

REPORT FROM: DIRECTOR OF PLACE

TO: NELSON TOWN DEAL BOARD

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REVITALISED NELSON

PURPOSE OF REPORT

To update the Nelson Town Deal Board on progress with Revitalised Nelson Programme

RECOMMENDATION

To note the report.

REASON FOR RECOMMENDATION

For information.

1. The report provides updates on Pendle Rise Shopping Centre, Relocation Properties and Trafalgar House.
2. **Pendle Rise Shopping Centre**
3. Since purchasing Pendle Rise Shopping Centre (PRSC) Pendle Borough Council (PBC), in conjunction with management operator Beddows Limited, have repaired key operating systems and dealt with a vermin infestation. The centre is now operating relatively smoothly on a day-to-day basis.
4. A series of banners and visuals are under preparation for display around the site to show that existing retailers are open for business and to show visuals of the proposed development. The Leader has paid several visits to PRSC to meet traders and images of these visits have been used to raise awareness of the redevelopment proposals.
5. Each tenant has been met with by the PBC Estate Team to ascertain their intentions and preferences going forward in terms of business continuity. Some businesses are looking to close, others to permanently relocate and a number are interested in coming back into the centre once redeveloped.
6. Progress has been made with the Telecommunication installations with both Cornerstone and MBNL actively considering the ACE Centre as a relocation option.

7. Discussions with tenants and telecom companies have enabled an early estimate of the financial liability in terms of compensation to be arrived at, pending a full and final tenancy schedule.
8. This full tenancy schedule is under preparation by TerraQuest who are working with Axis Property Consultancy to do the Land Referencing required by the Compulsory Purchase Order (CPO) process.
9. On the 19th September the Executive Committee at PBC will be asked to approve making the CPO to acquire any remaining interests in the PRSC site and land. The report will be accompanied by a full Statement of Reasons, Relocation Strategy and Equality Impact Assessment in line with CPO requirements.
10. The timeline for the CPO process is laid out below:

Period / Dates*	Action
May 2024	Acquire freehold to PRSC
June–August 2024	Complete Land Referencing and assess accurate information on tenancies and interests in PRSC
June–August 2024	Complete remaining documentation in preparation for CPO
September--November 2024	Make and pursue confirmation of the CPO, potential for an inquiry if objections are received
August 2024 - September 2025	Rolling programme of decommissioning, tenant relocation and soft strip out across PRSC
March 2025	Estimated date for CPO public inquiry (if required)
September 2025	Target vacant possession date by agreement
September 2025	Secretary of State's decision to confirm CPO
September-October 2025	Exercise CPO powers to acquire remaining land interests
October 2025	Commence demolition where land is wholly owned by the Council
March 2026	Complete demolition and have a cleared site ready for development.

11. The CPO is required to ensure any and all remaining rights and interests in land at PRSC are and can be assimilated so there are no impediments to the development. However, as freehold owner of the site, PBC can continue to gain vacant possession of the site and proceed with preparations to demolish the existing buildings.
12. Vacant shop units are already being stripped out and a programme of decommissioning and delisting of vacant units is underway with a target completion of the end of the calendar year. This will involve removing all fixtures, fittings and fixes from the units to include utility connections and insulation.
13. This reduces the rates liability on PBC and means that preparation for full demolition is in progress. An asbestos survey has been carried out and quotes will be obtained for its early removal in areas where it is safe to do so.
14. Specialist contractors have attended site and provided quotations for demolition of PRSC. The most competitive of these was at £1.35 million and the most expensive at £1.75 million. A budget of £1.5million has been set as a result of this exercise.
15. Under consideration is the feasibility of consolidating remaining retailers in the front element of PRSC in order to enable an early demolition of Phoenix Chambers. However

complications around shared services, structural elements and health and safety considerations need to be carefully considered.

16. The project team is currently aiming to have vacant possession of the centre by the end of September 2025 with demolition complete by end of March 2026.

17. Discussions are currently taking place with Lancashire Highways to ensure works carried out as part of their cross-Nelson highway improvements, which include Accessible Nelson, are fully consistent with the Pendle Rise Shopping Centre proposals.

18. Relocation Properties

19. A second relocation property at 5-7 Scotland has been acquired by Brookhouse Developments Limited (Brookhouse). PBC is currently in the process of agreeing terms for the long-term rental agreement with Brookhouse for this property which is currently British Heart Foundation next door to Althams.

20. The property has two retail units, one of which is occupied, and extensive first floor accommodation.

21. Meetings have been held with SpecSavers regarding relocation options. Other vacant premises are also under review against the requirements determined from the interviews with existing PRSC tenants.

22. Trafalgar House

23. On 19th September the PBC Executive Committee will receive a report on Trafalgar House with recommendations as laid out below:

RECOMMENDATIONS

- (1) To approve either partial or full demolition of Trafalgar House and leave a cleared site suitable for car parking and possible future redevelopment.
- (2) To approve reconfiguration of the area between the rear of Number 1 Market Street and the ACE Centre by constructing additional parking to include some Electric Vehicle Charging (EVC).
- (3) To note the virement of £25,000 of Trafalgar House Town Deal funding to the redevelopment of Pendle Rise Shopping Centre to support the inclusion of 14 EVC spaces in that scheme.
- (4) To note that options for revenue models for the provision of photovoltaic cells to power EVCs at the ACE Centre / Pendle Rise are being reviewed.

