cost consuming. • Shared Investment: Collaboration with an external operator could reduce the financial burden on the council. • Management Expertise: External operators would bring specialised skills and experience in facility management. • Ongoing Costs: PenBrook repayment may still be subsidised by PBC depending on the conditions of the lease and level of rent. 	<ul style="list-style-type: none"> • Initial Investment: Significant upfront costs for redevelopment which may not realise an immediate return on investment. 	<p>Lower - retains Towns Funding and investor contribution for the good of town regeneration, but revenue position still likely to require subsidy. However, this approach takes a longer-term view by capitalising on short-term opportunity for investment.</p>

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Option	Social and Economic Impact	Revenue Impact	Capital Cost Impact	Risk
D) Sell the building and require a new owner to develop an offer benefitting the town	<ul style="list-style-type: none"> • Sustainable Management: A dedicated entity focused on the building's success and maintenance. • Cultural Preservation: Retains the heritage building's historical significance while repurposing it for modern use. • Limited Control: The council is likely to have far less control over the operation and usage of the facility under a sale. • Dependency: Success depends on finding a suitable and committed operator. 	<ul style="list-style-type: none"> • No ongoing revenue impact as long as building sold for more than £1.1m, but no income for PBC which could be achieved through a lease arrangement. 	<ul style="list-style-type: none"> • Requirement for capital investment negated if building sold following redevelopment. 	Medium- less public control over what and how Trafalgar House contributes to town regeneration in the long term
E) Demolition and Construction of a Car Park	<ul style="list-style-type: none"> • No Identified Need: No strategic evidence suggesting additional car parking is required now or in the future • Other car park developments: 140 car park spaces will be provided at PRSC as part of the redevelopment • Loss of Heritage: Demolition results in the permanent loss of a historic building. • Community Backlash: Potential opposition from heritage conservationists and community members. • Investment in a ground source heat pump could be beneficial in sustainable energy terms. • Simplified Management: Lower complexity compared to managing a redeveloped heritage site. 	<ul style="list-style-type: none"> • Revenue Generation: Parking facilities can generate consistent revenue streams, but this would only be realised if PBC policies change. • PBC would incur some costs through long term maintenance of the car park. 	<ul style="list-style-type: none"> • N/A 	Risky financial option, BUT no evidenced need for investment in a car park. Significant loss of a historic feature which could never be re-provided. Huge potential for community backlash. Loat opportunity for long term contribution of Trafalgar House to the town's regeneration.

Key:

Red – High risk

Orange – Limited risk

Green – Low risk

- 1.14. Based on no clear option and what is, in reality, a very complex situation it is recommended that:

Recommendation 1 – PBC and partners consider progressing with the redevelopment of Trafalgar House **if a potential operator can be sourced. If no operator can be sourced, PBC may consider doing nothing with Trafalgar House or Option 2 above.**

Recommendation 2 – The redevelopment of Trafalgar House should focus on creating a safe and sustainable building with maximum operational flexibility. The fit out should also be as flexible as possible as a multi-purpose events space (Development Option 1).

Recommendation 3 – PBC should start now to identify a lessee for the building on a short to medium term basis and ensure written into the lease is the requirement for the redevelopment to contribute to town centre regeneration and to have tangible community benefits.

Recommendation 4 - PBC and partners should agree terms for repayment of the additional PenBrook capital over the lease period, minimising the level of PBC subsidy required.

Recommendation 5 – PBC and partners should carefully monitor the overall implementation of the regeneration proposals for Nelson, seeking to capitalise on any strategic opportunities through which the redeveloped space at Trafalgar House could be re-focussed in the medium to longer term.

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2. Introduction and Background Context

- 2.1. In March 2024, Strategic Leisure Limited (SLL) was appointed by Pendle Borough Council (PBC) to assess the viability of redeveloping the Trafalgar House site, located in Nelson as part of the Towns Deal. This work follows on from Stage 1, an options appraisal (December 2023) which considered potential options for redeveloping Trafalgar House to increase dwell time in the town centre, generate a financial surplus and support the overall redevelopment of Nelson as a town, based on consultation with local residents, particularly young people.
- 2.2. The development of this report has been informed through the following:
- Review of strategic local context and relevant policy documents and a Council update since Stage 1 was submitted
 - Analysis of other work completed to date including the Towns Deal bid and monitoring criteria
 - Photographic evidence of the current Trafalgar House build (site visit was not possible due to the condition of the building)
 - Briefing meeting with Pendle Borough Council (PBC), Raise Partnership (Raise) and Brookhouse Developments
 - Anticipated capital costs for redevelopment provided by Barnfield Construction
 - Review of public consultation on the three wet and dry leisure facilities in Pendle
 - Identified stakeholder consultation with PBC, PLT, Members, and relevant external organisations (Appendix 2)

Background Context

- 2.3. The driver for the Towns Deal project is to regenerate Nelson resulting in an improved overall economy within the town for its residents. There are seven Nelson Town Deal projects in total, namely:

Table 3: Towns Deal Project Areas

Project	Delivery Body	Allocated Capital
Accessible Nelson	Pendle Borough Council	£3.4m
Advanced Digital Skills Hub and Academy	Nelson and Colne College	£2.29m
Business Resilience and Growth	Pendle Borough Council	£1.9m plus £100k revenue
Healthy Town	Pendle Borough Council and Pendle Leisure Trust	£1.7m PLT £590k Parks
This is Nelson	Pendle Borough Council	£310k plus £417k revenue
Pendle Youth Employment Service Hub (YES)	Pendle Borough Council	£420,388

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Revitalised Nelson

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£13,265,297

- 2.4. Since its inception, the Nelson Towns Deal project has been bolstered by an additional £20 million injection from Central Government, earmarked for a Long-Term Plan for Nelson. This financial boost, allocated over a ten-year span, forms part of a larger initiative comprising 55 identified projects nationwide. The primary objectives of this substantial allocation are to rejuvenate the local high street, combat anti-social behaviour, enhance transportation infrastructure, and stimulate economic growth within the region.
- 2.5. Revitalising Nelson is one of seven projects in the wider £25m Nelson Towns Deal with investment from the Government's Towns Fund. Pendle Borough Council (PBC) and developer partner, Brookhouse Group are working on this scheme together to deliver positive change in Nelson, supported by project managers Raise Partnership (Raise).
- 2.6. The vision for Nelson over the next 15 years, as stated within the Nelson Town Investment Plan, is:

“A healthy, vibrant and confident town fulfilling its role as a key centre on the M65 growth corridor; offering high quality services, aspirational education, diverse employment and housing opportunities; all set within safe and attractive spaces which inspire and energise our residents. Nelson is a town proud of its social and industrial heritage, inspiring landscapes, and multi-cultural identity. Together we will build a future everyone can aspire to, underpinned by inclusive and sustainable growth and community involvement.”

