

**COUNCIL
7 FEBRUARY 2019**

PUBLIC DOCUMENT

**TITLE OF REPORT: REGENERATION OF CHURCHGATE SHOPPING CENTRE –
UPDATE AND ALTERNATIVE OPTIONS**

REPORT OF : *DEPUTY CHIEF EXECUTIVE*

EXECUTIVE MEMBER : *LEADER OF THE COUNCIL AND EXECUTIVE MEMBER FOR
FINANCE AND IT*

COUNCIL PRIORITY : *ATTRACTIVE AND THRIVING / PROSPER AND PROTECT /*

1. EXECUTIVE SUMMARY

- 1.1 Full Council considered proposals for the Churchgate Centre at its meeting on 22 November 2018. In light of the risks associated with the proposals, including the reliance on funding from the Local Enterprise Partnership, officers were asked to urgently consider in more detail alternative options in the event that the Shearer Property Group proposals were unable to proceed. This report updates on the outcome of the bid for funding and sets out alternative options for Full Council's consideration.

2. RECOMMENDATIONS

- 2.1 That Full Council notes the outcome of the bid to the Hertfordshire Local Enterprise Partnership and that the proposed regeneration with Shearer Property Group previously endorsed by Full Council will therefore not proceed.
- 2.2 That Full Council approve the principle of purchasing the leasehold interest for the Churchgate Shopping Centre, subject to further consideration of the economic case for doing so.
- 2.3 That Full Council agrees that any regeneration of Churchgate and the surrounding area must be a viable investment that maintains a return to the Council.
- 2.4 That officers are instructed to continue to consider a range of potential solutions in order to allow the flexibility needed to identify possible viable investments, subject to further Council decision in due course on the acceptability of any such solutions.

- 2.5 That Full Council agrees the previously approved transfer of up to £130k from the Special Reserve be used to progress the further work required by resolutions 2.2 and 2.4.
- 2.6 That the Chief Executive, Deputy Chief Executive and Director of Resources, in consultation with:-
- (1) the Leader of the Council, Executive Member for Finance and IT and Opposition Group Leaders;
 - (2) Hertfordshire County Council; and
 - (3) Hertfordshire LEP
- determine which proposal should be submitted as a phase 1 bid for the Future High Streets Fund.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The Council has been seeking to regenerate the Churchgate Centre for a number of years and a number of different proposals have been considered during that time, with none of those proposals progressing to a successful conclusion. The lessons learned from those previous unsuccessful attempts to regenerate the Churchgate Centre and surrounding area show that having control over the whole site (including the Churchgate Centre by owning the long leasehold interest) and being flexible as to potential solutions would increase the chances of success.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The potential options for Churchgate are set out in full in section 8 of the report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The content of this report has been discussed with the Leader of the Council and the Executive Member for Finance and IT.
- 5.2 Further to the Full Council resolution on 22 November 2018 that the Council “will...as far as possible fully engage with the Hitchin community groups including those represented by Resurgence PB in future design and development” officers have exchanged correspondence with the Resurgence Group in order to better understand the financial assumptions made in the proposals they presented to Councillors. This is covered in more detail in section 8 of this report.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 The Council has been seeking to regenerate this area of Hitchin town centre for a number of years. It was first identified as an area for development in the Council's Local Plan No.2 adopted on 20 July 1993, and again identified for development in the Local Plan No.2 with alterations adopted on 23 April 1996 and the draft (unadopted) Local Plan No.3 in December 1999. A Hitchin Town Centre Strategy adopted in November 2004 and a Churchgate Area Planning Brief adopted in November 2005 formed the basis of seeking a suitable development partner. The site identified included the Churchgate Centre, the market area and four adjacent car parks. An OJEU procurement process led to Simons Developments having a contract between 2010 and 2013 for the redevelopment opportunity, but they were unable to make sufficient progress towards a viable scheme that was acceptable in design terms and the Council ended the contract in March 2013. Subsequent discussions with the existing leaseholder as to whether a joint approach to redevelopment might achieve a viable scheme ended in February 2016 after the leaseholder accepted their proposals for their Churchgate Extension Scheme were not viable.
- 7.2 A number of challenges have defeated previous attempts to produce a viable scheme for a regeneration, including:–
- the cost of buying, knocking down and rebuilding the existing shopping centre as part of a wider regeneration;
 - the cost of replacing car parking that would be lost with a wider regeneration;
 - the scale and massing of development required to achieve a viable wider regeneration scheme, in particular with reference to the historic buildings nearby;
 - finding a suitable alternative provision for the market;
 - the public response to a wider regeneration;
 - the limitations of the configuration of the land available;
 - achieving viability in a challenging economic market where tenants are not committing to schemes and commercial lending rates remain challenging.
- 7.3 It should be noted that none of these schemes failed for reasons of lack of demand from potential tenants. Hitchin remains an attractive location for retailers and advice provided by lettings agents as part of the investigations of the current proposals shows strong demand, provided the right environment is created. Additionally the previous unsuccessful attempts at regeneration followed the traditional model of being developer led, with the Council not taking a proactive role after developing the planning policy and procuring a developer to lead a scheme. It is clear a different approach is required.