REASONS FOR RECOMMENDATIONS

- (1) To safely demolish the existing Trafalgar House structure before further deterioration in its condition risks collapse and a danger to public safety.

To provide for a site for potential future redevelopment at a time when economic conditions are more conducive for investment into Nelson Town Centre following redevelopment of Pendle Rise Shopping Centre.

	To ensure a timely decision to enable the project to be completed within the timelines set out within the conditions relating to the Town Deal Fund.
(2)	To ensure that the benefits of providing additional and convenient parking for the ACE Centre, set out within the original Trafalgar House proposals, are permanently safeguarded within the overall Revitalised Nelson programme.
(3)	To ensure that the benefits of providing additional EVC parking for Nelson Town Centre, proposed within the original Trafalgar House proposals, are permanently safeguarded within the overall Revitalised Nelson programme.
(4)	For information.

24. In 2022, an options report was produced for Trafalgar House by David Morley Architects. This report considered a number of uses for the building. The suggested development, which was adopted in principle by the Town Deal Board, was retaining the front portion of the building to include for a ground floor commercial unit and a single first floor 2 bedroom flat, with a demolition of the newer part of the building to the rear and in its place create 14 covered parking spaces each with an Electric Vehicle Charging Point (EVC).
25. The cover to the car park spaces was proposed to house Photo Voltaic (PV) Cells in order to provide power to the EVCs.
26. Part of the rationale for choosing this scheme was to provide additional parking for the ACE Centre and therefore increase its attractiveness to potential new business tenants.
27. A budget of c£1.6million was allocated for Trafalgar House, however, the cost plan for the original proposals gave a figure of just under £1.8million. An appraisal of the development by Penbrook Developments Limited showed the proposals not to be viable, with a funding gap of between £160,000 and £250,000 in 2022. The cost estimate of £1.8million has been revised to reflect 2024 levels and is now estimated at c£2.15million, increasing the funding gap to c£550,000 over and above the Town Deal funding available.
28. However, there are alternatives for the provision of additional car parking spaces to service the ACE Centre and for the provision of EVCs.
29. A design study has been produced by the PBC Engineering Department which shows that re-engineering of the courtyard area between the ACE Centre and No 1 Market Street, which is land owned by Pendle Borough Council, can provide for around 43 additional car parking spaces for the ACE Centre (Appendix 1).
30. At the same time the plans for the redevelopment of Pendle Rise Shopping Centre include the potential for EVCs in response to planning requirements.
31. During the 2023 public consultation undertaken as part of the planning process for the redevelopment of Pendle Rise Shopping Centre (PRSC), leisure and recreational uses were popular suggestions. A review of the David Morley Architects report for Trafalgar House showed that similar leisure uses were proposed at the time, but were not explored by their report.
32. Given the funding gap for the original Trafalgar House proposals and the options for realising the benefits of additional ACE Centre parking and EVCs, as originally proposed for the site, the feasibility of repurposing the Trafalgar House site for leisure and recreational uses was examined.

33. In 2023 Pendle Borough Council commissioned a review of leisure facilities across the borough. This work was carried out by Strategic Leisure who produced the Pendle Leisure Facility Option Appraisal 2023. In the context of this leisure review, Strategic Leisure were commissioned to see whether Trafalgar House could provide for additional recreational facilities, of a type not normally found in the leisure centres. They were provided with details of the PRSC consultation, to which they added the findings from the Leisure Review. They then conducted new consultations with a range of stakeholders including young people at Nelson & Colne College and the Yes Hub.
34. Visuals were produced to show the feasibility of the use of the Trafalgar House shell / site for various leisure. The construction cost of the concept design excluding fit-out (as this would have depended on final usage) was estimated by Howell Goodfellow Quantity Surveyors at £3million and this estimate was subsequently endorsed by Barnfield Construction Limited to ensure the robustness of figures quoted.
35. More work was then done on the optimum mix of facilities - a complex consideration of physical space, demand, longevity, fit-out costs, operating costs, flexibility and profitability. Having considered various options, they identified a multi-use community events space as the optimum use should the building be kept and repurposed for community recreation / leisure use.
36. This usage depends on finding a suitable and committed operator, which despite conversations held by Strategic Leisure with established local Leisure Operators such as Pendle Leisure Trust, Burnley FC in the Community and also Active Lancashire has not been possible: No expressions of interest have been forthcoming, and the Strategic Leisure report concludes that there is no clear choice of operational model.
37. Without an operator, with a clear viable business plan and suitable covenant strength, it is not possible to fund the development: Neither the Strategic Leisure proposal, nor the original proposal centred around EVCs, reaches the 10% return threshold for Penbrook Developments Limited (the delivery vehicle for Revitalised Nelson) meaning neither will attract funding from Penbrook and so both remain unviable and undeliverable.
38. The Strategic Leisure report identifies that the *'real issue is the operational and financial viability and sustainability of the redeveloped space, and particularly at this moment in time, when the impact and draw effect of the redeveloped PRSC has yet to be seen'*. In theory this may suggest a 'do-nothing' option is advocated to allow for the redevelopment of PRSC to take place and the relocation property programme to impact on the building stock in the town centre. Unfortunately, the rapid deterioration in the Trafalgar House building and the funding deadline of March 2026 do not allow sufficient time for this option.
39. However, the principle of leaving options for the site open, until the conditions and proposition for investment in Nelson are maximised post completion of the redevelopment of Pendle Rise, is sound and therefore this option has been further explored.
40. Both the original car park canopy proposal and a concept for indoor cricket or flexible community event space involved the partial demolition of Trafalgar House to allow for the construction of either option to the rear of the historic front portion of the building. Partial demolition to leave a development ready site at the rear has therefore been considered as an option. (This has been costed by Howell Goodfellow Quantity Surveyors at £1.34million).
41. This option would save the exterior of the historic front element of Trafalgar House, with a basic internal refit across all floors to provide some commercial lettable space. This would

