

COUNCIL
10 JULY 2025

Part 1

TITLE OF REPORT: Churchgate Viability and Next Steps

REPORT OF: Director - Enterprise

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR ENTERPRISE

COUNCIL PRIORITY: THRIVING COMMUNITIES, SUSTAINABILITY AND RESPONSIBLE GROWTH

1. EXECUTIVE SUMMARY

- 1.1. To provide Members with an update on the Churchgate regeneration project. Highlighting the due diligence, consultation and feasibility work that has been completed so far.
- 1.2. To present the findings of the financial appraisal studies and the preferred option (Option 3) available to the Council.
- 1.3. To define the next steps of the project.

2. RECOMMENDATIONS

- 2.1. That Council supports and endorses the Churchgate Project Board recommendation to discount Option 4 due to it not being financially viable and undertake further work to develop a proposal based upon 'Option 3', which includes by default, Options 1 and 2.
- 2.2. That Council supports and endorses the five 'Development Principles' that are set out in paragraph 8.5.
- 2.3. Members approve additional funding for a specialist Project Manager of £120k as set out at 8.13, as this was not identified as part of the 25/26 budget setting process.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Using the knowledge collated from the public consultation and the technical due diligence carried out by Lambert Smith Hampton (LSH), there are various ways that the site (also known as the Churchgate Regeneration Zone) could be developed. However, for the Council to move forward it is important that the various options are narrowed down according to feasibility. This recommendation allows the Council to proceed with the option that is more likely to succeed based on the evidence.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Project Board members have considered various options based on the due diligence work carried out and presented by LSH (which are set out in the body of this report). These options are considered to not be financially viable, and therefore have been strategically discounted by the Project Board.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Leader and Deputy Leader, the Executive Member for Enterprise, the Executive Member for Resources and Councillor Keith Hoskins are all members of the Churchgate Project Board and have therefore been regularly updated on the progress of this project.
- 5.2 The Shadow Executives have also received regular briefings.
- 5.3 Political Liaison Board (PLB) have also been kept informed on key elements.
- 5.4 The Project Manager has provided Churchgate specific updates within the Members Information Service (MIS) and will continue to do this.
- 5.5 The Project Team have engaged with the Council's Planning Policy Team however this has been for information only, and to ensure they are up to speed on the project and next steps rather than seeking planning advice.
- 5.6 The Project Team, alongside LSH, held an all Members Briefing on 7th April. This was an interactive opportunity for members to ask the Project Team and LSH questions regarding the project progress and next steps.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan, as this is a Full Council decision.

7. BACKGROUND

- 7.1. The Council successfully purchased the Churchgate Shopping Centre Leasehold on 1 August 2022. Following that a Project Board was established and adopted the 'NHC Project Management Framework' which is based on 'PRINCE 2' (an industry recognised Project Management tool). This framework ensures that the Council follows a clear process when setting up, managing, delivering and completing a large project.
- 7.2. The Project Board has completed the first three stages of the Council's Project Management process, which include 1) Project initiation 2) Project Start-up and 3) Planning and Design. The initial three stages are to ensure the Project is set up correctly and the correct governance is in place. We are now in Stage 4) Delivery, which is delivery of the project, appendix A (Churchgate Strategic Timeline) provides a top-level project plan which demonstrates the key tasks that have been completed to date.

- 7.3. Due to the complexity of this project, the Council has appointed expert consultants to assist in delivering this project, as we recognise that we do not have the required expertise in-house. The consultant team work closely alongside the Council's Project Manager to deliver a large work programme. A summary report of the extensive work completed so far can be found in Appendix C of this report.

8. RELEVANT CONSIDERATIONS

- 8.1 To reach today's preferred option stage, the team (inclusive of the consultants at LSH) have completed several work packages that have provided information to Project Board members to enable them to endorse the preferred route (Option 3). These are explained in more detail below:

- 8.2 Public Consultation – Phases 1 & 2.

Phase 1 was a high-level, short survey that launched in December 2022. With over 1,200 responses, the results provided the team with a gauge as to what the community would like to see on the site. These findings allowed the team to plan for Phase 2, that would see the key themes identified and expanded on.

Phase 2 was a larger scale consultation piece over two months and included a more in-depth survey, in-person Hub and a series of stakeholder workshops. The survey comprised of ten questions, covering subjects such as ranking important elements of the town, potential uses within the site, frequency of visits, mode of transport, desires to see more/less of uses etc. We received over 1,500 responses that have since provided valuable feedback that has shaped the next stages of the project. The Hub opened three times per week and was in the heart of the Churchgate shopping centre. It was visited by over 1,000 members of the public, who took part in the interactive boards provided – which again, added to the feedback collated. The team also hosted a series of presentations, drop-in sessions and workshops with key stakeholders including Hitchin Market Board, Hitchin Community Forum, current Churchgate tenants and local school children (ages 9-19 years old). All political parties were also welcomed to host workshops within the Hub and submit their comments and ideas.