- 2.7. As stated in the Towns Deal Application, the strategic objective for Revitalised Nelson is:

“Bringing high profile, long term vacant and underused buildings and sites back into use for residential and commercial purposes in response to identified needs. The schemes will improve the town’s image, increase town centre vibrancy through a broader range of uses and drive increased activity and footfall within the town”

- 2.8. ‘Revitalised Nelson’ encompasses several large-scale capital developments including the redevelopment of Pendle Rise Shopping Centre, the potential refurbishment/redevelopment of wet and dry leisure facilities across the Borough and the development of a community hub to house a number of businesses and charities in Nelson (see Appendix 3 – Options appraisal). The following facilities potentially impact one another, and therefore the development options for Trafalgar House need to take the following into account:

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Pendle Rise Shopping Centre

- 2.9. Pendle Rise Shopping Centre (PRSC) will be redeveloped as part of Revitalised Nelson. This will include a significant retail offer, food, beverage and potentially other services. As part of the Towns Deal, this is the most significant development within Nelson and is seen as the beacon of redeveloping Nelson for the greater good of the town. Clearly, the development at Trafalgar House must align with and enhance the offerings of PRSC, rather than creating competition for residents' time and attention.

Wet and Dry Leisure Facilities

- 2.10. There have been several options appraisals undertaken on the three wet and dry leisure facilities in Pendle; one of these facilities, Pendle Wavelengths, is located in Nelson. Previous reports have recommended that the three facilities within the borough are reduced to two, due to the age of the assets and the ongoing subsidy by the council to keep three underutilised facilities open. The recommendations from these reports indicated that both Pendle Wavelengths and Colne Leisure Centre should be phased out in favour of a singular, centralised facility serving both Nelson and Colne residents.
- 2.11. Should this new facility be developed, it is anticipated that the demand for supplementary leisure amenities at Trafalgar House would diminish. To ensure the most operationally efficient service, developing all 'leisure/physical activity' facilities under one roof would be the most effective option for PBC and Pendle Leisure Trust (PLT).
- 2.12. There is £1.7m allocated through Towns Deal to refurbish/improve Pendle Wavelengths, however the optimum use of this funding is dependent on strategic decisions that will be made in the near future through the Towns Deal Board.

Community Hub Development

- 2.13. A proposition has been put forward regarding the relocation of PBC staff from Market Street to an alternative location; the existing Council office will be replaced with a 'Community Hub' intended to accommodate interested charities and organisations. At present, the specific entities expected to occupy this community hub remain unknown. However, there is the possibility of Trafalgar House being utilised as a community hub if the redevelopment can be undertaken cost effectively.

Closure of the ACE Centre

- 2.14. The ACE Centre, established in 2009, served as a pivotal hub for Arts, Culture, and Enterprise, replacing the Silverman Hall. Operated by PLT under the ownership of PBC, the facility received an annual subsidy from the council for operational expenses. Despite its diverse offerings, including a 200-seat theatre, arts and recording studios, meeting spaces, and a bistro, the ACE Centre faced operational challenges leading to its closure in 2022.

- 2.15. The ACE Centre comprised a comprehensive array of amenities, facilitating both public engagement and private events. Its annual net operating loss, approximately £176k, was deemed unsustainable by the council, prompting its closure. Subsequent report sections delve into the key factors contributing to the facility's operational shortcomings.
- **Lack of Adequate Parking Facilities:** The absence of long-stay parking proximate to the site hindered accessibility, deterring potential users and event attendees.
 - **Incidence of Antisocial Behaviour:** The presence of antisocial behaviour in the adjacent courtyard undermined the centre's appeal as a safe and welcoming community space, adversely impacting footfall and income.
 - **Insufficient Event Management Expertise:** The operational management entity, PLT, lacked the requisite expertise in event management, potentially leading to suboptimal utilisation of facility resources and ineffective programming.
 - **Impact of Socioeconomic Deprivation:** The prevailing deprivation levels within the town adversely affected the ACE Centre's revenue-generating prospects, constraining its financial viability in the face of escalating operational costs.
 - **Lack of Market Research:** Consultation with Arts Council suggested that the facility was not properly thought out prior to its inception, subsequently leading to lack of local interest in the facility.
- 2.16. The Trafalgar House initiative constitutes a pivotal component of the broader Revitalised Nelson project, which seeks to explore diverse options for the future utilisation of Trafalgar House. **Trafalgar House**, located next to Nelson Town Hall, and owned by PBC, has been vacant for over 13 years. Whilst Trafalgar House is not a listed building, the facility, originally used as a technical college, has heritage features and an attractive frontage, mirroring many of the other appealing buildings within the town centre. Appendix 9 illustrates the current condition of the building through photographic evidence and Appendix 5 shows the concept for the redevelopment of Trafalgar House into the Learie Constantine Community Recreation Centre¹, work undertaken by Leonard Design Architects in 2022.
- 2.17. The range of options developed through the consultation spans from the prospect of site demolition to accommodate a car park, through to undertaking extensive refurbishments geared towards facilitating a variety of functions and events. Guided by the criteria outlined in the Towns Deal application and monitoring processes, there is considerable flexibility in determining the site's future development.

¹ Stated as Trafalgar House throughout this report

- 2.18. This report evaluates the potential development options for Trafalgar House. This investment opportunity arises from public funds facilitated through the Government's Towns Deal Fund. Consequently, it is critical that the resulting facilities cater for and engage Nelson's diverse community. Furthermore, the proposed developments must seamlessly complement the town's overall landscape, ensuring synergy rather than redundancy or dispersion of demand across Nelson.

3. Consultation

- 3.1. This viability appraisal is underpinned by extensive engagement with a diverse array of key stakeholders. While Stage 1 primarily focused on gaining input from local residents, particularly the youth demographic, this report encompasses insights gathered from relevant stakeholders affiliated with the council and their operating partner, Pendle Leisure Trust (PLT). A list of all stakeholders can be found in Appendix 10.
- 3.2. Consultation has been undertaken to identify the most suitable use for Trafalgar House moving forward. The process has included:
- Face to face, online meetings, and workshops with key employees of PBC
 - Online meetings and email correspondence with Members of PBC across various political parties
 - Face to face meetings with Barnfield Construction and relevant cost consultants
 - Face-to-face and online meetings with Brookhouse Group
 - Face-to-face and online meetings with Raise Partnership
 - Online meeting with Pendle Leisure Trust
 - Online meeting with Burnley FC in the Community
 - Online meeting with Active Lancashire
 - Phone calls with local cricket clubs
 - Public consultation on the future of the three wet and dry leisure facilities (undertaken externally)
- 3.3. The key issues from the consultation are stated below:

Future Use of Trafalgar House

- 3.4. Consultation with identified stakeholders returned diverse perspectives regarding the optimal future utilisation of the site. Views ranged from advocating for the demolition of the building to make way for an Electric Vehicle (EV) car park, coupled with the implementation of a ground source heat pump to support Pendle Borough Council's (PBC) carbon neutrality objectives, to proposing the development of the building for hosting large-scale events or as a measure to address anti-social behaviour. Based on engagement with a significant number of identified stakeholders, it was apparent that PBC is not in a position to develop any facility with a required annual subsidy and therefore, regardless of the facility mix, the building must yield a financial return on investment.

