

## Kirkham Future High Street Fund Application

### DRAFT FULL BUSINESS CASE (FBC)

*A business case is a management tool and is developed over time as a living document as the proposal develops.*

*The Full Business Case (FBC) should summarise the results of all the necessary research and analysis needed to support decision making in a transparent way.*

*The evidence to support the investment decision must be set out in the HMT five case business case model: Strategic, Economic, Financial, Commercial and Management. In its final form the FBC becomes the key document of record for the proposal which summarises the objectives, the key features of implementation management and arrangements for post implementation evaluation.*

**When you have completed your business case, please submit it to the Future High Streets team on [futurehighstreets@communities.gov.uk](mailto:futurehighstreets@communities.gov.uk)**

**Please also confirm separately with your delivery manager once you have submitted, via an email with no attachments**

Version	Final
Version Date	14 <sup>th</sup> August 2020
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Date:	14 <sup>th</sup> August 2020

## PROJECT SUMMARY

### WHAT IS THE INVESTMENT PROPOSAL?

*Please limit the summary to 5 pages of text and tables.*

**Local Authority:** Fylde Borough Council

**High Street:** Kirkham Town Centre. The town centre for the purposes of making this submission is the area shown on the map provided at Section 1.3 of the Kirkham Town Centre Master Plan (Appendix 1).

#### Brief Summary of Proposal

Kirkham is recognised as an historic market town and functions as an economic hub for a broad area.

The appearance of Kirkham town centre has deteriorated recently as a result of significant challenges relating to vacancies, footfall, building neglect, traffic and weakness of offer.

The combination of these challenges has brought Kirkham town centre to a critical point, whereby a spiral of decline is likely, further undermining confidence to catastrophic effect, if not arrested promptly. The continued decline presents an outwardly poor perception and image of place inhibiting Kirkham as a place of consumer choice and an attractive destination. This is compounded by the fact that other centres close by impact on what potentially could be a market share that would support a prosperous and attractive town centre serving its expanding residential and employment role and opportunities.

However, it is also a town for which there is strong appetite and determination to reverse the situation by the Council, the Town Council and Kirkham Business Group.

Without investment Kirkham will continue its downwards trajectory. The challenges highlighted previously underscore the strategic need for investment and transformational change and the desperate need to evolve and diversify the offer to create a vibrant and attractive town centre.

A masterplan and vision have been developed for the town centre and the FHSF will provide capital support to help release the vision for Kirkham. In particular FHSF Capital support will be used for the acquisition of vacant /underutilised landmark buildings and to provide physical improvements to the public realm to remove most of the extraneous traffic and reprioritise the high street in favour of pedestrian movement. Importantly, the traffic and associated public realm improvements will enhance physical and perceptual connectivity, overall legibility and will provide a significant improvement to the setting of individual buildings and townscape in general. Collectively, these works will also address many of the conflicts between traffic and pedestrians, leading to a positive ambience within the town centre area.

Capital support is also sought to enhance the function and effectiveness of space within existing properties along the high street, which will address issues of upper floor uses, fabric repairs, better accessibility and re-modelling of elevations to significantly enhance the architectural quality of the street scene and improve townscape quality. These frontage buildings are a very significant component of the perceived quality (or otherwise) of the town and thus, its overall attractiveness as a visitor and shopper destination.

The FHSF project reflects community and stakeholders aspirations and they have been developed to align with the Institute of Place management's 25 factors that influence the vitality and viability of high streets.

The FHSF package of works within this business plan will be complemented by a further package of works being brought forward by the Council through their Heritage Action Zone.

Further to this a wide range of complementary projects/ developments outside the scope of the FHSF and HAZ will raise the profile of the town and encourage new trips to the town centre and result in additional footfall. Examples are a calendar of events, festivals, an arts trail; improved publicity and signage; park management and other initiatives. The Town Council and Kirkham Business Group have a strong level of commitment to these measures.

The combination of these packages will provide transformational and long-lasting change within the town centre.

Without investment Kirkham will continue its downwards trajectory. The challenges listed above underscore the strategic case for investment and transformational change, and the desperate need to evolve and diversify Kirkham's offer to create a vibrant and attractive town centre which is fit for a 21<sup>st</sup> Century Market Town.

By addressing the challenges facing Kirkham, our proposals have the potential to create transformative structural change, providing an attractive and vibrant place where residents and visitors spend more time enjoying the town centre.

## Alignment with FHSF Core Objectives

The preferred option has been designed to respond to local challenges and the wider strategic objectives of the FSHF programme. These include:

- **Acquisition of land and properties** to facilitate change of use and provide new residential dwellings and workspaces to help diversify the town centre. The provision of residential and employment / workspace will drive an increase in footfall and dwell time.
- **Improvements to transport access, traffic flow and circulation** - along the high street (i.e. Poulton Street) together with improvements at the eastern and western gateways into the town centre will help increase footfall by attracting new visitors and shoppers to Kirkham, increase dwell time and make Kirkham more accessible and connected.
- **Renew and reshape the town centre** to alter how Kirkham functions. This will be achieved through the conversion of vacant buildings / land into homes and workspace to encourage people to live and work in the centre of Kirkham and better connectivity / accessibility for pedestrians. This will address issues of low footfall, the economy's over reliance on the retail sector and poor accessibility and will deliver substantive changes to how the town centre functions.
- **Improve experience** – improvements to the public realm in Market Place, Poulton Street and the eastern and western gateways will help to attract new shoppers/visitors to Kirkham, increase dwell time, make Kirkham more accessible and connected, and provide new spaces to help diversify the town centre's business and leisure offer. They will also encourage people to use pedestrian routes through the town centre.

## Why the Investment is Being Made

The FHSF will halt Kirkham's downward trajectory and provide an opportunity to unlock investments that deliver a range of benefits. To date the private sector has failed to address the challenges facing the town centre due to viability and other issues. Therefore, there is a specific need for intervention to enable the delivery of town centre improvements and Fylde Borough Council is committed to using the FHSF to deliver a holistic package of interventions that provide long term remedies to the challenges facing Kirkham's town centre that would not be taken forward by the private sector alone.

### FHSF Acquisitions (Preferred Option)

Land and / or Buildings to be acquired	Current use	Acquisition Cost (1)	Remediation /redevelopment cost	Intended future use
The Kirkgate Centre	Retail / part vacant	£1,452,210	£3,965,600	Mixed use - ground floor retail and upper floors converted to apartments
Hillside Court	Vacant Grade II listed building	£423,250	£50,000	Phase 1 - Heritage/skills/eco/ educational centre
Hillside Gardens	Vacant development plot	£70,000	£1,270,000	Phase 2 and 3 - Heritage/skills/eco/ educational centre
Former TSB Bank	Vacant Grade II listed building	£323,750	£435,000	Community Arts Centre / Cinema

(1) Costs inclusive of stamp duty and acquisition costs (including building condition surveys etc.)

What types of **physical infrastructure** is the **FHSF funding** required for? Please tick all that apply:

Public transport, traffic management, road improvements and access improvements	✓	Public facilities (local government/ health/ education/ leisure)		Severance and connection	✓
Digital infrastructure		Utility network extension and capacity reinforcement		Public Realm Works	✓
Other (please provide details)	✓	Capital support to enhance the function and effectiveness of space within existing properties along the high street, which will address issues of upper floor uses, fabric repairs, better accessibility and re-modelling of elevations			

## Value for Money Assessment Summary:

The benefits unlocked by the FHSF will create the conditions for people to want to live in, shop in and visit Kirkham, leading to greater economic sustainability and resilience. In doing so it is expected that direct land value uplift will be generated by the proposals. **Our preferred option requests £9,509,835 from FHSF and delivers a BCR of 2.12, which is high.**

The FHSF programme is deliverable within FHSF timescales and would also leverage £3,209,368 of private sector funding and £1,067,107 of other public sector match funding.