- 7.4 A fuller history of the project can be found in previous reports to NHDC Full Council on 31 January 2013, 18 July 2013 and 11 February 2016, all of which included consideration of the range of potential options available at the time of writing the report (links below):-

<https://democracy.north-herts.gov.uk/CeListDocuments.aspx?Committeed=136&MeetingId=483&DF=31%2f01%2f2013&Ver=2>

<https://democracy.north-herts.gov.uk/CeListDocuments.aspx?Committeed=136&MeetingId=488&DF=18%2f07%2f2013&Ver=2>

<https://democracy.north-herts.gov.uk/CeListDocuments.aspx?Committeed=136&MeetingId=508&DF=11%2f02%2f2016&Ver=2>

- 7.5 As part of the Full Council's decision in respect of Churchgate on 11 February 2016 it was:-

“RESOLVED:

...

(2) That the possibility of acquiring the Churchgate Centre be explored, subject to further consideration of the commercial case for so doing at a future meeting of the Council.

REASON FOR DECISION: *To review the Council's strategic approach to the site, in an endeavour to find a viable and acceptable solution for the Churchgate Centre and surrounding area.”*

- 7.6 Since an initial approach on 5 April 2016 the Council has been in discussions with Shearer Property Group. The proposals emerging from those discussions were subject to reports to Full Council on 8 February 2018 and 22 November 2018. At the meeting on 22 November Full Council:-

“RESOLVED: *That Full Council notes that, in light of the risks associated with the proposals, including the reliance on funding from the Local Enterprise Partnership, officers will urgently consider in more detail the alternative options in the event that the current proposals are unable to proceed; such alternative options to be reported to Full Council early 2019 if required.”; and*

“RESOLVED:

- i. *That Full Council continues to support the principle of a regeneration of the Churchgate Centre and Hitchin Market with the Council as funder and owner of the regenerated scheme, noting that the deliverability of the proposals is dependant upon securing funding from the Hertfordshire Local Enterprise Partnership:*
- ii. *That Full Council authorise the Deputy Chief Executive, in consultation with the Chief Finance Officer, the Leader of the Council and Executive Member for Finance and IT, to progress the negotiation of legal agreements with Shearer Property Group for the regeneration of the Churchgate Centre and to progress pre-purchase due diligence, subject to Full Council’s final approval of the terms of any proposal.*
- iii. *That Full Council approves the transfer of up to £130k from the Special Reserve to progress the further work required prior to a final decision.*
- iv. *That the Consultation Strategy, which will form part of any development management agreement with a developer, clearly sets out how the community will continue to be engaged with and how they will have opportunities to see and influence the final proposals.*
- v. *That Full Council welcomes the proposals put forward by Churchgate Resurgence PB and notes that many of the ideas and arguments put forward are common aspirations shared by Hitchin residents and Councillors alike over many years. Recognising the Council’s responsibility to progress the proposals for Churchgate in conformance with Local Government rules, it will nevertheless, as far as possible fully engage with the Hitchin community groups including those represented by Resurgence PB in future design and development.”*

8. RELEVANT CONSIDERATIONS

Shearer Property Group Proposal and the Local Enterprise Partnership bid

- 8.1 As Members will be aware the previous reports to Full Council made clear that the proposals put forward by Shearer Property Group (SPG) were dependant upon LEP funding. As with any funding application there was always a risk that the bid would be unsuccessful. The LEP Board met on 13 December 2018 and noted that the LEP Chairs Panel felt that the project did not meet the requirements and demonstrate value for money as per the assessment criteria. Therefore the LEP Board decided to reject the application for the project. The fundamental reason for refusal of the application was that the project failed to deliver sufficient outputs (jobs, houses, skills etc) for the amount of money sought.