Nelson and Colne College Consultation - Students

- 3.5. As set out in Stage 1 of this report, over 175 students at Nelson College suggested ideas for redeveloping Nelson as part of the Trafalgar House/Pendle Rise project. As shown in Table 4, some of these options may be more suited to Pendle Rise Shopping Centre due to the retail/food outlet offer.

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Table 4: Trafalgar House Consultation – Long List of Development Options

Sport/Leisure	Entertainment	Other
Dance Venue – Break dancing etc	Board Game Café	Food Market
Ice Rink	Cinema	Deli
Indoor Cricket	Arcade	Art venue
Ninja Warrior/Tag Active	Gaming e.g. Esports / Games Design / Cyber Security	Fashionable Clothes shops e.g. Primark, New Look
Yoga / Pilates	Dungeons and Dragons	Office space/business incubators/mentoring
Cycling	Recording Studio	Music venue
Mini golf / Adventure Golf	Karaoke	Comedy nights
Ten-Pin Bowling	Soft Play	Social Spaces
Laser Tag	Virtual Reality	'Selfie/TikTok rooms'
Boxing		Health Drop ins / village hospital / Lancashire Adult Learning
Gym		Salons / Makeup artists
Climbing Walls		Homeless Support
Darts		Green Spaces
		Mental Health Support
		Multi-purpose space
		Prayer rooms
		Coffee Shops

- 3.6. Based on the suggestions above, it is feasible to develop certain activities within Trafalgar House, notwithstanding that the areas highlighted in bold are already available within Pendle and nearby towns, such as Burnley. Based on demand, some of these concepts have been incorporated into the business plans outlined in the sections below.

Future Operational Management

- 3.7. In conducting consultations with key stakeholders, SLL has observed a consensus among internal stakeholders at Pendle Borough Council (PBC) regarding the management of Trafalgar House. It is unanimously acknowledged that PBC no longer possesses the requisite expertise internally to effectively oversee the operation of a facility of Trafalgar House's scale and complexity.
- 3.8. All "leisure" assets owned by PBC are currently managed by Pendle Leisure Trust (PLT).
- 3.9. Pendle Leisure Trust (PLT) has expressed reservations regarding the financial viability of developing Trafalgar House as a feasible option, particularly in the short term. Given this, PLT has voiced concern over incorporating the management of Trafalgar House within its existing portfolio of facilities, on the basis that they believe a subsidy from the council would be required to operate the facility successfully, regardless of the facility mix.
- 3.10. Burnley FC in the Community manage a similar site within Pendle, namely The Leisure Box. Despite initial challenges, The Leisure Box has made significant strides towards financial sustainability, approaching a break-even point after years of operational deficits. Notably, Burnley FC in the Community has indicated a reluctance to undertake the management of Trafalgar House but has expressed interest in utilising the facility for events and conferences, contingent upon its redevelopment for such purposes.
- 3.11. To summarise, consultation evidences the impracticality of managing Trafalgar House in-house or through the incumbent Pendle Leisure Trust. Consequently, the future management of Trafalgar House will either need to be entrusted to an external organisation, with the specific entity yet to be determined, or a new trust will need to be established (at a cost). If an external interested party cannot be identified, the future operational management of a redeveloped Trafalgar House may be challenging.

Parking Considerations

- 3.12. The absence of adequate parking in the town centre and at Trafalgar House, both in terms of quantity and suitability, emerges as a prominent issue that warrants strategic attention. Currently, Trafalgar House possesses approximately ten short-stay parking spaces in close proximity, which fall short of the ideal requirements for any envisioned development. Furthermore, Nelson's existing parking infrastructure comprises free and short stay parking facilities, limiting the duration of public stays in the town centre and constraining potential revenue streams for PBC. All car parks are free and are operated by Pendle Borough Council; there is no paid car parking in the town.
- 3.13. One proposed avenue for repurposing Trafalgar House involves the demolition of the existing structure to provide a dedicated car park for Electric Vehicles (EV). While this option garners support for augmenting overall parking supply, some stakeholders express reservations over the need to provide additional parking provision. Stakeholders have emphasised the need to address the quality and type of parking facilities over sheer quantity.

- 3.14. Prior to embarking on the transformation of Trafalgar House into a car park, a comprehensive car park review is vital to substantiate the necessity and viability of such a development. This review will serve as a fundamental step in informing strategic decisions and ensuring alignment with the overarching objectives of enhancing Nelson's town centre through the Revitalised Nelson programme.
- 3.15. There will be a need to formulate a comprehensive parking strategy for Nelson to enhance visitor retention and unlock revenue-generating opportunities. This strategy should encompass an updated car parking policy aimed at extending visitor dwell times while exploring avenues for income generation. Additionally, the assessment should evaluate the sufficiency of parking provision in Nelson to accommodate anticipated developments such as Trafalgar House and the Pendle Rise Shopping Centre (which will have 140 spaces as part of the proposed development).

Leisure Usage

- 3.16. Three leisure facilities in close proximity to Trafalgar House are Pendle Wavelengths, Nelson and Colne College, and The Leisure Box. The facility mix at these sites includes gyms, group exercise studios, sports halls, swimming pools, soft play areas, indoor cricket lanes, 3G pitches, climbing walls etc. Consequently, the opportunity to develop Trafalgar House for these purposes is significantly diminished. Additionally, potential improvement to, and redevelopment of, the wet and dry leisure facilities managed by Pendle Leisure Trust (PLT) suggest operational efficiencies could be achieved by consolidating all physical activity and health services under one roof, managed by PLT.
- 3.17. This consideration reduces the feasibility of developing Trafalgar House for physical activity. Initial concept drawings for Trafalgar House suggested it could be developed for indoor cricket to meet local demand on both club and recreational levels. However, consultation with cricket clubs indicates that formal indoor cricket usage is likely to be seasonal and is already catered for by existing facilities (Colne Leisure Centre, Nelson and Colne College and The Leisure Box); the same can be said about demand for boxing which is already met by local boxing clubs. SLL's analysis concludes that as a standalone indoor cricket venue, Trafalgar House will not generate a financial return on investment. While it may be possible to incorporate indoor cricket as part of a broader offering, levels of demand and capital costs are likely to mean this option is unfeasible, as further explored in the sections below.