However, this investment is about more than just the monetary return. Kirkham has suffered from a lack of investment for decades. The area is now in a state of near terminal decline, with low and declining rental values presenting a genuine barrier to private sector investment. Fylde Borough Council is committed to Kirkham and is progressing with a town centre masterplan. With vital funding from the FHSF, there is an opportunity to create a sustainable future for the town and the local community in Kirkham, which will also generate non monetised benefits including:

- Increased footfall;
- Additional spending from new households;
- Community cohesion;
- Enhancement of public realm; and
- Uplift on surrounding properties.

**Overall funding requested from the Future High Streets Fund: 9,509,835**

#### KEY MILESTONES

Key Milestone	Date
Full Business Case Submission	Q3 2020
Establish FHSF Local Delivery Team	Q1 2021
Commence public realm and accessibility interventions	Spring 2022
Completion of public realm and accessibility interventions	End 2023
Acquisition of Kirkgate Centre	Spring 2021
Conversion of Kirkgate Centre Complete	Spring 2023
Acquisition of Hillside Court	Spring 2021
Acquisition of Hillside Gardens	Spring 2021
Development of Phase 2 and 3 Heritage and Eco Skills Centre	January 2022 to December 2023
Acquisition of former TSB Building	Spring 2021
Completion of conversion of former TSB Building	Spring 2023
FHSF Projects completed	End 2023
Monitoring and Evaluation	Annually throughout the duration of the project, concluding in April 2025

**STRATEGIC CASE – What we're doing, and why**

**Please limit the Strategic Case to 5 pages of text and tables. Any further detail as relevant may be annexed.**

**Background**

Kirkham is a market town in Fylde, Lancashire, located centrally within the Fylde peninsula, approximately mid-way between Preston and Blackpool. Kirkham functions as the market town and economic hub for a broad area with a catchment population of 32,983.

The main axis of the town centre is based on Poulton Street which becomes Preston Street at its eastern end and divides into Moor Street and Station Road at the western end (Town End). There are short branches into Freckleton Street and Church Street at the eastern end where the road junction is set within the Market Square. The broad character of the town centre is of a historic market town based on its medieval town plan; the buildings are mostly over 100 years old and are small scale units within longer groups, punctuated by individual landmark buildings. Two more modern shopping centres are found within the main street. One is the group of 1960's /70's retail units around the market square; the other is the Kirkgate centre on the south side of Poulton Street. In addition, there is a Morrisons supermarket at the western end of the centre to the north of Poulton Street.

The Fylde Local Plan to 2032 (which was adopted in October 2018), sets out the settlement hierarchy for the Borough and identifies Kirkham as a key service centre, the highest tier in the Borough, serving a wide catchment area: The policy states that the role as key service centres will be maintained over the lifetime of the Local Plan; services and facilities will be enhanced .

Policy E5 of the Local Plan also identifies Kirkham as one of three town centres, the highest level in the retail hierarchy.

Policy EC6 states that the Council will plan for leisure, culture and tourism by: *Encouraging daytime and evening business, leisure, cultural and heritage-based tourism facilities, such as hotels, restaurants, cinemas, theatres, museums, swimming pools and leisure centres within town centres in Key Service Centres*

The Local Plan also identifies Kirkham (taken together with Wesham) as one of four strategic locations for development, delivering 1,364 homes and 1.1ha (2.72 acres) of employment land over the plan period. This recognises the location as one that is sustainable and can support significant growth, recognising the role of the town centre in supporting such growth.

However, the current town centre does not provide the offer needed to be considered a fit for purpose town centre facility that provides for the needs of its existing and growing catchment. Neither is it attractive enough to draw visitors from nearby tourist facilities, for instance park home and holiday village sites including the very large facility at Ribby Hall, less than 2km from the town centre.

**The Issues/Challenges**

In common with most town centres. Kirkham has experienced a recent decline associated with the changes in the way we shop and use our urban centres. However, these national trends are exacerbated by local economic and historical context that has been particularly debilitating. The town centre has significant challenges relating to vacancies, footfall, neglect, traffic /accessibility and weakness of offer.

The Centre has a number of substantial 'key landmark buildings' which are currently vacant / under occupied. This particular issue has been driven in a large measure by the loss of all banks over a four year period: HSBC (closed in 2015), Nat West (2017), Lloyds (2017), Santander (2018) and Royal Bank of Scotland (January 2019) leaving Kirkham with no bank branches at all. This could yet have far - reaching secondary effects. Businesses which need a local bank presence, for instance to bank cash regularly, particularly where these are sole traders, may be forced to relocate from the town. Retail customers are being forced to travel to other town centres for all banking services, resulting in loss of linked footfall and a knock-on effect on retailers and other active uses. The size, visual prominence and proximity to one another of these vacant properties results in a significant negative perception of the town centre.

Compounding the above, the Clinical Commissioning Group (CCG) will be relocating the doctors' surgeries, which are located at each end of the town centre, to a combined Health Centre out of town early in 2022. This will also have a very significant effect on linked trips and footfall and represents a further threat. In addition, facilities are planned on the new site to provide pharmacies and specialist services such as chiropody, which is likely to result in the closure of existing businesses within the town centre.

The town centre also suffers from a very poor evening economy, which in turn affects the broad perception of the town. There is a complete absence of restaurants and a limited number of pubs following recent closures. Residents of the town and its catchment are, therefore, not attracted to Kirkham owing to its weak offer, and many instead travel to other towns of much the same size (i.e. Poulton and Lytham).

Whilst investors are willing to invest in Kirkham the lack of existing footfall is a challenge meaning prospective investors are faced with funding gaps in attempting to restore / bring back buildings into productive use. Therefore, public sector intervention is required to unlock development and stimulate private sector investment into the area.

The town centre is focussed on a main street which is heavily trafficked (i.e. Poulton Street). Poulton Street/Preston Street, Moor Street, Station Road and Freckleton Street are all locally important through routes within the town for motorised traffic. Owing to this, the town centre is characterised by large amounts of traffic and a lack of green space and difficulties in cross movement for pedestrians. The noise, emissions and general impact of motorised traffic also detracts from the ambience of a place associated with a rural market town. This results in a perception of a hostile environment for pedestrians, with limited pedestrian space, noise, danger, air pollution and the physical barrier that the traffic represents.

Excessively wide junctions onto side streets could also be perceived as producing a barrier, therefore inhibiting the free flow of pedestrians along the length Poulton Street with a consequential lack of connectivity around the whole of the town centre, which discourages visitors from exploring beyond their initial destination and fails to capitalise on the potential of the town centre as a whole.

Redevelopment of buildings has also led to a loss of active frontage in places making parts of the central area discontinuous and has led to a loss of critical mass of active uses at the western end. Visitors to Morrison's supermarket and the health centre, therefore, have reduced tendency to make linked trips, as the retail and leisure offer at that end of the centre is weakened.

Many of the town's older buildings have had poor quality alterations which detract from the original heritage of the townscape. Some of the newer buildings also have a poor appearance due to neglect. This means the town centre fails to capitalise on its potential as a destination based on its historic townscape and presents an impression of degeneration.

Resulting from the issues described above, the town centre has very weak footfall. Footfall surveys showed an average of 353 pedestrians per hour (both sides, both directions) between 9am-5pm in the busiest section of the High Street (between Kirkgate and Birley Street) on a Saturday. This is a low absolute figure and poor in relation to its catchment compared with other towns of similar size. The weak footfall in turn adds to the negative overall perception of the town.

The combination of these significant challenges has brought Kirkham town centre to a critical point, whereby a spiral of decline is likely further undermining confidence to catastrophic effect, if not arrested promptly. The challenges described above underscore the strategic need for investment in Kirkham town centre, and the desperate need to evolve and diversify the offer to encourage people back into the town. The FHSF can deliver this transformational change in Kirkham, creating a vibrant and attractive town where people want to live, work and visit.

