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Report Title	Trafalgar House – Redevelopment Proposal
Meeting	Executive
Meeting Date	17 th December 2025
Report Author	Richard Savory
Directorate	Place
Lead Executive Member(s)	Cllr A Mahmood, Portfolio Holder for Economic Growth
Wards Affected	Bradley
Public. Part Exempt, or Fully Exempt	Public
Appendices (if any)	Howell Goodfellow Cost Plan

1. Executive Summary

1.1 The purpose of this report is to update Executive on the costs and funding of the proposals for the renovation of the front portion of Trafalgar House and to agree a way forward.

2. Recommendations

2.1 For the reasons set out in this report, Executive is recommended - subject to the outcome of the meeting of the Nelson Town Deal Board on 16th December (details of which will be provided by way of a verbal update at the meeting) - to:

- note the intention to undertake the redevelopment of Trafalgar House through Penbrook, the Council's Joint Venture arrangement with Brookhouse.
- acknowledge the procurement exercise being undertaken for the project on the basis of the scheme set out below.
- agree that a further report be brought back to Executive for consideration following the completion of the procurement exercise with a view to progressing the scheme at the earliest opportunity given the deterioration of the building.

3. Information: The Rationale & Evidence for the Recommendations

3.1 At the meeting of the 31st October 2024, the PBC Executive decided to proceed with a regeneration scheme which retains the front portion of Trafalgar House.

The approved scheme is to renovate the retained front portion of the building. The rear of the building is to be demolished, with the area to the rear of the retained portion to be used for car parking, together with extended parking provision on the land between the rear of No1 Market Street and the rear of the ACE Centre (see paragraph 3.17).

3.2 As outlined in a report to the PBC Executive of the 19th September 2024, the redevelopment of Trafalgar House was included in the Revitalised Nelson Programme (Revitalised Nelson) as part of the Town Deal along with the redevelopment of Pendle Rise Shopping Centre (PRSC) and the provision of Relocation Properties. The aim of Revitalised Nelson is to regenerate Town Centre assets through a delivery vehicle - Penbrook Developments Limited (Penbrook) - which is a joint venture between The Council and Brookhouse Developments Limited.

3.3 The proposals agreed by the Executive at the meeting of the 31st October 2024, were taken forward to the Town Deal Board and the Board of Penbrook Developments Limited as key stakeholders in the project.

3.4 The Town Deal Board signalled agreement to the proposals subject to MHCLG approval, which has been received. However, cost estimates of the project exceeded the available Town Deal funding.

3.5 In the last two months, success in other elements of the Revitalised Nelson programme, in terms of achieving a Compulsory Purchase Order with no objections negating the need for a public inquiry, savings on the estimated costs of demolishing PRSC, and limiting the number of relocation properties needed, has now given some head room in the Revitalised Nelson Town Deal budgets.

3.6 These savings include the appointment of the preferred bidder for the demolition of Pendle Rise Shopping Centre (PRSC) at £1,168,867 against the budget for PRSC demolition of £1.5 million. There will also be an anticipated saving of c£300,000 on CPO fees, following the completion of the CPO without the need for a public inquiry. Against this are provisions for claims for disturbance during demolition works, fees for managing the demolition process and contingency. The net outcome of these considerations being a £130,000 reduction in the PRSC budget on a worst-case scenario.

3.7 More retailers than expected have negotiated settlements, in line with the CPO code, that have not required relocation properties to be provided. Therefore, there is a forecast underspend on the Relocation Properties budget of £543,000 even allowing for a worst-case scenario.

3.8 As a result, the Town Deal Board, at its November meeting, approved the diversion of funds from savings on the original budgets for PRSC and Relocation Properties to the Trafalgar House project, to provide for sufficient funds to deliver the Trafalgar House project based on updated cost estimates.

3.9 Penbrook Developments Limited have commissioned inspections of the building by Howell Goodfellow Associates who gained entry to Trafalgar House to review its condition with a Structural Engineer and provide a more accurate budget estimate and scope of works to be assessed and defined.

3.10 Their report delivered the good news that the structure of the building was basically sound and that the front of the building would not collapse when the rear was demolished. However, it also found the extent of dilapidation in the front section to be retained was even worse than expected. Some concerns were raised at the rate of decline in areas throughout the existing building and the prospect of collapses of roof timbers and internal elements, especially if faced with a severe winter.

3.11 Due to the increasingly rapid deterioration in the condition of the building and some cost inflation, Howell Goodfellow's estimate has increased from those in the reports to Executive in September and October 2024. Due to the extent of the dilapidation found during inspection the cost estimate has now increased to £1,702,066 as per the attached schedule.

3.12 Of this amount the cost of demolishing the rear part of the building is estimated at £460,898. This estimate could change up or down when the construction contract is tendered. It should also be noted that the QS cost plan only contains a 3% contingency, which may be considered light for a demolition project, particularly considering the rapid deterioration in the building.

3.13 A construction procurement exercise is currently being carried out by Penbrook Developments Limited to provide greater certainty over costs.

3.14 Based on the current Howell Goodfellow estimate these were the figures presented to the Town Deal Board at its meeting in November 2025:

Item	£
Costs	
QS Estimate	1,702,066
Additional 15% contingency	256,231
Planning and Professional Fees	70,000
Penbrook Development Mgt Fee	85,000
Client side professional fees	150,000
Sub Total	2,263,297
Funding	
Budget	1,590,297
Relocation Properties Virement	543,000
PRSC Virement	130,000
Sub Total	2,263,297
Balance	
Total	0

3.15 The Town Deal Board has initially approved a budget of circa £2,000,000, to enable the project to progress without further delays, meaning a virement of circa £300,000 from the other Revitalised Nelson budgets. The board has requested confirmation of the value, in Heritage terms, of the proposed scheme against other options, including 'façade retention' only, and would like to consider the confirmed costs following completion of the construction procurement exercise being carried out by Penbrook. Following these confirmations, the board will consider the request for the additional contingency funding outlined in the table above.