4. Potential Development Options for Trafalgar House

- 4.1 This section explores the potential future options for the redevelopment and utilisation of Trafalgar House, based on consultation, market research and the Stage 1 work undertaken. Based on this, the key suggestions for development are as follows:
- 4.2 **Leisure Offer** - To determine the viability of Trafalgar House, a competitor analysis has been undertaken based on a 20-minute drive time of the facility. As previously stated, PLT's wet and dry leisure facilities, including Pendle Wavelengths is considered both a local and 'destination' leisure offer due to the family fun swimming offer. This, along with two other leisure facilities within close proximity of Nelson town centre reduces the opportunity to develop Trafalgar House as a destination for traditional sport and leisure activities.
- 4.3 **Indoor Cricket** – The original concept for the redevelopment of Trafalgar House was known as the Learie Constantine Recreation Centre, named after an ex-professional cricketer who resided in Nelson for a period of time. The option of developing the facility for indoor cricket and other recreational activities has been referenced throughout the consultation period by several stakeholders. Shown in Appendix 8 (Cost Plan), the scale of redevelopment options and capital cost dictates that formal indoor cricket is not possible due to the size required for the indoor game. In addition to this, The Leisure Box offers indoor cricket nets and PLT's Colne Leisure Centre is suitable to host formal indoor cricket. Anecdotally, it appears there is in reality, limited demand for indoor cricket, as evidenced by the spare capacity in Colne Leisure Centre.
- 4.4 Consultation with cricket clubs also highlights that whilst there may be demand for recreational indoor cricket, formal teams are unlikely to want to participate in indoor cricket, mainly due to a hectic summer schedule and players taking part in other sports during the winter. Whilst indoor cricket can be used to engage young people on a recreational basis, using the facility as a dedicated space for indoor cricket and similar activities is unlikely to see a financial return on investment.
- 4.5 **Weddings/Events** – Redeveloping Trafalgar House as a wedding/events/conference facility was also referenced throughout the consultation process. A full list of competing facilities within a 20-minute drive time can be found in Appendix 6. Consultation does appear to suggest there may be appetite for a facility such as this within Nelson. A private investor has recently enquired about planning approval to develop a site primarily for weddings, and Trafalgar House, with its heritage façade may be an option for redevelopment, although parking may be an issue.
- 4.6 **Car Park** – A significant number of stakeholders indicate that a 'risk-free' option moving forward would be to redevelop the site into a car park for EV vehicles. Information on the need for additional car parking in Nelson is detailed above. Alongside utilising the basement of Trafalgar House as a ground-source heat pump the car park proposal could be considered to align to PBC's carbon neutral targets. If this strategy is to be considered, there is a need to assess the viability, impact and cost to PBC through developing this scheme.

- 4.7 It is also important to highlight that many stakeholders expressed the view that demolishing a building with such potential would be 'short-sighted' and that the building may become a valuable asset with a clearer role, as the Revitalised Nelson project comes to fruition over the next ten years. If a car park is required, previous work has identified another site, located next to the ACE Centre which can be provided more affordably than demolishing Trafalgar House.
- 4.8 **Education** – Although consultation with Nelson and Colne College has been limited, Trafalgar House was originally built as a technical college and upon refurbishment could host Nelson and Colne College education activities if there is the demand for further expansion into Nelson Town Centre. This should be explored further as it could drive more young people into the town centre, which would complement the Towns Deal monitoring criteria reactivating and repurposing key spaces in the town centre, facilitating economic resilience, and attracting and retaining skilled workers.

Summary

- 4.9 Based on consultation, competition analysis and industry expertise, it appears there is no absolutely unambiguous route forward for Trafalgar House. Throughout the consultation period, vastly differing opinions on the future of the site have emerged, both internally in PBC and externally amongst identified community organisations.
- 4.10 However, it is clear that in reality a leisure offer is not a sustainable option, for Trafalgar House and there is no evidence to support a return of the building to education use.
- 4.11 Equally, as a consequence of this position there is as yet no clear choice of future operational model for Trafalgar House.
- 4.12 The only certainty about a future iteration of Trafalgar House is that it must deliver a return on investment for PBC. This is very challenging, particularly in the short-term.
- 4.13 Consultation also revealed that although an initial financial return on investment may be challenging, Trafalgar House is recognised as an asset with great potential if brought back into use for the Nelson community, primarily due to its attractive frontage.
- 4.14 Therefore, at this point in time, the two options really worth consideration are:

Option 1 – a multi-purpose Events Space

Option 2 – a car park for electric vehicles

5. Financial Impact of Trafalgar House Development Options

- 5.1. A capital budget of £1.6m has been allocated towards the redevelopment of Trafalgar House from the wider Revitalisation Nelson programme. The actual capital cost of redeveloping Trafalgar House into a useable space is £2.7m (without extensive internal fit out). This position is extremely important to understand in relation to the viability of development options, because £1.1m of the overall capital cost will be provided by PBC's investment partner Brookhouse Group.
- 5.2. This £1.1m will need to be repaid to Brookhouse Group over a period of time. Clearly the need to repay the investment capital has implications for ongoing revenue viability and directly impacts the choice of operational delivery model.
- 5.3. This evaluation has identified two development options for Trafalgar House:

Option 1: Multi-purpose Events Space

Future Facility Mix

Table 5: Trafalgar House Option 1: Facility Mix

Facility	Facility Mix
Trafalgar House	First Floor
	Storage
	Ground Floor (Events Space)
	Flexible Space
	Café
	Large multipurpose event space for weddings, functions, etc
	Basement Floor (Youth Zone)
	Esports Facility
	Hado Facility / Virtual Reality / Augmented Reality Suite
	Games Room

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5.4. Images of all these facility mix elements can be found in Appendix 4, concept facility options.

Option 2: Demolish site and develop a 40-bay car park

Future Facility Mix

Table 6: Trafalgar House Option 2 – Car Park

Facility	Facility Mix
Car Park	40 bays – free short stay as current PBC protocol

Capital Costs

5.5. The costs for Option 1 (Table 4) were provided by Howell Goodfellow Quantity Surveyors (May 2024) and are deemed current. Costs for Option 2 were developed by Brookhouse Group (Appendix 7). Option 2 costs include demolition of the existing building and developing a car park including Electric Vehicle Charging Points. Costs exclude Ground-Source Heat Pumps which may be needed if the car park option is deemed the most effective for Nelson.

Table 7: Total anticipated cost of Options 1 and 2

Option	GIFA ^{*2}	Capital Cost	Income	Expenditure	Revenue Position (excluding borrowing)	Borrowing Requirement (15 years)	Total Annual Position (including borrowing)
Option 1 – Smaller multi-purpose facility	1,222sqm	£2,765,026	£294,862	£345,050	(£50,118)	£69,904	(£120,022)
Option 2 – EV Car Park	NA	£2,136,558	£0	£0	£0	£0	£0

5.6. As a standalone development, Trafalgar House must achieve financial sustainability without relying on funding from PBC; this is extremely challenging in Nelson particularly considering the recent and significant increase in material costs, utilities and the living wage increase. Currently all facilities operated by PLT require a significant subsidy from PBC to remain operational and in the short-term, and this is likely to be the same for Trafalgar House, as shown in Table 7.

² Gross Internal Floor Area

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- 5.7. As an independent entity, Trafalgar House is unlikely to achieve a positive financial position in the short term. However, upon completion of the Revitalised Nelson project, Trafalgar House could be a pivotal component contributing to the town's overall vitality and economic growth. A sum of £1.6 million has been earmarked for the building as part of the Towns Deal which must be spent by March 2026, with development partner Brookhouse Group offering any additional capital under the condition of an annual repayment, as illustrated in Table 8.