address the deterioration in the building through demolition and refurbishment and would leave a development ready site to the rear - leaving future options open.

42. This option does however still leave the issue of investing in a building with no definite use or operator identified, potentially leaving the Council with a void. It would also limit the future development options for the site and potentially look out of place and scale with just the front of the building left. A second option has therefore been considered of total demolition, which has been estimated by Howell Goodfellow Quantity Surveyors at an estimated cost of £600,000 – a saving of around £400,000. For either option the demolished section would be levelled and tarmacked and left available as parking in the short-term pending a viable redevelopment proposal coming forward for the site.
43. The Executive Committee is being asked to decide upon either partial or full demolition.
44. As mentioned in paragraphs 9 and 10 there are options to deliver the original Town Deal proposals for Trafalgar House. Additional car parking spaces, primarily designed to service the ACE Centre, to include some EVCs can be provided in the area to the rear of Number 1 Market Street and the ACE Centre as shown in the scheme laid out in Appendix One. This scheme shows potential for up to 14 EVCs, but a cost allowance has been included for 6 at this stage.
45. In addition to the opportunity for EVCs to be provided at the extended ACE Centre car park, the redevelopment of Pendle Rise offers the opportunity to provide the 14 EVCs originally proposed.
46. The original Trafalgar House scheme for EVC spaces proposed they were covered with canopies covered with PV cells. Since the original Town Deal bid was submitted there has been significant development in the PV market, with operators offering revenue contracts which minimise capital outlay: The operator supplies the PV infrastructure at their cost and then through a guarantee of the sale of electricity, or an agreed portion of it, that is generated by the PV panels over a number of years, the operator turns a profit on their investment. Any options for PVs to power EVCs at the ACE Centre and/or Pendle Rise are being explored by the Director of Place and Director of Resources and will be subject to a separate report should a financially attractive option be found.
47. This means that the Pendle Rise redevelopment and the re-engineering of the No. 1 / ACE Centre Courtyard, could replace the proposed Trafalgar House car parking EVC spaces, and provide additional parking that is closer to the ACE Centre than Trafalgar House. The cost of the proposals breaks down as follows:

Partial Demolition	£
Demolition Works and Making Good	444,705
Construction works to retained building	565,988
New Parking at ACE Centre to include 6 EVCs*	105,000
Virement to PRSC for contribution to 14 EVCs	25,000
Car Park Construction	200,000
Total Cost	1,340,693
Town Deal Funding Available	1,615,000
Balance	274,306

Total Demolition	£
Demolition Works and Making Good	600,000
Construction works to retained building	0
New Parking at ACE Centre to include 6 EVCs	105,000

Virement to PRSC for contribution to 14 EVCs	25,000
Car Park Construction	200,000
Total	930,000
Town Deal Funding Available	1,615,000
Balance	715,000

*cost estimate supplied by PBC engineering department plus estimate for 6 EVCs based on budgeted cost for PRSC

48. Both of the proposed options generate an underspend against the Town Deal funding available for Trafalgar House. The underspend could be used to look at fitting out for residential use on the first floor. Alternatively as the project forms part of the Revitalised Nelson programme any underspend will automatically become available to other elements such as Pendle Rise and Relocation Properties. For example, this could further support the cost of Public Realm and Highway improvements at Pendle Rise that link to Accessible Nelson. Or it could provide funding to support the purchase and refurbishment of more Town Centre relocation properties for Pendle Rise tenants and achieve more physical regeneration at the same time.
49. The feasibility of using the additional funds to enable the cleared site to be suitable for accommodating an extended street market by installing infrastructure such as electrical points, stall fixing points, lighting, canopies, additional market stalls etc. is also being looked at. The outcomes of these investigations will be subject to a separate report.
50. No decisions on these expenditure options will be sought pending finalisation of the estimate for compensation on PRSC.

APPENDICES

Appendix 1 – ACE Centre Parking Proposal

Appendix 2 – Visuals showing site after demolition options