The findings of the consultation were published in a report that can be found on the Churchgate page via NHC website or on the dedicated Churchgate online Hub or at Appendix B of this report. The feedback identified the following key recommendations:

1. Revitalisation of Hitchin - *the market is considered one of Hitchin's greatest strengths and people are keen to see it brought forward as flexible, vibrant, and community centred market*
2. Sustainable regeneration - *the incorporation of green space and eco-friendly initiatives are considered of high importance*
3. Increased accessibility - *people want to see better access to the Town Centre through parking, public transport, and pedestrian routes*
4. Affordable housing - *the most important aspect of any housing brought forward in the plans will be affordable homes*
5. Community and leisure space - *it is important to people that community spaces are multi-functional, flexible spaces that provide for all demographics.*

These findings have been incorporated into the future planning and visioning for the Churchgate Regeneration Zone.

- 8.3 The team have created and continue to manage an online hub whereby users can subscribe to receive updates on the project progress. The online hub hosts a project timeline, project updates, background papers and reports and is hosted on the NHC website. The hub currently has 362 subscribers and is regularly advertised on NHC social media channels.
- 8.4 LSH have condensed the technical due diligence work into a report which has been communicated to the public via the Council's social media channels. This report demonstrates the significant amount of technical work completed so far, which has allowed Project Board members to make informed decisions on the options available. This report can be found under Appendix C – LSH Summary Report May 2025.
- 8.5 As a result of the technical work undertaken by LSH, plus the findings from the public consultation, the team have defined the five 'Development Principles' that will be taken forward into any development that is endorsed and delivered. These have been approved by Project Board members and state the following:
1. Heritage-led regeneration – retaining and enhancing historic character within the town, alongside introducing complementary development
 2. Multi-use developments - integrating residential, retail, and leisure together to support a diverse local economy
 3. Market and riverfront revitalisation - transforming Hitchin Market and the River Hiz corridor into a dynamic, community-centred hub
 4. Integrating green infrastructure, low-carbon technologies and smart mobility
 5. Unlocking new development potential in underutilised sites without overdeveloping heritage areas.
- 8.6 The Project Executive, Project Manager and Chief Executive attended UK Real Estate Investment and Infrastructure Forum (UKREiIF) in May 2024 and May 2025. The event attracts over 16,000 attendees across the real estate industry and local government and acts as a platform to promote regenerations/development opportunities across the UK. NHC attended as part of the Invest Hertfordshire delegation to showcase the Churchgate Regeneration Zone and informally meet with interested investors/partners/developers. The events were successful and have generated a high-level of interest in this project since.
- 8.7 As part of the feasibility process, the team alongside LSH have led three Project Board workshops. The workshops focussed on what is possible based on all evidence/knowledge gathered so far, and resulted in four development options ranging from a mixed development on the Churchgate Shopping Centre & Outdoor Market site to a fully comprehensive development shown below. Each option has been financially appraised by LSH. Findings of this appraisal can be found in Part 2 of this report.

Option 1



Option 2



Option 3



Option 4



	Plot 1 – Churchgate Shopping Centre & Outdoor Market
	Plot 2 – Biggin Lane Car Park
	Plot 3 – Portmill East Car Park
	Plot 4 – St Mary Car Park
	Plot 5 – Portmill West Car Park

- Option 1: Mixed-use development on Plots 1 and 2
- Option 2: Mixed-use development on Plots 1, 2, and 5
- Option 3: Mixed-use development on Plots 1, 2, 3, and 5
- Option 4: Comprehensive development across all five plots (1–5)

- 8.8 Each option aims to include the following variables (in no particular order): residential (private & affordable), market (indoor & outdoor space), car parking, community & leisure space, retail (inclusive of independent) and the possibility of a food store.
- 8.9 When conducting the feasibility work, several challenges were identified in relation to financial viability:
- The presence of a food store will improve the financial viability of all options shown. The modelling then assumes that Biggin Lane would be a car park dedicated to food store customers (not a Council owned car park). If the development does not include a food store, this area is assumed to be used for other uses, such as retail and residential.
 - The aim is to provide 40% affordable housing within the scheme. However, it is proving challenging to meet these requirements alongside delivering the other variables.
 - Public realm/community space is important to the community. However, the cost of providing high quality public realm is expensive (based on other Council-led case studies and intelligence). The Council and Project Board members will need to consider this as part of the master planning process in the future.
- 8.10 The conclusion from the workshops demonstrated that Option 3 (shown above) is the preferred option for this site, the detail of this is covered in the part 2 report. This option provides a good balanced development and protects the heritage of St. Mary's Church. This option also responds to the five development principles set out above.
- 8.11 The part 2 report provides the financial appraisal for all options, however, Option 3 demonstrates the most likely scheme to be financially viable, however, it is still possible that this scheme might need to be subsidised by the Council and/or require some of the compromises referenced in paragraph 8.9. However, exact costs and plans are yet to be defined, this will not be known until the site has been fully designed and the Council has agreed how it will be developed
- 8.12 The next steps for this project are set out in the table below:

Project Milestone	Time Frame
Completion of the current Viability and Strategy Report	10 th July - Presented in Part 2 of Full Council
Project Board Delivery Options Workshop	August/September
Preparation of a Business Plan (which will confirm the basis upon the Council will procure a partner/s and route to delivery)	2 nd October - Full Council
Procurement Process	December - April 2026 (depending on route chosen)
Present to Full Council the outcomes of the Procurement Process	April 2026
Development partner Selection	May/June 2026

- 8.13 Since working on the project, it has become clear that the project requires more resource than initially outlined, in order to drive these next stages forward. Therefore, it has been recognised by Project Board that the Enterprise team will require assistance and leadership from a regeneration specialist Project Manager with significant experience in delivering similar projects. The team have since conducted market research within the

job market that provided a better understanding of the type of candidates are available, their experience and pay. Discussion with the relevant agencies and a review of candidates established that the target day rate (including agency commission) for this level of candidate would be between £700 and £800 per day and would be required for three days a week, therefore an additional budget of £120k would be required for this role to progress the project to the end of the next stage. An alternative solution would be to try to directly recruit a specialist into the role, working directly for the Council. However, they might be difficult, due to the Council's pay structure. Therefore, it is felt that the most flexible approach is to appoint via an agency.

9. LEGAL IMPLICATIONS

- 9.1. Full Council has the overall function to set budgets under section 4.4.1(b) and "(d) making decisions about any matter in the discharge of an executive function where the decision maker is minded to make it in a manner which would be contrary to/or not wholly in accordance with the budget;". As identified in recommendation 2.3, the consultancy cost of £120K was not identified and approved in the 2025/26 budget approval and therefore, as per section 4.4.1(d) [and section 16.3.3 of the Constitution] requires Full Council approval.
- 9.2. Furthermore, as set out in the reports [and as in 10.2 below] the options are not defined sufficiently at this stage to seek approval of any further capital budget by Full Council. However, the report and recommendations 2.1 & 2.2 are presented to Council for in principle agreement, to enable the Council to explore the preferred option [that is likely to require future Full Council approval].
- 9.3. The Council has the power to undertake this project under section 1 Localism Act 2011 provides a general power of competence to do anything (subject to restrictions (2)(4)) that an individual may do, 1(4) "(b) for commercial purposes.., (c) to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area, and provides that the power may be used in innovative ways.

10. FINANCIAL IMPLICATIONS

- 10.1 Paragraph 8.13 details the cost of the specialist project management resource that has been identified as being needed. This cost will be on top of other costs (e.g. LSH consultant) that are needed to move the project to the next stage. These other costs are expected to be met from the surplus income generated by the current lettings at Churchgate (excess above the previous head lease income and the assumed cost of capital when the leasehold was purchased).
- 10.2 At this stage the project is not defined enough to require a capital budget. Costs can only be capitalised when there is a single defined scheme, and costs are incurred to create or improve an asset. The Council can borrow for any capital spend that is determined to be prudent and affordable (as define by the CIPFA Prudential Code).
- 10.3 As detailed in the report, it will be a challenge to come up with a financially viable scheme. This is likely to mean that there will need to be some compromises as detailed in paragraph 8.9.

11. RISK IMPLICATIONS

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 The risks associated with the project are being identified, recorded, and monitored as part of the wider project governance. The team are constantly thinking of the potential threats to success and taking proportionate steps to manage these where appropriate. Key strategic risks are recorded on our corporate performance and risk system, Ideagen, and are reported as part of quarterly Council Delivery Plan monitoring reports.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no direct equality implications arising from this report. Once the option for development has been approved, then an equality impact assessment will be completed to assess positive and negative impacts on residents.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report but would apply to any relevant procurement and/or contract.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to the decision as recommended in this report. There is likely to be some in relation to the regeneration of the area and an environmental impact assessment will be completed alongside the progression of the approved Option for development.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 Paragraph 8.13 details the staffing commitment to get the project to this stage. It goes on to detail that additional resource and expertise would be needed to progress the project further

16. APPENDICES

- 16.1 Appendix A – Churchgate Strategic Timeline
- 16.2 Appendix B – Public Consultation Summary Report
- 16.3 Appendix C – LSH Summary Report May 2025

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 North Herts Council Plan (2024-2028)
- 18.2 North Herts Parking Strategy (2019-2031)
- 18.3 Draft Town Centre Strategy
- 18.4 Draft Economic Development Strategy (2025-2029)