3.16 It should also be noted that the scope of proposals has previously included the extension of car parking provision between the rear of No1 Market Street and the ACE Centre. Costs for this are not included in the Howells Goodfellow cost plan and this aspect of the project will be revisited once construction quotes for the core works at Trafalgar House itself are confirmed by formal construction tenders.

3.17 The condition of Trafalgar House is now deteriorating at a rapid rate, meaning that the cost of demolition is increasing accordingly. It will not be possible to remove hazardous material in advance of demolition for much longer, and if this has to be done after demolition it will significantly increase costs.

3.18 Costs estimates are going up with each review exercise as the amount of work to deal with the dilapidation in the building increases, along with the effects of cost inflation generally.

3.19 The demolition costs in the latest cost plan have been formulated in conjunction with submissions from local contractors. However, Goodfellow Howells have only allowed for 3% contingency in their cost plan. This might be considered light.

3.20 Considering the risks outlined in paragraphs 3.17- 3.19 inclusive, the need for an additional 15% contingency, to be funded by the savings outlined in paragraphs 3.7 and 3.8 has been highlighted.

3.21 PBC Property Services are also arranging for an independent engineer's inspection to review the current condition of the building from a safety point of view.

3.22 The opportunity presented by Trafalgar House was marketed by Agents appointed by Penbrook Developments Limited for three months earlier this year, with the result that two potential occupiers have been identified for the renovated building. Both potential occupiers would use all floors for 'Class E' Town Centre Uses and would deliver services that would benefit the community.

3.23 Discussions with these occupiers have covered leasing of the building. A pre-let agreement with an occupier will mitigate the risk of the building being left empty following investment in its renovation. The Council would look to enter into

a full repairing lease, with the occupier picking up all liability for the ongoing maintenance and revenue costs of operating the building. It is also anticipated that the commercial deal entered into with the occupier would require them to contribute to their own finishes and fit-out costs.

4 Link to Council Plan Priorities: (Providing High Quality Services and Facilities, Proud and Connected Communities and Places, Good Growth and Housing and Healthy Communities)

4.1 The proposals are essential to deliver the Revitalised Nelson element of the Nelson Town Deal. Delivery of Nelson Town Deal is fundamental to the Council Plan Priorities, in particular, Proud and Connected Communities and Places, Good Growth and Housing and Healthy Communities.

5 Implications

5.1 Financial Implications

The core funding for the project, including fees and contingencies, is provided by the Town Deal Fund.

There is the potential for ongoing revenue costs associated with owning the building as landlord. It is intended that these costs are passed onto the tenant.

There is the potential for ongoing revenue costs for the Council should the building stand empty at a future point. This risk will be mitigated should a pre-let agreement be secured with an occupier.

5.2 Legal and Governance Implications

The proposals are subject to planning permission being granted to Penbrook Developments Limited. (The level of fees shown in the table at 3.14 represents the need for Heritage Assessments and other planning requirements associated with Trafalgar House's status as a non-designated heritage asset in a conservation area.)

The planning application will be submitted by Penbrook Developments Limited with determination by Pendle Borough Council.

A pre-let agreement and subsequently a lease would be required to be entered into.

5.3 Climate and Biodiversity Implications

The proposals will result in the bulk of the materials arising from the demolition of the rear of the building being used to fill in the rear basement and leave a levelled site, while the majority of the superstructure of the retained front portion will be retained. This means that there will be no significant release or generation of carbon associated with the project when compared with total demolition, removal of the bulk of materials off-site, and any new build on the site.

The renovated portion of the building will be fitted with modern energy efficient systems. The project also provides for Electric Vehicle Charging points (which will be located on the Pendle Rise Development and/or the ACE Centre car park extension).

5.4 Human Resources Implications

If Trafalgar House is let, the Council facilities management team will have one less void property to manage.

5.5 Equality and Diversity Implications

An Equality Impact Assessment (EIA) is not required as a result of these proposals.

6. Consultation

Public consultation on the future of Trafalgar House was carried out in August 2022 by David Morley Associates under the supervision of the current Head of Economic Growth. This, together with a Heritage Assessment, informed the original option analysis and feasibility studies which were presented to the Town Deal Board, leading to the proposals for partial demolition with parking to the rear, which subsequently formed part of the overall Town Deal plan.

Further work was carried out by consultants in 2024 with respect to the feasibility of retaining the shell of the entire building for leisure use. However, this was determined not to be viable because of cost and lack of any interested operators.

7. Alternative Options Considered

Alternative options for the future of Trafalgar House were considered in the original August 2022 public consultations and feasibility studies and then were supplemented by new consideration outlined in the September 2024 report to Executive. This is listed as a Background paper. See also Section 6. Consultation.

8. Statutory Officer Sign off (please put an x in the relevant box below)

Section 151 Officer	<input checked="" type="checkbox"/>
Monitoring Officer	<input checked="" type="checkbox"/>

9. Background Documents

Reports of Director of Place – Trafalgar House, Nelson 19 September 2024 and 31 October 2024.

10. Appendices

Appendix One Howell Goodfellow Cost Plan September 2025

Contact Officers

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