8.2 Following the failure of the LEP bid, discussions have taken place with SPG, the conclusion of which was that SPG decided not to extend the option to purchase they held for the Churchgate Centre as they recognised their proposal was no longer deliverable. Whilst SPG are no longer actively pursuing a proposal for Churchgate they remain interested in working with the Council in the future should the opportunity arise. They recognise that if the Council were to seek a development/project manager in the future that would almost certainly be the subject of a procurement process.

Alternative Options for the future of the Churchgate Area

8.3 Set out below are a number of high level ideas for alternative ways forward for the Churchgate Area (ie the shopping centre, Hitchin Market, the public realm and the car parks). The pros and cons listed are also very high level (and not exhaustive) and clearly the detail of any proposal would need to be developed in order to fully assess the opportunities and risks associated with it.

8.4 **Larger Scale Development (ie larger than SPG proposal), to include some or all of the land described in 8.3 above**

Pros	Cons
Potentially decent income stream	Is it what the public want?
Economic viability of whole town	Risk (including project, financial and ongoing viability) escalates the more you spend
Greater residential development could assist viability through generating capital receipts or increasing revenue income. Eg Town houses would assist funding and add additional value therefore reducing debt expenditure. Retirement living could be option for town centre location (as shown by previous development in town)	Residential – would need to be appropriate for adjacent uses
Meets historic aspirations of improving wider area	Indoor market would generate less income than retail space
Scope to include a number of different uses (retail, food and beverage, leisure, residential, health etc) if more development	Traditional anchor stores are declining therefore multiple uses need to be the main attraction which adds to complication (although the benefit is the greater variety)
Find a long term resolution for the future of the market	Losing current car parking and adding decking to other car parks in town will add to costs
Decreases public realm cost if convert some to parking (to allow development on Biggin Lane)	
Better market to bring people in	
Improve more of the public realm	

8.5 **Medium/smaller scale (including cheaper light touch refurbishment) ie on existing footprint or slightly bigger**

Note – the reason these options are included together is there is a sliding scales of amount of work that could be undertaken and the level of impact that investment might have on the income generated. This would need to be carefully considered to find the point (if any) at which there was a return on investment.

Pros	Cons
Possibly easier to find viable scheme if spending much less	Could be left with further decline and with no economic case for investment
Quicker and simpler to deliver	If declines would be in worse situation than we are now
Less commercial risk	Likely to need external funding to deliver
Well let currently despite uncertainty and lack of previous investment	Can't replace with higher paying tenants later without significant investment
Potential to deliver whilst maintaining units for existing retail uses	Fails to deliver on aspirations
Could only undertake if able to purchase at the right price	Potential to cause deterioration in surrounding areas, drain on rest of town
If light touch refurbishment successful could then hold and await better time for further regeneration	Public perception - got to be seen to be doing something
	Historically Hammersmatch have failed to make refurb viable

8.6 **Planning Policy Approach – be led by longer term vision**

Pros	Cons
Work with landowners/community groups	Previous experience – the planning policy work of the mid 2000s was a product of its time and was unsuccessful in delivering a solution
Better, more integrated benefits	Additional timescales
Develop a larger area of Hitchin	Wider area – could complicate
Town Hall would be an anchor at one end of town and regeneration would be able to pull people through whole town, using this area as another potential anchor	Losing control if Council is not delivering the eventual scheme
Take a more considered approach in preparing a concept framework/ revised town centre strategy for the town centre as proposed in the Inspector's proposed main modifications to the submission Local Plan and really think about what is	Still needs to be able to be financially viable and deliverable rather than aspirational

required (rather than be driven by developer timescales to make profit)

Difficult to predict future
Cost implications to use consultants to put together plan
Large scale plan will only work if take planning option
Public resistance to wider scheme historically