## The Opportunity

Whilst Kirkham faces many challenges there is strong appetite and determination to reverse the situation by the Council, the Town Council and Kirkham Business Group. Kirkham has considerable 'untapped' potential to, once again, become the thriving and bustling market town it used to be. The current town population is 7,476 and that of the wider catchment area, including surrounding villages is 32,983. There are some major employers nearby such as Universal Products, British Nuclear Fuels, NHS, AFC Fylde, Driver and Vehicle Standards Agency, who collectively employ significant numbers of employees. The perception is that there is a considerable untapped potential and spend that is not directed at Kirkham Town Centre.

Ribby Hall, a major tourist attraction, is also less than 2km from the town centre. Visitor numbers using the centre (or a proportion thereof) and spending within the town would add significantly to growing the economy and sustainability of Kirkham Town Centre.

The town is a tier 2 settlement growth area, with over 1,300 new homes in development. It is essential that future residents are attracted to the centre.

There is a clear need for a decent and distinctive town centre which serves not only the immediate local population but also the rural hinterland. The town therefore requires urgent strategic intervention to be regarded as a sustainable town centre. A masterplan and vision have been developed for the town centre.

The Vision of the masterplan is to revitalise historic Poulton Street, Preston Street and the Market Square by

- restoring & re-purposing key buildings with new uses
- improving the visual appearance of the shops and streets
- introducing new and more diverse uses such as residential, skills, employment & training; new leisure facilities, restaurants and bars to make the centre a more diverse offer and enhanced evening economy
- placemaking – high quality urban design, enhancements to public realm and making the centre more attractive to families, shoppers, and visitors.

In addition to the masterplan and film and website have also been created.

- <https://vimeo.com/444194718>
- [www.kirkhamfutures.org](http://www.kirkhamfutures.org) (password protected at the moment – K1rkham2020)

The FHSF will provide capital support to help realise this vision. In particular it will be used for the acquisition of vacant /underutilised landmark buildings and to provide physical improvements to the public realm to remove most of the extraneous traffic and reprioritise the high street in favour of pedestrian movement. Importantly, the traffic and associated public realm improvements will enhance physical and perceptual connectivity, overall legibility and will provide a significant improvement to the setting of individual buildings and townscape in general. Collectively, these works will also address many of the conflicts between traffic and pedestrians, leading to a positive increase in footfall and general ambience within the town centre area.

Capital support is also sought to enhance the function and effectiveness of space within existing properties along the high street (Poulton Street), which will address issues of upper floor uses, fabric repairs, better accessibility and re-modelling of elevations to significantly enhance the architectural quality of the street scene and improve townscape quality. These frontage buildings are a very significant component of the perceived quality (or otherwise) of the town and thus, its overall attractiveness as a visitor and shopper destination.

The combination of these packages will provide transformational and long-lasting change within the town centre.

### Our Proposed Projects

The projects set out below have been selected for inclusion within the preferred option (presented in no particular order). A detailed project synopsis for each project is included at Appendix 2.

Project	Description
The Kirkgate Centre	Acquisition and re-purposing of the property, to create an alternative and sustainable use, including the conversion of upper floors into affordable dwellings.
Hillside Court	Acquisition of this Grade II listed property, to create Phase 1 of a new heritage/skills/eco/educational centre.
Hillside Gardens	Hillside Court (see above) has a very large rear garden area circa 300sqm (part of its historic plot) but has limited development potential due to a right of access to an adjacent / neighbouring development plot which crosses the site. FHSF will be used to acquire the neighbouring development plot which in turn will extinguish the access rights meaning the 'garden' can be redeveloped, using FHSF, for Phases 2 and 3 of the Heritage / skills/ eco / education centre.
Former TSB Bank	Acquisition of former TSB bank (a vacant Grade II listed building) and conversion into a community arts centre and cinema.
Conversion and shop improvement grants.	To support existing traders/businesses, it is proposed to offer a shop front and or building improvement grant to allow businesses to diversify their offer or to undertake physical improvements which could include the following: conversion of upper floors to residential/commercial, branding, signage, accessibility or digital improvements.
Market Place improvement works	A major enhancement to Market Place
High Street (Poulton Street) improvement works	A major enhancement to the high street, which will communicate arrival into the town centre and accord pedestrians' priority.
Mill Street improvement works	Improve pedestrian accessibility and the quality of the environment at the entrance to Morrison's /Mill Street.
Eastern Gateway Improvements	Improvements to the junction of Church Street / Poulton Street / Freckleton Street and Preston Street.
Western Gateway improvements	Improvements to the junction of Poulton Street / B5192 Station Road / Moor Street and Orders Lane.
Miscellaneous movement / connectivity improvements	A range of complementary measures to further enhance pedestrian accessibility to the town centre.

### MHCLG Intervention and Market Failure

There are several key challenges facing Kirkham town centre, including a lack of footfall, declining retail and high vacancy rates and poor accessibility. To date the market has failed to address these challenges and therefore there is a specific need for FHSF to enable the delivery of town centre improvements.

- **Positive Externalities:** There are important social benefits that arise from the creation of new public realm and transport interventions in town centres, particularly the wider social and economic value realised as a result of increased footfall and expenditure in the town centre. However, these benefits are not directly priced by the market. In short, the potential economic and social benefits of improvements to Kirkham town centre, to develop its profile, usage and image will be greater than the benefits that can be captured by individual developers acting in isolation.

FHSF investment will drive significant wider positive externality value through enhanced perceptions and will be monetised through uplift in commercial and residential values (as detailed in the economic case).

- **Information Asymmetries:** in addition to the external benefits, the private benefits of rural town centre investment are inherently uncertain. A town like Kirkham is 'disadvantaged' by its rural location and historic character, as investments in such town centres are by their nature unique, with each scheme differing according to building characteristics, scale of work required and local setting. Given this, investors relying on external private finance will struggle to effectively demonstrate the potential financial returns that could be achieved, compared to more typical commercial investments, resulting in the under-provision of these types of investments. The lack of development in Kirkham due to low development values evidences and further exacerbates this issue in a vicious cycle of low investor confidence.
- **Coordination Failure:** Coordination failure occurs when desirable activities do not take place as a result of multiple parties failing to coordinate plans. Likely coordination failures include areas where there may be a number of derelict premises in close proximity under different ownerships. While the benefits associated with each individual investment may be small, their combined impact may have a disproportionately positive impact on the town centre. However, there is often no mechanism in place for coordinating investment and, given the issue associated with existing land values, landowners are often reluctant to sell. Whilst local delivery and governance structures exist to enact meaningful change in Kirkham, public bodies do not have the resources to accelerate this process. The FHSF provides an opportunity to incentivise landowners to act in a coordinated way and maximise potential benefits by delivering significant economic and social improvements.
- **Town Centre Movement:** The town centre is focussed on a main street which is relatively heavily trafficked. Public space is predominantly given over to traffic movement and parking. There is limited space given over to pedestrians and traffic creates a barrier to moving through the space. Footfall surveys show a large demand for crossing movements between either side of the high street. Excessively wide junctions onto side streets inhibit the free flow of pedestrians along the length of the high street (Poulton Street) with a consequential lack of connectivity around the whole of the town centre, which discourages visitors from exploring beyond their initial destination and fails to capitalise on the potential of the town centre as a whole.

The Council are aware that there is no option other than to deliver regeneration within the town centre – to not invest meaningfully would constitute a managed decline strategy which is not acceptable, misses the opportunity that exists, and undermines the Council's Local Plan strategy for Kirkham to be a key service centre.

Fylde Borough Council are committed to using the FHSF to deliver a holistic package of interventions that provide long term remedies to the challenges facing Kirkham's town centre that would not be taken forward by the private sector alone.