Table 8: Sensitivity Analysis – Trafalgar House: PenBrook Joint Venture Company

Sensitivity Analysis - Trafalgar House			
PenBrook Expenditure	Long Term Town Deal Allocation	Pay Back per Annum to Brookhouse Group	
£	£	10 Year Term	15 Year Term
£3,000,000	£0	£195,008	£180,007
£2,500,000	£500,000	£162,507	£150,006
£2,000,000	£1,000,000	£130,005	£120,005
£1,500,000	£1,500,000	£97,504	£90,004

- 5.8. As shown in Appendix 8, redeveloping Trafalgar House is likely to cost £2,765,026. On the basis that PBC can use the allocated £1.6m available to part fund this, there will be the requirement to borrow £1,165,026 from PenBrook. Based on the sensitivity analysis set out in Tables 6 and 7 there would be the requirement to pay back £75,727 over a 10-year term or £69,904 over a 15-year term to the joint venture company PenBrook, and ultimately the Brookhouse Group. Further work is needed to identify fit-out costs related to the future use of the facility.
- 5.9. On the same basis, the car park option at £2,136,558 would require a 10-year payback to Brookhouse Group of £34,876 or a 15-year payback term of £32,199.

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Table 9: Sensitivity Analysis – Trafalgar House: repayment to PenBrook based on identified capital costs

Option	Sensitivity Analysis - Trafalgar House			
	PenBrook Expenditure	Long Term Town Deal Allocation	Pay Back per Annum	
	£	£	10 Year Term	15 Year Term
Option 1	£1,165,026	£1,600,000	£75,727	£69,904
Option 2	£536,558	£1,600,000	£34,876	£32,199
Further work is needed to confirm the optimum facility mix, which will dictate fit-out costs for Option 1				

Option 1: Multi-purpose Events Space

Option 1 Future Revenue Position

- 5.10. Based on the identified facility mix which could consist of facilities predominantly for young people on the basement level and a large wedding/events space on the ground floor, complemented by a café, the following is the anticipated revenue position if managed by a charitable trust (PBC does not have the in-house capacity to manage this type of facility, and management through a trust would achieve National Non-Domestic Rates (NNDR) benefits).

Table 10: Trafalgar House Option 1: Impact after Redevelopment – High-level overview

	Trafalgar House Option 1											
Income	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	10 Year Total	Average Ten Years
Leisure Activities	119,440	132,711	140,674	144,655	148,637	152,618	156,600	160,581	164,562	168,544	1,489,023	148,902
Secondary Spend	37,835	38,970	40,105	41,240	42,375	43,510	44,645	45,780	46,915	48,050	429,425	42,942
Total Income	157,275	171,681	180,779	185,895	191,012	196,128	201,245	206,361	211,477	216,594	1,918,448	191,845
Expenditure												
Staffing	121,279	124,917	128,555	132,194	135,832	139,470	143,109	146,747	150,386	154,024	1,376,513	137,651
Premises	45,129	46,483	50,894	53,777	56,659	58,930	60,468	62,005	63,542	65,079	562,965	56,297

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	Trafalgar House Option 1											
Income	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	10 Year Total	Average Ten Years
Admin and Marketing	12,842	13,227	13,612	13,997	14,382	14,768	15,153	15,538	15,923	16,309	145,751	14,575
Supplies and Services	15,644	16,113	16,583	17,052	17,521	17,990	18,460	18,929	19,398	19,868	177,558	17,756
Overhead/ Support Costs	6,291	6,867	7,231	7,436	7,640	7,845	8,050	8,254	8,459	8,664	76,738	7,674
Total Expenditure	201,184	207,607	216,875	224,455	232,035	239,004	245,239	251,474	257,709	263,944	2,339,526	233,953
Operational Surplus (Loss)	(43,909)	(35,926)	(36,096)	(38,560)	(41,024)	(42,876)	(43,994)	(45,113)	(46,231)	(47,350)	(421,078)	(42,108)
Below the line costs												
Sinking Fund (SF)/Lifecycle repairs etc	13,825	13,825	13,825	13,825	13,825	13,825	13,825	13,825	13,825	13,825	138,251	13,825
Capital Cost Repayment	69,904	69,904	69,904	69,904	69,904	69,904	69,904	69,904	69,904	69,904	699,040	69,904
Sub Total	83,729	83,729	83,729	83,729	83,729	83,729	83,729	83,729	83,729	83,729	837,291	83,729
Gross Surplus / (Loss)	(127,638)	(119,655)	(119,825)	(122,289)	(124,753)	(126,605)	(127,724)	(128,842)	(129,961)	(131,079)	(1,258,369)	(125,837)

- 5.11. As shown above, **Option 1 would operate at an annual deficit of £42,108**. The revenue model allows for a small sinking fund and an annual payback to PenBrook; **the total Gross deficit allowing for these elements is £125,837 per annum as set out in Table 10.**

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Option 1 - Financial Overview

Table 11: Trafalgar House Option 1: Impact after Redevelopment – annual operational position

Trafalgar House – Option 1	Revenue Position
Income (annual average)	£191,845
Expenditure (annual average)	£233,953
Total Operational Surplus (Loss)	(£42,108)
Below the line costs	
Sinking Fund (SF)/Lifecycle repairs etc	£13,825
PenBrook Annual Repayment	£69,904
Total Gross Surplus / (Loss)	(£125,873)

Option 2 - Future Revenue Position

Table 12: Option 2 - Identified Capital Cost

Trafalgar House – Option 3 – Car Park	Capital Cost
Demolish site and replace with car park	£2,136,558

Table 13: Trafalgar House Option 2 - Impact after Redevelopment – annual operational position

Trafalgar House – Option 2 Tag Active	Revenue Position
Income	£0
Expenditure	£0
Operational Surplus (Loss)	£0
Sinking Fund (SF)/Lifecycle repairs etc	£0
Gross Surplus / (Loss)	£0

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- 5.12. As shown above, the anticipated capital cost for Option 2 is £2,136,558.
- 5.13. There is no ongoing income or expenditure for Option 2. This is due to the current parking protocol in PBC which provides free long-stay car parking within the town. If PBC's parking policy changed there could be an opportunity for income to be generated from conversion of Trafalgar House to a car park.
- 5.14. However, there will be 140 car parking spaces provided as part of the redevelopment of PRSC and there is evidence to suggest that there is currently already sufficient car parking available in Nelson. This begs the question as to why Trafalgar House should be knocked down to provide car parking which may not actually be needed.