8.7 **Do Nothing**

Pros
No cost
Could seek to require Hammersmatch to undertake works in accordance with lease obligations
Wait to see how economy reacts to national events eg Brexit, any recession, shopping trends, tenant demand
Hammersmatch retain risk of ownership – could sell to Council at some point
Undertake planning policy work (ie town centre strategy) required as follow up to Local Plan
If cannot purchase Churchgate Centre then 'do nothing' may by default be the option in the short term

Cons
Someone else could buy with aspirations to develop more widely which places the Council in the position it has been in previously, where the opportunity to develop on Council land had to be offered via a procurement process
Public perception – could seen to be washing hands of it and doing nothing
If someone else buys Churchgate Centre likely no viable scheme without Council involvement (therefore do nothing may not be an option)
Can't afford to re-gear lease. Moving from current arrangement to standard 10% gearing in lease would cost Council approximately £100k per year
Wouldn't address need for investment in Hitchin Market

8.8 Sell Whole Site (ie all the Council freehold land in the area, including car parks)

Pros	Cons
Capital receipt	Developer likely to go with big scheme
No longer Council's problem to solve	No opportunity to create revenue in the long term from this site if sell freehold
Reinvest capital to get income stream back	Lose current revenue streams, which may not be matched by reinvesting capital
Car parking issue – could put as condition of sale to provide X spaces	Lack of control, other than through Local Planning Authority function
New leases – share in ongoing profit, if sold as LH and retained FH	Loss of parking spaces (if sell wider land)
Sell part as a smaller scheme (could help fund some regeneration)	May not be much interest, given struggles of the development industry
Requires minimal input from the Council	Option to purchase potentially more likely than cash sale
May facilitate regeneration	Could be politically difficult

8.9 Change Strategy Completely (ie move away from retail led mixed use scheme)

Pros	Cons
Put in residential – better return	Leisure uses typically pay less rent than retail uses
Satisfy other needs of community	Second guessing future as to what attractions will be
Other activities become the focus eg leisure /doctors surgeries	Potential viability issues
Sell on to developer to deliver	If sell to developer – must comply with local plan
	Potentially wouldn't meet requirements of Local Plan and there are wider ramifications if undermine that in terms of impacting on the vitality and viability of the town centre.

8.10 **Buying leasehold interest in Churchgate Centre (can be combined with any of the above)**

Pros	Cons
Gives control over site for future options	Would need a plan eventually
Gives time to consider right approach (not being forced by option deadline)	Pressure from public and tenants to do something increases once have in ownership (including initial investment in minor improvements/repairs if holding in short term)
Can justify buying for current income stream, provided it is at the right price	Greene King covenant would still need to be dealt with unless proposals meant it was not relevant (eg residential or non-alcohol retail uses)
A number of Councils are taking this approach in order to lead regeneration of their town centres	Economic market (tenant demand, possible recession, Brexit uncertainty)
New income stream for the Council	Would need agents to manage the lettings (but should be reclaimable through the service charge)

Churchgate Resurgence PB Group ideas

8.11 At the meetings of Hitchin Committee on 13 November, Cabinet on 20 November and Full Council on 22 November 2018 presentations were made by the Churchgate Resurgence PB Group on their initial concept ideas for a community/socially led regeneration of the Churchgate Centre and adjacent area. As previously explained to Members, the logic underlying many of the proposals in terms of finding an attractive mix of uses and a food led revival of the Market accord with the thinking of the Council and its advisors (indeed the Altrincham Market example is one the Council has been looking at for some time). The level of flexible letting space proposed would be a challenge, as it would prevent pre-letting and therefore increase the risk of development. It would also not be suitable for many of the potential tenants targeted by SPG who are keen to locate in Hitchin. The Group also provided a very high level financial appraisal to Members at Full Council. Subsequent to that meeting Council officers have sought clarifications to better understand the assumptions underlying the financial figures the Resurgence Group had put forward to Members. Examples of the twelve clarifications sought include:-

- Whether the cost of demolition had been allowed for
- Whether interest payments had been allowed for
- The basis for the £400k contribution from s.106 funds for parking
- What percentage of affordable housing was allowed for
- Whether income figures included costs for taxation, voids, business rates, lettings agents fees
- What costs were included in the borrowing costs

8.12 To be clear, given that the Resurgence Group have put forward a series of ideas/concepts (and not a fully costed scheme) it was not expected that detailed financial breakdowns had been (or could be) supplied. However officers were seeking to understand the assumptions used to calculate the figures provided to Members in November in order to establish whether there was a reasonable basis for believing the ideas could be deliverable. For example the notes that accompanied the figures in November made clear that they excluded the cost of purchase of the shopping centre and that this should be treated separately and paid for out of other funds. Given the Council's financial position this is not possible and all costs for a proposal will need to be included in viability assessments. This is why it is important to understand whether there are any similar misconceptions in the figures supplied by the Resurgence Group in November.