## Objectives

Our vision for Kirkham is a strong historic destination market town for the 21st Century.

In order to realise this vision, we have identified a bespoke set of critical success factors (see below) that our FHSF projects will need to respond to. These are so named as they are critical to the success of any interventions in Kirkham town centre, and together they culminate to deliver a transformational programme of interventions targeted at enhancing the vitality of the town centre.

- Improve access (arrival points) into and around Kirkham town centre making it easy and straightforward for residents and shoppers to move around;
- Improved movement and footfall through the centre, driving passing trade for the retail premises throughout the high street (Poulton Street);
- Improving the appearance of the town centre to make it a better place to visit and shop;
- Diversification of town centre uses by introducing new residential, education and training workspaces and community leisure uses (such as arts centre and community cinema) into the town centre, which will create help increase footfall throughout the town centre.

The programme level critical success factors include:

- Deliverability within the FHSF timescales;
- Resilience to external factors;
- Bringing derelict and underused buildings back into productive use;
- Addressing the conflicts between traffic and pedestrians, leading to a positive increase in footfall and general ambience within the town centre area; and
- Enhancing the architectural quality of the street scene to improve townscape quality and the overall attractiveness of the town as a visitor and shopper destination.

## Logic Model

A copy of our logic model is provided at Appendix 3.

## Stakeholders

In the town there is a very pro-active town council and business group that have participated in – and supported – all stages of preparing this bid.

A summary of the stakeholder engagement undertaken through the process of preparing this bid is included at Appendix 4

## Dependencies and Constraints

Kirkham is a relatively stand-alone area with little dependency on it in terms of other wider development or strategic infrastructure delivery plans. The Future High Street Fund presents an excellent opportunity to kickstart development and investment and make vital improvements to this struggling town centre.

Kirkham was successful in its High Streets Action Zone (HAZ) bid and has been awarded £1,790,980 of High Streets Heritage Action Zone (HAZ) funding. This covers the conservation area to the east of the town. A key component of the FHSF submission is the acquisition of Hillside Court., which will facilitate the conversion of the property, through the HAZ Programme, into a new heritage/skills/eco/educational centre as part of the Heritage Action Zone (HAZ) for Kirkham. This will be Phase 1. The FHSF will also be used to acquire a neighbouring plot of land to the rear of Hillside Court which will facilitate the garden land to the rear of Hillside Court to be developed, comprising Phases 2 and 3 of the new heritage/skills/eco/educational centre

Despite these relationships with HAZ the interventions for the Future High Streets Fund have been designed to be independent of the HAZ, and the benefits arising from each programme have been allocated to one scheme only.

Other dependencies and constraints that exist are as follows:

- Securing planning permission for the projects. Fylde Borough Council has reviewed the projects within our preferred option and provided an in-principle letter of support for the proposals (see Appendix 5).
- There is a requirement to come to agreement with third party landowners to acquire land interests. The Council has agreed Heads of Terms for all its proposed acquisitions.
- Securing a development partner for the Kirkgate Centre. The Council has selected Forliving to redevelop the property for affordable housing.

## Risk

An assessment of risks associated with this business case is provided in the risk register (Appendix 6). Further risk assessments are provided within the financial and management cases. Project specific risks are also included within the project proformas included at Appendix 2.

## Data Protection

We confirm we have consulted the Data Protection Compliance Manager (DPCM) and considered requirements under the General Data Protection Regulation and Data Protection Act 2018 including the need for a Data Protection Impact Assessment. We acknowledge that you will share this business case with other government departments where relevant, with third parties providing advice and assessment services to the FHSF and with the High Streets Task Force in all cases on a confidential basis.  [Check this box to indicate 'Yes'. Failure to address data protection could delay approval of the business case. Further information can be found [here](#)]

## FINANCIAL CASE - How much it will cost, and how it will be funded

**Please limit the Financial Case to 5 pages of text and tables. Any further detail as relevant may be annexed.**

The purpose of this section is to set out the forecast financial implications of the preferred option (i.e. the option the Council is seeking to deliver) as set out in the Economic Case. The financial case and the associated budgets have been prepared using cost estimates providing by BWA (Europe) Limited.

Our proposals request a total of £9,100,835 capital investment from the Future High Street Fund.

The programme of activity suggested in our preferred option would leverage £3,209,368 of private sector funding. Given the resource constraints at Fylde Borough Council (as discussed in the Management Case), there will be a need for additional resource to oversee the development of the projects. This would lead to additional procurement, professional and other management costs. These costs are estimated to be £409,000, which is 4% of the overall capital costs of the projects.

The Financial Case sets out all the proposed costs of the development programme, including all the capital costs needed to deliver the scheme. The programme is affordable within the context of the total scale of the Future High Streets Fund, the clear strategic alignment of the programme with Future High Streets Fund objectives and the overall benefits and value that the programme is expected to deliver and fund.

The costs within the preferred option comprise:

- Overall capital costs of £13,377,310 of which the FHSF bid is for £9,100,835
- Revenue costs of £97,250 per annum for the first 4 years, which will fund 1FTE programme manager and 1FTE admin/support officer.
- Monitoring and evaluation costs of £5,000 per year over the course of the FHSF, which will fund annual surveys for monitoring and evaluation. This will permit a level 2 evaluation which is consistent with requirements outlined in the recently released MHCLG FHSF Evaluation Guidance.
- Private Sector match (£3,209,368)
- Public sector match (£1,067,107).

### Preferred Option

The Financial Case of the preferred option is shown below. As illustrated in the summary table, no public sector funding requirement from the FHSF is envisaged beyond 2024 with any investment after this time, across the project package, funded through future delivery partners.

	20/21	21/22	22/23	23/24	Beyond Beyond	Total
<b>Existing funding (Capital):</b>						
Fylde Committed Funding	-	-	-	-	-	-
Kirkham Town Council Funding	-	-	-	-	-	-
<b>Co-funding to be leveraged</b>						
MHCLG FHSF monies sought subject of this application	£352,678	£3,268,741	£3,032,708	£2,446,708	-	<b>£9,100,835</b>
<b>New Funding (Capital):</b>						
ForLiving Investment	-	£540,000	£1,572,329	£786,164	-	<b>£2,898,493</b>
Homes England	-	-	£711,405	£355,702	-	<b>£1,067,107</b>
Private Match - conversion and improvement grants	-	£103,625	£103,625	£103,625	-	<b>£310,875</b>
<b>Monitoring and evaluation costs including staff costs (Revenue):</b>						

MHCLG FHSF monies sought subject of this application	£102,250	£102,250	£102,250	£102,250	-	<b>£409,000</b>
Fylde revenue funding	-	-	-	-	-	-
<b>TOTAL</b>	<b>£454,928</b>	<b>£4,014,616</b>	<b>£5,522,317</b>	<b>£3,794,450</b>	-	<b>£13,786,310</b>
<i>TOTAL CAPITAL</i>	<i>£352,678</i>	<i>£3,912,366</i>	<i>£5,420,067</i>	<i>£3,692,200</i>	-	<i>£13,377,310</i>
<i>TOTAL REVENUE</i>	<i>£102,250</i>	<i>£102,250</i>	<i>£102,250</i>	<i>£102,250</i>	-	<i>£409,000</i>

The following tables summarise the funding profile relating to the alternative options subject to this application (refer to Economic Case).

There would be no costs associated with the **do-nothing** option (Reference Case) as no FHSF would be obtained and, therefore, no projects would be undertaken.

The total capital costs for the do minimum option would be £5,561,500 with £5,152,500 from the FHSF investment and a small amount of private sector match (£173,625). An additional £409,000 is required for project monitoring and evaluation costs.

The total capital costs for the do maximum option would be £20,563,785 of which £10,826,435 is from the FHSF and £9,737,350 from other investment and £409,000 for monitoring and evaluation.