Revenue Comparison of Options 1 and 2

- 5.15. In reality it is not possible to compare Options 1 and 2 because as development options they are so different.
- 5.16. Option 1 has significant capital cost but generates income and delivers social value. However, it operates at a deficit when allowance is made for a sinking fund and payback of capital. This means a subsidy is likely to be required of PBC. There would also be a cost to establishing a new trust to manage the multi-purpose events venue (circa £250k).
- 5.17. Option 2 has a much lower capital cost but generates no income and delivers less social value. It would not require all the capital allocated to Trafalgar House, nor any additional funding from PenBrook and therefore does not need an operational subsidy. Option 2 would, however, result in the loss of a historic town centre asset.

Table 14: Summary of Option 1 and Option 2 – Financials

Facility	Option 1	Option 2
Total Cost of works	£2,765,026	£2,136,558
Annual capital repayment cost	£69,904	£0
Sink Fund	£13,825	£5,000
Income	£191,845	£0
Expenditure	£233,953	£0
Total Gross Surplus (Loss)	(£42,108)	£0
Throughput	22,225	NA

- 5.18. Both these identified development options carry some risk. Option 1 is inherently risky in financial terms. It requires additional capita; over and above the Revitalise Nelson allocation, which will need to be repaid. This places additional pressure on the level of income to be generated, and also means that operating costs will need to be minimised.
- 5.19. The risks of Option 2 relate to community outcry at the loss of a historic asset and the fact that once demolished, it is lost forever. A further risk relates to whether additional car parking is even needed in the town centre.

6. Other Delivery Models

- 6.1 The financial model (Table 9) sets out an indicative revenue projection for the operation of a re-developed Trafalgar House (Option 1 i.e. a multi-purpose events venue) as a Trust-managed asset. While the model is theoretical, it is based on data collected throughout this project and aligned with national and critically, local benchmarks. Despite the consultation indicating demand for facilities targeting young people and large-scale weddings/events, the current economic conditions in Nelson may not be conducive to operating this facility at a financial surplus under the management of a trust. It is clear a subsidy is likely to be needed moving forward.
- 6.2 Given this context, it is pragmatic to consider other potential means of operating a re-developed Trafalgar House which could be less financially costly and risky for PBC.
- 6.3 A practical approach could involve identifying an external party to manage the asset under a long lease, securing a rental income for the building's operation to cover the required pay back to PenBrook. Equally selling the asset after its re-development would secure a capital sum to repay the PenBrook investment.
- 6.4 What is crucial under either of these options is that the redevelopment of Trafalgar House is secured as this protects the Towns Fund investment and the commitment to Revitalise Nelson. This ensure that the re-development of Trafalgar House remains aligned to the overall aim of regenerating Nelson. It would also ensure that the redevelopment achieves the objectives of the Towns Fund.
- 6.5 All these alternative delivery models do is offer a different may of managing the redeveloped building (Option 1 i.e. a multi-purpose events venue) which is likely to be less risky and costly to PBC, whilst ensuring payback to PenBrook.

Delivery Model A: Redevelopment and Lease to External Organisation

- 6.6 This option would involve redeveloping Trafalgar House and leasing the building to an external organisation for between 5-10 years, potentially with reduced payments to PBC during the initial two years. This strategy promotes sustainability during Nelson's transformation as other facilities are developed as part of the Towns Deal. This arrangement could allow for a gradual integration of Trafalgar House into the commercial landscape, promoting economic growth while mitigating immediate financial burdens on leases. A lessee could be a private investor developing an events space. This option could also include an option to extend the lease beyond five years, particularly if external investment is included.

Delivery Model B: Redevelopment and Sell to an Interested Party

- 6.7 This option focuses on redevelopment of Trafalgar House and selling it to a private entity, under the condition that the facility serves to benefit the town. Potential uses could include transforming the space into a wedding/event/conference venue, providing a platform for communal gatherings and cultural celebrations. This approach leverages private sector expertise while ensuring the facility contributes positively to the local economy and social fabric of Nelson's diverse community with reduced risk to PBC. The main risk would be whether the redeveloped building could be sold.
- 6.8 There is a further alternative under Delivery Models A and B. Trafalgar House could be redeveloped but then leased/sold simply as a useable space on the basis of being a community hub, prioritising social value over immediate financial returns. While this approach may not yield substantial profits, it offers invaluable benefits in developing community cohesion, facilitating access to essential services, and promoting cultural enrichment, all key areas of the Revitalised Nelson project. Trafalgar House could serve as a vibrant hub for community engagement and empowerment, aligning with the ethos of social responsibility and inclusivity. With this option, providing multi-purpose flexible space would be key to allowing community activities to grow organically which may lead to financial sustainability in the long-term. This option should provide a comprehensive café to cater for the diverse community of Nelson. However, under this option, the likely operator is currently unknown.
- 6.9 Based on Delivery Models A and B, it may be worth testing the market to see if any private investors would be interested in operating Trafalgar House through a lease or sale.

Delivery Model C: Adaptive Reuse for Sustainable Infrastructure

- 6.10 This option provides a half-way house between complete demolition (Development Option 2) for a car park and complete redevelopment of the building (Option 1). Delivery Option C would retain the Trafalgar House façade and repurpose the space to support the council's carbon-neutral targets. The basement could be utilised as a ground-source heat pump, while the remaining area serves as a predominantly electric vehicle (EV) charging car park. This initiative not only addresses environmental concerns but also supports the development at Pendle Rise Shopping Centre and other local businesses. However, implementation is contingent upon the council's review of parking policies to incorporate long-stay, paid parking, ensuring sustainability and alignment with broader environmental objectives.
- 6.11 This option would still require a repayment of capital to PenBrook. However, whilst retaining the main historic features of Trafalgar House it is not at all clear whether this model would generate income, not at the moment, how this would 'fit' with the Council's car parking policies.

So, what does all this tell us about the Redevelopment of Trafalgar House?

- 6.12 The redevelopment of Trafalgar House is a key project of the Revitalise Nelson. Investment to redevelop the existing building, make it safe and usable is key, both in terms of its potential but also as part of the long-term regeneration of the town fabric.
- 6.13 It is clear there is potential to develop Trafalgar House and there is evidence of need for its future use, particularly as a multi-purpose events venue (Development Option 1). This would also create a very flexible and adaptable space whose use could change as the needs of the town change, if appropriate.
- 6.14 The real issue is the operational and financial viability and sustainability of the redeveloped space, and particularly at this moment in time, when the rest of the Nelson regeneration programme has not yet happened. Town footfall has yet to increase substantially, the impact and draw effect of the redeveloped PRSC has yet to be seen. These are impacts which have significant potential to be positive for the future operation of Trafalgar House.
- 6.15 It is timing that is the critical factor; if Trafalgar House is not redeveloped the opportunity for Towns Fund investment could be lost altogether, and in this scenario, it is perhaps inevitable that demolition then becomes the only option.
- 6.16 If the priority is to protect and retain Trafalgar House because of its historic value and its significant potential as part of the regenerated townscape, there needs to be an acceptance that its total transformation and contribution will need to happen in phases to achieve its redevelopment, mitigate risk, and repay investment.
- 6.17 On this basis the decisions to be taken are:

Decision 1 Decide to do nothing

Decision 2 Decide to Invest in redevelopment

Decision 3 On the basis of investing in redevelopment i.e. Option 1 secure the least risky and most cost-effective delivery model, at least in the medium-term i.e. 5-10 years

Decision 4 On the basis of investing in redevelopment i.e. Option 1 accept that the delivery model may look different in the long-term as the impact of the overall town's regeneration makes clearer the needs that Trafalgar House could fulfil

Decision 5 Invest in Option 2 and demolish Trafalgar House

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6.18 Table 15 describes each of these decisions in financial terms

Table 15: Decision Descriptions

Decision	Description
Decision 1 Decide to do nothing	No investment, no capital repayment, no contribution to regeneration. Likely Trafalgar House will eventually need to be demolished as building deteriorates.
Decision 2 Decide to Invest in redevelopment	Capital investment through the Towns Fund £1.6m and PenBrook £1.1m, the latter which will need to be repaid through operation of the redeveloped Trafalgar House. Retention and re-use of a historic building, contribution to town centre regeneration.
Decision 3 On the basis of investing in redevelopment i.e. Option 1 secure the least risky and most cost-effective delivery model, at least in the medium-term i.e. 5-10 years	<p>This decision could be delivered through three alternative models:</p> <ol style="list-style-type: none"> 1. Set up a new Trust- there will be a cost to setting up the trust and the revenue projections demonstrate the need for a large subsidy to allow for a sinking fund and repayment of PenBrook capital 2. Lease the redeveloped building for 5-10 years with clear guidance on use of the space to contribute to community benefit. The lessee would have flexibility to be commercial or adopt a social investment approach, as long as rental is paid to PBC to contribute to repayment of capital investment. Subsidy likely to be less than for the trust-managed option, but as the owner of the building, PBC would need to maintain its structure, so a sinking fund would be advised. 3. Sell the re-developed building with clear guidance on use of the space to contribute to community benefit (if this is allowable following use of Towns Fund investment). The sale proceeds would repay the PenBrook capital investment. The risk to this option is effectively the building would be lost to the public realm and therefore in the longer term its contribution to the town would be in the hands of its owner. PBC would have some control over this through any subsequent planning/change of use application.
Decision 4 On the basis of investing in redevelopment i.e. Option 1 accept that the delivery model may look different in the long-term as the impact of the overall town's regeneration makes clearer the needs that Trafalgar House could fulfil	<p>Following redevelopment, Trafalgar House could be leased in the medium-term and then this delivery model could change as the overall town regeneration is implemented, to accommodate future clearer spatial needs.</p> <p>Following a medium-term lease the building could be sold with the implications set out in Decision 3, or it could be managed through a trust/social enterprise once the capital has been repaid, which would mean financially it could be more viable and sustainable, depending on its eventual use.</p>
Decision 5 Invest in Option 2 and demolish Trafalgar House	If it is decided to implement Development Option 2, Trafalgar House would be fully, or partially (if façade is retained) demolished. There would be a capital cost to this and capital repayment. As a car park the site would not generate any income, based on PBC's existing car parking policies, and this option would deliver less social value than Decisions 2,3, and 4.

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10.1. In Table 16, each of the above decisions is assessed in terms of feasibility, potential impact and alignment with the Towns Deal Objectives.

Table 16: Decisions for PBC

Option	Social and Economic Impact	Revenue Impact	Capital Cost Impact	Risk
A) Decide to Do nothing i.e. status quo and no investment in the short term	<ul style="list-style-type: none"> • Heritage Preservation: Maintains the historical integrity of the building. • Flexibility: Allows for future decisions based on evolving town dynamics and development outcomes. • Risk of Deterioration: Prolonged inaction may lead to further degradation of the building's condition, which impacts on the Nelson townscape. 	<ul style="list-style-type: none"> • Maintenance Costs: Ongoing maintenance of the building may still incur costs. • Opportunity Cost: Potential revenue from redevelopment is foregone. 	<ul style="list-style-type: none"> • Towns Fund Allocation: £1.6m earmarked for redevelopment is foregone • Cost Efficiency: No immediate capital expenditure required. 	High – may lose all opportunity for funding and building deteriorates, meaning any future investment will be more costly.
B) Decision 2 Decide to Invest in redevelopment	<ul style="list-style-type: none"> • Community Engagement: Partnerships with educational institutions can foster community involvement and usage. Local business investors would support the redevelopment of Nelson as a whole through community buy-in • Local Focus: Alignment with community interests. • Sustainable Management: A dedicated entity focused on the building's success and maintenance. • Cultural Preservation: Retains the heritage building's historical significance while repurposing it for modern use. 	Subsidy Requirement- there is likely to be this requirement from PBC in the short term	<ul style="list-style-type: none"> • Initial Costs: Redevelopment costs will still need to be incurred and some repaid 	Medium – retains Towns Funding and investor contribution for the good of town regeneration, but revenue position still likely to require subsidy
C) Decision 3 On the basis of investing in redevelopment i.e. Option 1 secure the least risky and most cost-effective delivery model, at least in the medium-term i.e. 5-10 years	<ul style="list-style-type: none"> • Local Control: The Trust model ensures local governance and alignment with community interests. A lease is less risky and likely to require a lower subsidy. A sale is the least risky in terms of ongoing financial commitment, but the risk lies in finding a buyer. • Sustainable Management: A dedicated entity focused on the building's success and maintenance. 	<ul style="list-style-type: none"> • Financial Sustainability: If operating at a loss ongoing subsidy required • Operational Risks: The Trust needs to be well-managed to reduce operational risk. • Existing Trust: PLT is not interested in operating another building, and setting up a new 	<ul style="list-style-type: none"> • Initial Investment: Significant upfront costs for redevelopment which may not realise an immediate return on investment. 	Lower - retains Towns Funding and investor contribution for the good of town regeneration, but revenue position still likely to require subsidy. However, this approach takes a longer-term view by capitalising on short-term opportunity for investment.