8.13 The response of the Resurgence Group was that they were unable to supply the requested information at this time as they considered they were only at a conceptual stage and that detailed information such as that outlined above would only come at a later stage where outline proposals were identified. The Group also updated that they had been in contact with Bim Afolami MP regarding the Future High Streets Fund (see below). If there is any further information supplied by the Resurgence Group this will be provided by way of verbal update at the meeting.

Future High Streets Fund

8.14 Members will be aware that at paragraph 8.10 of the report to Full Council on 22 November 2018 officers referenced the Future High Streets Fund that had been announced as part of the Autumn Budget. The report made clear that officers would continue to monitor announcements for the detail of the scheme to understand whether Churchgate would meet the eligibility criteria. On 26 December 2018 the prospectus and application form were published (see appendices B and C respectively).

8.15 There are a number of points to note from the prospectus and application form. However the following are considered most pertinent:-

- Applications must be from the local authority
- The town centre area subject of the bid must be “facing significant challenges”
- There needs to be a clear vision
- Bids need to have the support of a number of stakeholders (including the LEP)
- The expectation is that authorities will only bid for one high street or town centre in their area

8.16 On 21 January 2019 the Minister responsible for the Fund attended a meeting in Hitchin. The Minister highlighted that the Fund had two stages, with the first one being deliberately light touch. Successful applicants at the first stage would be awarded revenue funding to develop their proposals further, and then potentially make a bid to the second phase. The second phase would be for capital funding, with a requirement that this is at least match funded by the Local Authority. The meeting included a tour of the Churchgate Centre and the surrounding area. The Minister said that he could see how a bid could be successful. He also confirmed that the criteria for assessment were still to be fully determined, and were unlikely to be available before the submission deadline. These criteria would be a balance between return on investment (which would generally favour areas that are already more prosperous e.g. Hitchin) and achieving wider social regeneration. It was made clear how important the support of all interested parties (especially the County Council, LEP and Business Improvement District) would be. Whilst the meeting with the Minister seemed positive, it will be a competitive process and it was stated that the application form has already been downloaded over 1,000 times.

8.17 Following on from the meeting with the Minister, Bim Afolami MP led a discussion around next steps. The meeting included representatives from the District Council, the County Council, the LEP, Hitchin BID, Hitchin Initiative and the local community (through the Resurgence Group). All of those present were supportive of putting in a first stage bid, which would focus on the high level drivers for regeneration. Subject to all parties being able to agree to the contents of a final bid, this would meet the requirement for getting stakeholder support. It will still be difficult to make a case for Hitchin “facing significant challenges” and there remains the issue that the Churchgate Centre is not within the control of the Council which affects deliverability of any proposal.

8.18 As a District Council can only make a single bid the Council will need to carefully consider potential alternative bids from other parts of the District. Officers have recently been approached in relation to a potential bid that has multi-stakeholder support for a different town in the district. Therefore the selection of which proposal to submit will need to be made in consultation with key stakeholders (ie the County Council and the LEP) and will need to prioritise the proposal that is considered to best meet the criteria set out in the application form and prospectus. The Minister indicated there could be multiple bidding rounds so there could be further opportunities depending on the rules put in place.

Conclusions and Potential Way Forward

8.19 Past experience of the various attempts to regenerate the Churchgate Centre have shown three things:-

1. That the Churchgate Centre is critical to any plans and that having control over it would significantly increase the likely chance of success of any proposal; and

2. Although the primary reason for investment would be regeneration, due to the Council's financial position any significant capital investment would almost certainly have to be funded through borrowing and any proposals would have to meet the cost of borrowing, replace existing income from the site and generate sufficient additional income to make an investment viable taking into account investment risk; and

3. The more prescriptive the Council has been as to its aspirations for the Churchgate area, the harder it has been to find a solution that met those aspirations.