### Do Minimum Option

	20/21	21/22	22/23	23/24	Beyond Beyond	Total
<b>Existing funding (Capital):</b>						
Fylde Committed Funding	-	-	-	-	-	-
Kirkham Town Council Funding	-	-	-	-	-	-
<b>Co-funding to be leveraged</b>						
MHCLG FHSF monies sought subject of this application	£207,500	£710,458	£2,308,458	£1,752,458		<b>£4,987,875</b>
<b>New Funding (Capital):</b>						
For Housing Investment	-	-	-	-	-	-
Homes England	-	-	-	-	-	-
Private Match - conversion and improvement grants	-	£57,875	£57,875	£57,875		<b>£173,625</b>
<b>Monitoring and evaluation costs including staff costs (Revenue):</b>						
MHCLG FHSF monies sought subject of this application	£102,250	£102,250	£102,250	£102,250	-	<b>£409,000</b>
Fylde revenue funding	-	-	-	-	-	-
<b>TOTAL</b>	<b>£309,750</b>	<b>£870,583</b>	<b>£2,468,583</b>	<b>£1,912,583</b>	-	<b>£5,561,500</b>
<i>TOTAL CAPITAL</i>	<i>£207,500</i>	<i>£768,333</i>	<i>£2,366,333</i>	<i>£1,810,333</i>	-	<i>£5,152,500</i>
<i>TOTAL REVENUE</i>	<i>£102,250</i>	<i>£102,250</i>	<i>£102,250</i>	<i>£102,250</i>	-	<i>£409,000</i>

**Do Maximum**

	20/21	21/22	22/23	23/24	Beyond Beyond	Total
<b>Existing funding (Capital):</b>						
Fylde Committed Funding	-	-	-	-	-	-
Kirkham Town Council Funding	-	-	-	-	-	-
<b>Co-funding to be leveraged</b>						
MHCLG FHSF monies sought subject of this application	£352,678	£3,324,841	£4,702,208	£2,446,708	-	<b>£10,826,435</b>
<b>New Funding (Capital):</b>						
For Housing Investment	-	£540,000	£1,572,329	£786,164	-	<b>£2,898,493</b>
Homes England	-	-	£711,405	£355,702	-	<b>£1,067,107</b>
Private Match - conversion and improvement grants	-	£190,583	£190,583	£190,583	-	<b>£571,750</b>
Eagles Court / Market Square – Private Match	-	-	-	£710,000	£4,490,000	<b>£5,200,000</b>
<b>Monitoring and evaluation costs including staff costs (Revenue):</b>						
MHCLG FHSF monies sought subject of this application	£102,250	£102,250	£102,250	£102,250	-	<b>£409,000</b>
Fylde revenue funding	-	-	-	-	-	-
<b>TOTAL</b>	<b>£454,928</b>	<b>£4,157,684</b>	<b>£7,278,775</b>	<b>£4,591,408</b>	<b>£4,490,000</b>	<b>£20,972,785</b>
<b>TOTAL CAPITAL</b>	<b>£352,678</b>	<b>£4,055,424</b>	<b>£7,176,525</b>	<b>£4,489,158</b>	<b>£4,490,000</b>	<b>£20,563,785</b>
<b>TOTAL REVENUE</b>	<b>£102,250</b>	<b>£102,250</b>	<b>£102,250</b>	<b>£102,250</b>	<b>-</b>	<b>£409,000</b>

**Source of Funding**

The table below summarises the sources of funding and level of commitment identified as of July 2020 required to enable the programme of work captured within the preferred option.

Type of Funding	Source of Funding	Funding Sought / Secured	Level of Certainty and Commitment	Constraints to Availability (Timing)
Public Sector Capital	Future High Street Fund	£9,100,825	Subject to this funding application	Subject to this funding application
Public Sector Revenue	Future High Street Fund (Monitoring)	£409,000	Subject to this funding application	Subject to this funding application
Private Sector Capital	Forliving	£2,898,493	Subject to ratification of their own internal business plan.	Subject to approval of their business plan.
Private Sector Match	Private property owners	£310,875	Subject to participation rates in shop / conversion grant scheme	Subject to participation rates in shop / conversion grant scheme

Public Sector Revenue	Homes England - AHP Programme	£1,067,107	Linked to the business plan being prepared by For Housing	Linked to the business plan being prepared by For Housing
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## Financial Appraisal

A copy of our financial appraisal is included at Appendix 7.

## Financial Risks

The table below outlines the key financial risks which may impact on the delivery of the preferred package of projects for which FHSF funding is sought.

Risk	Likelihood	Impact	Mitigation
FHSF total sought is not secured	L	H	There are little other funding sources available to the Council in this area and so if FHSF were delayed then it might materially delay the delivery of this scheme and may in fact jeopardise the Councils position with the vendors of the properties it intends to acquire, whilst the Council look to locate alternative funding sources. If these do not materialise then there is a significant risk that the proposed projects will never be delivered.
Costs associated with the public realm projects increase during the delivery programme (through inflation or due to under estimation of base assumptions in submission)	L	H	The costs have been prepared by a qualified cost consultant (state) and are based on their extensive experience of undertaking similar schemes of this nature. A contingency allowance of 10% has been included to cover any unforeseen costs. In the event costs are significantly higher, the Council will undertake a value engineering exercise to ensure the projects can be delivered within the existing budget. Certain elements of the transport proposals are less critical than others. For example, the proposal to incorporate parking spaces in the eastern/central section of Poulton Street into the footway to enhance public realm here could be downgraded to bay parking to save costs. All works will be procured under fixed price contracts
Development costs increase during delivery programme (through inflation or due to under – estimation of base assumptions in submission)	L	L	The development costs are not reliant on FHSF funding.
Cost exclusions	L	M	Capital costs have been prepared by a professional quantity surveyor including appropriate contingency provisions.
Increased acquisition costs or being unable to acquire by agreement, all property interests required for the development.	L	M	Agreement has been reached on all the acquisitions and documented within Heads of Terms. Please see signed Heads of Terms at Appendix 8.
Limited market appetite from development partners for the Kirkgate Centre	L	M	The Council has undertaken soft market testing with its RP partners and selected For Living as its preferred delivery partner for the Kirkgate Centre
Conversion and improvement grants	L	L	This will be a grants-based scheme and so there is no financial risk associated with overspend.
Impact of Covid 19 on market and delivery programme.	M	M	The impact of Covid19 is considered in greater detail in the Covid addendum questions to this submission (Appendix 9).

## ECONOMIC CASE – *Our options and the extent to which they provide VFM*

**Please limit the Economic Case to 10 pages of text and tables. Any further detail as relevant may be annexed.**

### Introduction

The investment of £9,509,835 of Future High Streets Funding is required to create transformative change in Kirkham town centre. This will create fundamental structural changes within the town centre, which will make it more attractive, productive and visited.

In accordance with the requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector) and the FHSF Business case Guidance, this section of the submission details and assesses the range of options that have been considered for Kirkham Town Centre in response to the challenges identified in the strategic case. This includes the approach we have taken to shortlisting projects and our Value for Money Assessment.

### Market Failure and Rationale for MHCLG Intervention

There are several key challenges facing Kirkham town centre, including a lack of footfall, declining retail and high vacancy and poor accessibility. To date the market has failed to address these challenges and therefore there is a specific need for FHSF to enable the delivery of town centre improvements.

**Positive Externalities:** There are important social benefits that arise from the creation of new public realm and transport interventions in town centres, particularly the wider social and economic value realised as a result of increased footfall and expenditure in the town centre. However, these benefits are not directly priced by the market. In short, the potential economic and social benefits of improvements to Kirkham town centre, to develop its profile, usage and image will be greater than the benefits that can be captured by individual developers acting in isolation. FHSF investment will drive significant wider positive externality value through enhanced perceptions and will be monetised through uplift in commercial and residential values (as detailed in the economic case).