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Option	Social and Economic Impact	Revenue Impact	Capital Cost Impact	Risk
	<ul style="list-style-type: none"> • Cultural Preservation: Retains the heritage building's historical significance while repurposing it for modern use. • Limited Control: The council is likely to have less control over the operation and usage of the facility under a lease. • Dependency: Success depends on finding a suitable and committed operator. 	<ul style="list-style-type: none"> • trust will be time and cost consuming. • Shared Investment: Collaboration with an external operator could reduce the financial burden on the council. • Management Expertise: External operators would bring specialised skills and experience in facility management. • Ongoing Costs: PenBrook repayment may still be subsidised by PBC depending on the conditions of the lease and level of rent. 		
D) Sell the building and require a new owner to develop an offer benefitting the town	<ul style="list-style-type: none"> • Sustainable Management: A dedicated entity focused on the building's success and maintenance. • Cultural Preservation: Retains the heritage building's historical significance while repurposing it for modern use. • Limited Control: The council is likely to have far less control over the operation and usage of the facility under a sale. • Dependency: Success depends on finding a suitable and committed operator. 	<ul style="list-style-type: none"> • No ongoing revenue impact as long as building sold for more than £1.1m, but no income for PBC which could be achieved through a lease arrangement. 	<ul style="list-style-type: none"> • Requirement for capital investment repayment negated if building sold following redevelopment. 	Medium- less public control over what and how Trafalgar House contributes to town regeneration in the long term
E) Demolition and Construction of a Car Park	<ul style="list-style-type: none"> • No Identified Need: No strategic evidence suggesting additional car parking is required now or in the future • Other car park developments: 140 car park spaces will be provided at PRSC as part of the redevelopment • Loss of Heritage: Demolition results in the permanent loss of a historic building. • Community Backlash: Potential opposition from heritage conservationists and community members. 	<ul style="list-style-type: none"> • Revenue Generation: Parking facilities can generate consistent revenue streams, but this would only be realised if PBC policies change. • PBC would incur some costs through long term maintenance of the car park. 	<ul style="list-style-type: none"> • N/A 	Risky financial option, BUT no evidenced need for investment in a car park. Significant loss of a historic feature which could never be re-provided. Huge potential for community backlash. Loat opportunity for long term contribution of Trafalgar

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Option	Social and Economic Impact	Revenue Impact	Capital Cost Impact	Risk
	<ul style="list-style-type: none">• Investment in a ground source heat pump could be beneficial in sustainable energy terms.• Simplified Management: Lower complexity compared to managing a redeveloped heritage site.			House to the town's regeneration.

Key:

Red – High risk

Orange – Limited risk

Green – Low risk

7. Conclusions and Recommendations

- 7.1. This report evaluates the feasibility and implications of using the allocated £1.6 million budget, along with additional borrowing options, to finance the redevelopment of Trafalgar House as part of the Revitalised Nelson regeneration programme. The building is in a state of disrepair, and it is likely to cost £2,765,026 to redevelop this facility and bring it back into use (Option 1 Multi-purpose Events Space), excluding fitout costs.
- 7.2. Consultation with identified stakeholders identified a diverse range of views on future utilisation of the site. Views ranged from advocating for the demolition of the building to make way for an Electric Vehicle (EV) car park, coupled with the implementation of a ground source heat pump to support Pendle Borough Council's (PBC) carbon neutrality objectives, to proposing the development of the building for hosting large-scale events or as a measure to address anti-social behaviour in the town.
- 7.3. Based on the consultation, research and analysis, at this point in time, the two development options really worth consideration are:

Option 1 – a multi-purpose Events Space

Option 2 – a car park for electric vehicles (EV)

- 7.4. A significant challenge lies in the management of the redeveloped building moving forward. PBC lacks the internal resources required for effective facility management, while Pendle Leisure Trust perceives operating the building as financially unviable, particularly in the absence of a management fee. If PLT did take on management of the building, there is a real chance this would increase the subsidy PBC already pays to the trust. Additionally, Burnley FC in the Community has expressed disinterest in assuming management responsibilities for additional assets within Pendle due to the current financial pressures of managing the Leisure Box in Brierfield.
- 7.5. With a grant of £1.6 million allocated for redevelopment of Trafalgar House, borrowing additional funds to further improve the building raises questions about financial sustainability and long-term returns on investment. Borrowing additional funds to finance further improvements could enhance the building's amenities, aesthetics and functionality, potentially increasing its attractiveness to tenants or buyers. However, borrowing through PenBrook entails repayment obligations which have an impact the financial viability of the project in the short to medium term.
- 7.6. However, this option needs to be compared to that of demolition to invest in provision for which there is no clear evidence of need. In summary, at this point in time the two development options look like:

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Table 17: Summary of the two development options

Development Option 1 – a multi-purpose events venue	Development Option 2 – demolition and construction of a car park
Capital investment needed – both Towns Fund (already allocated) and investor (already identified)	Capital investment needed – both Towns Fund (already allocated) and investor (already identified)
Revenue funding – a subsidy likely under any delivery or operational model short to medium term (except a sale following redevelopment)	Cost of car park maintenance
Retention of historic asset	Loss of historic asset
Evidence of need for events space and longer term potentially other uses	No evidence of need
Retention of historic asset in the public realm	Retention of site in the public realm
Contribution to town regeneration and long-term sustainable re-use of existing building	Potential for significant contribution to PBC's net zero targets if a ground source heat pump is installed but no evidenced need

Key:

Red – negative impact
 Orange –some impact
 Green - positive impact

- 7.7. On balance the case for redevelopment of a historic asset and long-term sustainability is stronger than the short-term and irrevocable loss of Trafalgar House for a car park, for which there is no evidence of need. Investing public money in unevidenced need is a total waste of resources. Viability analysis advocates utilising the allocated £1.6m budget for redevelopment of Trafalgar Hose plus low levels of borrowing through PenBrook, activating the building and adhering to the monitoring criteria of the Towns Deal fund.
- 7.8. **Taking a long-term and phased approach to the contribution of Trafalgar House to the regeneration of Nelson means that the short-term capital investment available (Towns Fund and PenBrook) will not be lost and retains both flexibility and potential for the town centre. Whilst this means some subsidy for PBC short to medium term, this is can be mitigated through a lease option, to give time for the overall town regeneration proposals to be implemented and take effect. A lease approach also maintains at least some control over what is delivered in a redeveloped Trafalgar House.**

- 7.9. Upon completion of the redevelopment of Pendle Rise Shopping Centre, and all other areas as part of the Revitalised Nelson project, PBC should then re-consider the best use of Trafalgar House as an asset for the Town. It is advised that PBC closely monitors the progress of regeneration efforts across other areas within the town. As these initiatives mature and contribute to the overall improvement of the locality, the future role of Trafalgar House will likely become clearer. This phased approach ensures that decisions regarding the building's long-term utilisation are informed by the broader context of town-wide regeneration and community development.
- 7.10. Replacement of Trafalgar House with a car park potentially undermines the broader strategic goals of the Towns Deal initiative with no strategic evidence of need.

Recommendations

- 7.11. Based on the above and what is, in reality, a very complex situation it is recommended that:

Recommendation 1 – PBC and partners progress with the redevelopment of Trafalgar House.

Recommendation 2 – The redevelopment of Trafalgar House should focus on creating a safe and sustainable building with maximum operational flexibility. The fit out should also be as flexible as possible as a multi-purpose events space (Development Option 1).

Recommendation 3 – PBC should start now to identify a lessee for the building on a short to medium term basis and ensure written into the lease is the requirement for the redevelopment to contribute to town centre regeneration and to have tangible community benefits.

Recommendation 4 - PBC and partners should agree terms for repayment of the additional PenBrook capital over the lease period, minimising the level of PBC subsidy required.

Recommendation 5 – PBC and partners should carefully monitor the overall implementation of the regeneration proposals for Nelson, seeking to capitalise on any strategic opportunities through which the redeveloped space at Trafalgar House could be re-focussed in the medium to longer term.

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