8.20 As set out in paragraph 7.5 above the first point was recognised by Full Council at its meeting on 11 February 2016 when it decided that the possibility of acquiring the Churchgate Centre be explored, subject to the commercial case for doing so. The recommendation to Full Council at paragraph 2.2 re-iterates the previous decision, that the Council would be interested in purchasing the leasehold interest provided it was at the right price (ie one that can be justified on a prudent investment basis and was at a level that would allow future regeneration). Recommendation 2.3 reflects the difficult financial position of the Council and the second point above, in that any investment would not only be for the social benefit of improving the area but would also need to generate a financial return to the Council to cover investment costs, replace existing income and generate additional income to support the delivery of Council services generally.

- 8.21 The recommendation at 2.4 reflects the third point above and recommends that rather than specify which of the alternative options set out from paragraph 8.3 onwards is preferred, Council instead allows flexibility for officers to continue to consider a range of potential solutions in order to explore what might be possible and what might be financially viable. It is proposed that officers undertake this work initially before then holding an all member workshop to further explore the ideas. Ultimately it would be for Full Council to decide on the acceptability of any such solutions in due course. Members will note that no timescale has been included in recommendation 2.4, as the timing of this work will depend on the outcome of recommendation 2.2 should Full Council approve it. In the meantime Hitchin Market remains under the management of Hitchin Markets Limited and that contractual arrangement remains in place.

Budget

- 8.22 As set out in paragraph 7.6 above, Full Council at the 22 November 2018 meeting allocated a budget of up to £130k to progress the previous proposals for Churchgate. It is proposed that this budget now be used in order to undertake the work that would follow if Full Council agrees to the recommendations at paragraphs 2.2 and 2.4. Such work could include building structural surveys, legal costs (if external legal advice required), financial and taxation advice, and development consultant support.

9. LEGAL IMPLICATIONS

- 9.1 Full Council's terms of reference include at 4.4.1(v) "to authorise the acquisition of land or buildings where the purchase price, premium or initial annual rent (after the expiry of any rent free period) exceeds £2,500,000" and at 4.4.1(b) "approving or adopting the budget", which includes the capital programme. Cabinet's terms of reference include at 5.6.20 "to approve the purchase or appropriation of land and buildings where the sale price, premium or initial annual rent (after the expiry of any rent free period) exceeds £250,000 and does not exceed £2,500,000."
- 9.2 The responsibility for the decision on the arrangements for the management of Hitchin Market lies with Cabinet. On 27 March 2018 Cabinet made the decision to delegate to the Deputy Chief Executive, in consultation with the Head of Leisure and Environmental Services, the Executive Member for Finance and IT and the Executive Member for Leisure, authority to agree an extension with Hitchin Markets Ltd to manage the market contract in the short term. The market contract has been extended following Cabinet approval in March 2018 on terms that would facilitate refurbishment.
- 9.3 Specific legal implications of proposals would be considered as they are developed and would include (but are not limited to) procurement, contract, property, planning and licensing issues.

- 9.4 In accordance with previous reports to Full Council, Members are advised that taking part in Council decisions on the strategy to adopt for the Churchgate Area is unlikely to create a valid perception of predetermination in relation to a Member of the Planning Committee who takes part in the decision relating to any future planning application.

10. FINANCIAL IMPLICATIONS

Current Situation

- 10.1 The Council currently owns the freehold of the Churchgate Shopping Centre and receives a rent that is linked to the rental income achieved by the leaseholder (Hammersmatch). Rent reviews are every 14 years (next one is due in 2024) and are upwards only. The amount received is about 1/3rd of the income being generated at the review date. The current income being received is £140k per year.
- 10.2 The market is currently run under a management agreement by Hitchin Markets Limited (HML). The Council receives an income of £28k per year.