**Information Asymmetries:** in addition to the external benefits, the private benefits of rural town centre investment are inherently uncertain. A town like Kirkham is 'disadvantaged' by its rural location and historic character, as investments in such town centres are by their nature unique, with each scheme differing according to building characteristics, scale of work required and local setting. Given this, investors relying on external private finance will struggle to effectively demonstrate the potential financial returns that could be achieved, compared to more typical commercial investments, resulting in the under-provision of these types of investments. The lack of development in Kirkham due to low development values evidences and further exacerbates this issue in a vicious cycle of low investor confidence.

**Coordination Failure:** Coordination failure occurs when desirable activities do not take place as a result of multiple parties failing to coordinate plans. Likely coordination failures include areas where there may be a number of derelict premises in close proximity under different ownerships. While the benefits associated with each individual investment may be small, their combined impact may have a disproportionately positive impact on the town centre. However, there is often no mechanism in place for coordinating investment and, given the issue associated with existing land values, landowners are often reluctant to sell. Whilst local delivery and governance structures exist to enact meaningful change in Kirkham, public bodies do not have the resources to accelerate this process. The FHSF provides an opportunity to incentivise landowners to act in a coordinated way and maximise potential benefits by delivering significant economic and social improvements.

**Town Centre Movement:** The town centre is focussed on a main street which is relatively heavily trafficked. Public space is predominantly given over to traffic movement and parking. There is limited space given over to pedestrians and traffic creates a barrier to moving through the space. Footfall surveys show a large demand for crossing movements between either side of the high street. Excessively wide junctions onto side streets inhibit the free flow of pedestrians along the length of the high street (Poulton Street) with a consequential lack of connectivity around the whole of the town centre, which discourages visitors from exploring beyond their initial destination and fails to capitalise on the potential of the town centre as a whole.

The FHSF provides an opportunity to unlock investments in Kirkham that have the potential to deliver a range of benefits beyond a financial return to the current landowners. Fylde Borough Council are committed to using the FHSF to deliver a holistic Package of interventions that provide long term remedies to the challenges facing Kirkham town centre, that would not be taken forward by the private sector alone.

### Critical Success Factors

In order to assess the viability of different options for Kirkham, the following critical success factors have been created (as described in the Strategic Case) against which the options can be assessed to determine the most effective scheme. These have been divided between Programme Level critical success factors, as defined in the FHSF Guidance and area specific factors, which relate to the specific market context in Kirkham.

### *Programme Level Critical Success Factors*

The programme level critical success factors include:

- Deliverability within the FHSF timescales;
- Resilience to external factors;
- Bringing derelict and underused buildings back into productive use; and
- Addressing the conflicts between traffic and pedestrians, leading to a positive increase in footfall and general ambience within the town centre area.
- Enhancing the architectural quality of the street scene to improve townscape quality and the overall attractiveness of the town as a visitor and shopper destination.

### *Area Specific Critical Success Factors*

- Improve access into and around Kirkham town centre making it easy and straightforward for residents and shoppers to move around;
- Improved movement and footfall through the centre, driving passing trade for the retail premises throughout the high street (Poulton Street);
- Improving the appearance of the town centre to make it a better place to visit and shop;
- Enhancing the architectural quality of the street scene to improve townscape quality and the overall attractiveness of the town as a visitor and shopper destination.

These criteria were then tested against a longlist of proposed projects.

In accordance with the requirements of the Green Book and the FHSF Business case Guidance, this section details and assesses the range of options that have been considered for Kirkham Town Centre in response to the challenges identified in the strategic case. The four shortlisted options considered in this economic case include:

- Do nothing
- Do minimum
- Preferred approach and
- Do Maximum

## **Option 1 - Do nothing**

This is the 'reference case'. The 'reference case' is the position in terms of outputs and outcomes that would occur if the intervention was not implemented. This scenario appraises the potential costs and benefits were no intervention to take place in Kirkham town centre.

The market failures set out previously mean that without significant intervention there are insufficient values within the local market across retail, food and drink, leisure, residential development and commercial sectors to attract investment. As a result of this market failure is expected to persist and the Town Centre will continue to decline further. Therefore, a 'do nothing' option is not considered sustainable over the long term.

*Costs:* As no projects would be delivered, there are no costs associated with this option.

## **Option 2 – Do Minimum**

The do minimum option focusses on public realm, accessibility and shop front improvements. The Do Minimum option includes:

- **Conversion and shop improvement grants:** To support existing traders/businesses, it is proposed to offer a shop front and or building improvement grant to allow businesses to diversify their offer or to undertake physical improvements which could include the following: conversion of upper floors to residential/commercial, branding, signage, accessibility or digital improvements. This intervention involves supporting existing traders / businesses by offering grants of between 50% and 85% to allow businesses to undertake physical improvements based on the following packages:
  - Option 1: Typical 2 storey enveloping scheme: – Shopfront and elevation improvements including removing windows, doors, shopfront, signage etc. Grants of up to 85% available on works packages up to a maximum of £27,500.
  - Option2: Typical 3 storey enveloping Scheme: – Shopfront and elevation improvements including removing windows, doors, shopfront, signage etc. Grants of up to 85% available on works packages up to a maximum of £40,000; and
  - Option 3: Typical 3 storey enveloping scheme plus conversion of upper floors. Grants of up to 50% available on works packages up to a maximum of £270,000.

Building repairs and restoration is critical in maximising the impact of reuse and repurposing key street frontages and buildings. These measures will also significantly enhance the visual quality of the place which is an essential

component of the overall strategy as identified with the local business community. This project will enhance the perceived quality of the town and bring vacant upper floors back into productive use for a variety of uses (including residential) thus, diversifying the uses and improving the overall attractiveness of the town centre as a visitor and shopper destination and thereby increasing overall footfall which will then have a knock on improvement in terms of enhancing the towns vitality and viability.

- **High Street (Poulton Street) improvement works:** A major enhancement to the high street, which will communicate arrival into the town centre and accord pedestrians' priority. The carriageway will be narrowed to 6m and the footway widened for the length of the high street (from B5192/Station Road to Church Street junction) a stretch of around 300m. A coloured surface treatment and removal of the centreline will change the feel of the high street to one where vehicular traffic does not take priority. On-street parking will be rationalised, with disabled bays and loading bays incorporated into the footway (so that when they are not in use, the footway becomes much wider). Continuous footways will be provided across all side - road junctions to provide fully accessible movement and greater pedestrian comfort and priority. The bus stops will be relocated and the existing functional designs will be replaced with high quality stops, befitting a town centre, which will incorporate better waiting facilities and real time information. The project will result in improved appearance and movement / accessibility which will drive increases in footfall.
- **Mill Street improvement works:** Improve pedestrian accessibility and the quality of the environment at the entrance to Morrison's /Mill Street. In particular the footprint of the overly large junction into Morrison's / Mill Street car park will be minimised to make pedestrian movement across it easier. The excessive guard railing around the junction will also be removed. Public space will be created adjacent to Kirkham United Reformed Church to enhance the setting of this fine building. The project will result in improved appearance and movement / accessibility which will drive increases in footfall.
- **Eastern Gateway Improvements:** The junction of Church Street / Poulton Street / Freckleton Street and Preston Street forms the eastern gateway to the town centre. The scheme will reduce the overly large junction footprint to a minimum, allowing easier pedestrian movement towards the town centre. Zebra crossings will be provided on each of the four arms of the junction. Footways will also be widened, and the Church Street highway will be incorporated into a widened Market Square. The project will result in improved appearance and movement / accessibility which will drive increases in footfall.
- **Western Gateway improvements:** The junction of Poulton Street / B5192 Station Road / Moor Street and Orders Lane will be reformatted to provide direct pedestrian crossings and to narrow the crossing distances through carriageway narrowing and widening footways. With better pedestrian crossing facilities and widened footways, the excessive guard railing can be removed. The project will result in improved appearance and movement / accessibility which will drive increases in footfall.
- **Miscellaneous movement / connectivity improvements:** A range of complementary measures to further enhance pedestrian accessibility to the town centre: These include:
  - Enhanced pedestrian links to the high street / Poulton Street (surfacing, lighting, wayfinding) from Mill Street, Eagles Court and Orders Lane car parks;
  - Enhanced pedestrian links from Progress Park business estate to encourage employees to use the town centre.
  - Surfacing, lighting and continuous level footways across side-road junctions on Poulton Street to provide comfortable, legible route.
  - Enhanced pedestrian links from residential area south of the town centre, through enhancements to footway surfacing, lighting, and zebra crossing of Marsden Street along Kirkgate. On northern section of Kirkgate, widening of footway and incorporation of parking into footway.
  - Enhanced pedestrian links from Memorial Park to town centre, by creating level access connection at the rear of the proposed Eagles Court redevelopment, and by enhancing the footway link along Church Street.
  - Cycle parking: high quality cycle parking at Market Square and west end of High Street, as well as within car parks.
  - Pedestrian signing and wayfinding to improve legibility of high street and environs

All of these projects will result in improved movement / accessibility around the town centre which will drive increases in footfall.

**Costs:** The full costs of the do minimum option would be funded through the Future High Streets Fund. To oversee the development of the projects, this would require further procurement, professional and other related costs. These are estimated to be circa 5% of the overall cost of the project. Optimism bias of 10% has also been added to the overall costs. This has resulted in overall public sector costs for the do minimum case of £4,617,602 (present value). This would unlock a further £161,752 (PV) of private investment.

### Option 3– Preferred Option

The preferred option is the one that Fylde Council is hoping to deliver. Given the focus of the MHCLG FHSF guidance on the need for transformational change to the function of town centres, the mix of projects in the preferred option covers the whole town centre footprint and includes a range of project types which are likely to have different impacts. These include:

1. Changes to public realm;
2. Accessibility improvements; and

3. Larger projects where a change of use on a specific site(s)/building is likely to result in structural change in the town centre

Within this context the preferred option includes those projects in the Do Minimum option plus the following:

- The Kirkgate Centre: Acquisition of a key town centre building in a prominent location and redevelopment /re-purposing the property, to create an alternative and sustainable use, including the conversion of upper floors into affordable dwellings. This project will diversify the uses and encourage people to live in the centre of Kirkham. By bringing in new residential dwellings, this will add vibrancy to the town centre providing new customers right on the doorstep of the high street.
- Hillside Court: A key Grade II Listed building, which has been vacant for at least 5 years. The property will be acquired using FHSF capital funding and thereafter will be redeveloped/refurbished into a heritage/skills/eco/educational centre as part of the Heritage Action Zone (HAZ) for Kirkham. The building needs repair and restoration which will be executed to Historic England conservation standards, using funds available through the HAZ programme as well as match funding from the private sector and benefit in kind contributions. This project will diversify the uses, increase footfall and thereby help to improve overall viability and vitality of the town centre.
- Hillside (Phase 2 and 3): Hillside Court has a very large rear garden area circa 300sqm (part of its historic plot) but has limited development potential due to a right of access to an adjacent / neighbouring development plot which crosses the site. FHSF will be used to acquire the neighbouring development plot which in turn will extinguish the access rights meaning the 'garden' can be redeveloped. It is proposed to create a new 'earthship', building with space for teaching /hosting and all the ancillary facilities such as canteen, tools and materials store, drying rooms and office.
- Former TSB Bank: Acquisition of former TSB bank (a vacant Grade II listed building) and conversion into community hub, suitable for a variety of uses including a community cinema, and Arts Centre. This project will diversify the uses and encourage more people to visit the centre of Kirkham, thereby helping to improve overall viability and vitality of the town centre.

This mix of projects ensures Kirkham will benefit from both the land value uplift associated with site-specific change of use, a wider area uplift driven by the increased footfall as a result of public realm/accessibility improvements and wider economic benefits resulting from an improvement of the general environment, perception of the place and uplifted community spirit.

*Capital Costs:* The total public sector cost of all the projects put forward in the preferred option case is £8,529,837 (PV) and would unlock a further £3,963,505 (PV) of private sector investment. To oversee the development of the projects, this would require further procurement, professional and other management costs. These are estimated to be 5% of the overall project costs. 10% Optimism bias has also been added to the overall costs.

### Option 4 – Do Maximum Option

The Do Maximum option includes all of the projects listed in the Do Minimum and Preferred option, plus the following projects.

- Eagles Court and Market Square: Acquisition of market square and land to the rear to facilitate the redevelopment of the site which will deliver new homes (a mix of apartments and housing as well as retail premises). This project only includes for the acquisition of the sites/properties including associated purchasers costs (stamp duty and legal fees);

*Costs:* for the Do Maximum option there would be £10,138,654 (PV) of public sector investment, coming from the FHSF, which would unlock a further £8,687,929 (PV) of private sector investment. To oversee the development of the projects, this would require further procurement, professional and other management costs. These are estimated to be 5% of the overall project costs. 10% Optimism bias has also been added to the overall costs.

### Net Present value Analysis

The table below outlines the net present value of the different options. These figures have been estimated by creating a discounted impact model, with a 3.5% discount assumed for the first 30 years of the appraisal period and 3% on the following 30 years to determine the present value. With regards to construction costs of standard buildings and infrastructure we have applied optimism bias of 10% (through contingency costs).

	Option 1 (do Nothing / Reference Case)	Option 2 (do minimum)	Option 3 (preferred option)	Option 4 (do maximum)
Nominal Value of Total Costs	£0	£4,978,875	£9,100,835	£10,826,435
<b>Present value of Total Costs</b>	<b>£0</b>	<b>£4,617,602</b>	<b>£8,529,837</b>	<b>£10,138,654</b>
Nominal Value of Total Benefits	£0	£12,404,741	£31,164,586	£33,887,315
<b>Present Value of Total Benefits</b>	<b>£0</b>	<b>£7,617,785</b>	<b>£18,099,651</b>	<b>£19,908,549</b>
<b>Net Present Value</b>	<b>£0</b>	<b>£3,000,183</b>	<b>£9,569,814</b>	<b>£9,769,895</b>
<b>BCR</b>	<b>0</b>	<b>1.65</b>	<b>2.12</b>	<b>1.96</b>

The net present value of for the preferred option for Kirkham Town Centre is estimated at £9,569,814 (NPV) which generates a BCR of 2.12 (high Value for Money).

### General assumptions

- Appraisal over 60 years for buildings (i.e. distributional/health benefits of affordable homes)
- Appraisal over 30 years for infrastructure (i.e. public realm improvement, gateways improvement)
- Appraisal over 30 years for wider regeneration benefits (impact of public realm and gateways improvement on existing retail and residential values)
- Appraisal over 30 years for learning benefits (Hillside Training Centre)
- Discount rate of 3.5% applied over first 30 years of appraisal, discount rate of 3% applied over next 30 years
- Real term inflation of 2% (below the 5% DCLG guidance) assumed for Land Value of new developments
- No real term inflation applied to land value of existing properties (retail and residential) or other benefits

### Benefits

This section presents the benefits calculated for each option and the assumptions sitting behind those calculations. Figures below are quoted in 2020 prices (non-discounted) unless specified otherwise.

#### **Land Value Uplift – Kirkgate Centre**

A residual land value of £2,488,556 was estimated from the following elements:

- 22 units to be delivered, all 2-bed affordable homes
- Total residential floorspace delivered of 1,558 sqm
- An average rate of £3,180 per sqm (full market value) based on an analysis of new build properties on sales within a 10-mile radius of Kirkham (Zoopla data)
- 423 sqm of retail space at ground floor
- An average rate of £231 per sqm per annum, with a yield of 12.5% based on an analysis of retail properties within a 10-mile radius of Kirkham (CoStar data)

This generates a GDV of £4,955,924 for the residential component and £783,460 on the retail space.