Costs to date

- 10.3 Since the Council report in February 2018, the Council has incurred costs in relation to:
- A valuation of the leasehold of the Churchgate Shopping Centre to determine what price could be justified for the purchase of the shopping centre. Cost of £15k.
 - Advice from BNP Paribas for development consultancy support, including understanding the viability of proposals. Costs paid to date of £28k.
 - Financial, tax and legal advice from Grant Thornton in respect of this project and also in relation to forming a property company. Total cost of £26k.
 - Legal procurement advice in relation to appointing SPG as a development manager. Cost of just over £1k.
- 10.4 The above costs have been met from existing revenue budgets including:
- Funding of £53k previously allocated by Full Council for investigating alternative proposals for the Churchgate Centre that has been carried forward from previous years.
 - Funding of £94k for investigating commercial opportunities.
- 10.5 At the meeting of Full Council on 22 November Council approved a transfer of up to £130k from the Special Reserve to cover pre-purchase costs. The reserve was set up for a variety of purposes that included the up-front costs of large investment projects. As per resolution 2.5, it is proposed that this budget be used to explore the possible options for the site. The Council will continue to seek alternative funding sources that will contribute towards these costs.

11. RISK IMPLICATIONS

- 11.1 The cons of each of the options in section 8 highlights the risks involved. Any capital expenditure in relation to Churchgate (including purchase of the leasehold through to redevelopment) will involve risk. This will expose the Council to the retail market, which is experiencing significant difficulties and change. Where relevant, as options develop then either specific risk logs or a general risk log will be developed.

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 Any regeneration proposals for the area will need to consider proposals for thoroughfares, access, surface treatments etc and the needs of the users of the resulting development. These will be considered and recorded under separate equality analysis at the relevant time.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and “go local” policy do not apply to this report due to the nature of the decisions Full Council is being asked to make.
- 13.2 However, any decision Council may make in the future with regard to the regeneration of Churchgate which could, either in whole or part, constitute a public service contract would need to report on the social value implications of each/any option at the time of consideration. This would, in brief, consider how every £1 spent could best be spent to benefit the local community, which may include award of some aspects of redevelopment or management of the centre etc. by local social enterprises, a contractor offering an apprentice scheme or similar.
- 13.3 The Council would ensure that Social Value is built in to the procurement processes for any project and encourage the use of local suppliers and trades wherever possible. The Council was able to achieve Social Value outcomes from a recent construction contract on its office building (e.g. building projects with local schools and sponsoring a charitable event). The Council plans to build similar ideas in to this construction contract.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 The current work undertaken to this point has been met from existing resources, with additional external development consultancy expertise sought to support internal skills and knowledge. An internal team of officers including financial, legal, planning and technical expertise has been supporting the Deputy Chief Executive. The ongoing resourcing requirements will depend on the alternative options pursued and the timing of them. Work to date has been factored into service plans for 2018/19 and will be included in 2019/20 where appropriate.

15. APPENDICES

- 15.1 Appendix A – Plan of Hitchin Town Centre [extracted from previous BNP Paribas report]
- 15.2 Appendix B – Future High Streets Fund Prospectus
- 15.3 Appendix C – Future High Streets Fund application form

16. CONTACT OFFICERS

- 16.1 Anthony Roche, Deputy Chief Executive
anthony.roche@north-herts.gov.uk; ext 4588
- 16.2 Ian Couper, Service Director Resources
ian.couper@north-herts.gov.uk; ext 4243
- 16.3 Steven Crowley, Service Director Commercial
Steve.crowley@north-herts.gov.uk; ext 4211
- 16.4 Louise Symes, Strategic Infrastructure and Projects Manager
louise.symes@north-herts.gov.uk; ext 4359
- 16.5 Tom Allington, Strategic Sites Planning Officer
tom.allington@north-herts.gov.uk; ext 4508
- 16.6 Gavin Ramtohal, Legal Commercial Team Manager and Deputy Monitoring Officer
gavin.ramtohal@north-herts.gov.uk; ext 4578
- 16.7 Reuben Ayavoo, Senior Corporate Policy Officer
reuben.ayavoo@north-herts.gov.uk; ext 4212
- 16.8 Kerry Shorrocks, Corporate Human Resources Manager
kerry.shorrocks@north-herts.gov.uk; ext 4224

17. BACKGROUND PAPERS

- 17.1 Reports on previous Churchgate proposals to Full Council dated 31 January 2013, 11 February 2016, 8 February 2018, 22 November 2018
- 17.2 Draft Local Plan