Costs were derived from the commercial appraisal and based on the following:

- Refurbishment costs: £2,905,000
- External works: £135,000
- Infrastructure and servicing: £60,000
- Contingency costs (10%): £310,000
- Professional fees: £540,000
- Finance: £16,000
- Developer's profit (10%): £396,560

The gap funding identified through the commercial appraisal is £1,452,210.

The current land value is estimated at £836,558 based on a plot size of 2,547 sqm allocated valued in relation to its uses (pro rata of the total floorspace per use): retail (423 sqm) at £1851 per sqm (CoStar analysis, aligned with values assumed for GDV), community space (1,558 sqm) at £154.43 per sqm (based on comps across England) and car park (1,467 sqm) at £74 per sqm (based on the commercial value of comparable car park in England). An additionality of 90% has been assumed for the residential component of the development – which is reasonable given the nature of housing being delivered (affordable units). An additionality of 75% has been assumed for the retail component. The overall land value uplift is £1,651,999.

This benefit applies to the Preferred Option and the Do Maximum and is captured in 2022.

#### **Land Value Uplift – Former TSB**

No land value uplift was assumed for the Former TSB building as the proposed change of use is from commercial to community.

This development would be delivered in the Preferred and do Maximum option and is captured in 2023.

#### **Land Value Uplift – Hillside Gardens**

No development appraisal is currently available for this scheme. A high-level assessment, based on VOA land value estimates, was carried out to derive a nominal land value uplift value for this development.

The site is 2,364 sqm in size and considered as brownfield/derelict. The proposed use is industrial. Using VOA values of £23,625 per hectare in current use (average for agricultural land in Greater Manchester and Lancashire) and £500,000 per hectare in current use (average for industrial in Bolton, Blackpool and Blackburn), and applying an additionality factor of 75%, this gives a land value uplift of £94,132.

This benefit applies to the Preferred Option and the Do Maximum and is captured in 2025.

**Land Value Uplift – Eagles Court and Market Square**

This plot of land consists of 1,364 sqm of retail space, which will be refurbished and returned to retail, and 905 sqm of vacant land currently being used as car park. We have assumed that the retail will not generate any land value uplift (no change of land use). The vacant land/car park is assumed to generate an RLV of 180,542 once turned to residential, using the VOA value of £2,505,000 per hectare for residential land in Fylde and applying at 75% additionality factor. The current value of the land has been estimated at £66,970 based on the value of car park space of £74 per sqm (which is a conscious approach as this land could be classed as derelict). This generates a land value uplift of £113,572.

This benefit applies to the Do Maximum only and is captured in 2023.

**Land Value Uplift – Existing retail properties**

Better public realm environment will drive an increase in footfall, which subsequently will drive an increase in retail activities and therefore in retail land value.

VOA Rateable values for Poulton Street and Market Square only were used as the basis to inform the current value of the retail stock. It was estimated to £848,943 (rental value) or a capital value of £6.79m.

The Pedestrian Pound - Living Streets provides a wealth of case studies which have demonstrated the impact of public realm improvement on footfall increase, retail sales increase, rental and capital values increase and reduction in vacancy rate. All case studies, which delivered public realm improvement comparable to the ones proposed for Kirkham, identified an increase in footfall ranging from 20% to 98% and an increase of rental and capital values of commercial properties of 20% (no values were available for schemes achieving very high increase in footfall). For the case of Kirkham, we have assumed that the increase in rental/capital value will be similar to the lowest reported figure in this study: 20% for the Do Maximum option; 16.2% for the Preferred Option and 7.2% for the Do Minimum (pro rata of spending on public realm improvement and general regeneration initiatives) – applied to retail properties on Poulton Street and Market Square only.

Additionally, substantial accessibility work will be delivered under all the scenarios. We have assumed that all these schemes will further support the increase in footfall and generate an additional 10% uplift (for all scenarios as same level of spending on gateways).

The impact was appraised over 30 years an uplift of £2.4m (PV) in the Do Minimum scenario, £3.6m (PV) in the Preferred Option and £4.1m (PV) under the Do Maximum option.

**Land Value Uplift – Existing residential properties**

Similarly to existing retail values, the regeneration of Kirkham town centre will have an impact on residential values in the area. Several studies have aimed to demonstrate the correlation between residential values and the provision of public amenities / good public realm. One study demonstrates a strong correlation between the proximity of housing to amenities such as a library and house values<sup>1</sup>. This study found that house located within 0.25 miles from a library are in average 7.7% more expensive than the average house price in the area and houses located between 0.25 miles and 0.5 miles are 0.5% more expensive than the average. This was used as a basis to estimate the impact of the proximity to community centres (Former TSB) and a learning centre (Hillside) on house prices in the area. Using Experian Location Analyst, we estimated that 1,177 homes are located within 0.25 miles and a further 1,462 homes are located between 0.25 and 0.5 miles from the centre of Kirkham (which we assumed as the corner of Poulton Street and Kirkgate). The average house value in Kirkham (based on Zoopla data) is currently £189,763, giving a total value of the residential stock within 0.5 miles of the centre of Kirkham of £500.7m.

Using the 7.7% and 0.5% uplift from the study and calculating an average uplift based on the proportion of homes within 0.25 miles and within 0.5 miles, and applying an optimism bias of 50%, we have assumed an uplift of residential value of 1.4% for the Do Maximum which will be a one off uplift occurring in 2025 (when the last development – Hillside training centre – is delivered). This uplift was adjusted for the Preferred Option (to 1.1%) and Do Minimum (0.6%) pro rata of the total cost of intervention.

The uplift is £5.7m (PV) for the Do Maximum, £4.8m (PV) for the Preferred Option and £2.6m (PV) for the Do Minimum.

**Health impacts of affordable housing**

The DCLG Appraisal Guide provides an estimate of the health impact of additional rented affordable housing in terms of the annual savings to the NHS per unit of affordable housing. The guidance gives an estimate of any annual saving of £125 per year to account for a reduction in overcrowding and rough sleeping. Applying the Health Discount rate (DCLG), the health benefits of this is estimated to £108,082 (PV) over the appraisal period and applies to the Preferred and Do Maximum options (for the delivery of 22 affordable units at the Kirkgate Centre).

**Distributional impact of affordable housing**

<sup>1</sup> <https://extension.umaine.edu/community/public-value/narratives-public-libraries/research-on-the-economic-value-of-public-libraries/review-of-new-research-articles/>

The HM Treasury Green Book suggests that policy appraisal should take into account the income levels of the beneficiaries of the policy – this therefore applies to the provision of affordable homes. Using DWP data on median household income before housing costs, per decile for all households, gives the following gross weights per decile:

Decile	1	2	3	4	5	6	7	8	9	10	Median
Income per week	352.7	439	490.4	568.4	614.7	710.2	817.2	940	1082	1245	614.7
Weight = (M/I) <sup>1.3</sup>	2.1	1.5	1.3	1.1	1.0	0.8	0.7	0.6	0.5	0.4	

Weights are then multiplied by the proportion of tenants that are in that income decile (based on Based on DWP's Households Below Average Income data) to obtain the average welfare weight for tenants in the affordable housing tenure.

Proportion of SRS	14%	20%	19%	17%	11%	8%	6%	4%	1%	0%	
Adjusted Weight	0.288	0.310	0.255	0.188	0.110	0.066	0.041	0.023	0.005	0.000	<b>1.2867</b>

The net welfare impact is obtained by summing the adjusted weights and subtracting 1 (the cost to the tax payer), meaning that for every £1 spent on affordable homes in Kirkham there is a £1.29 impact for the society and therefore a £0.29 net benefit (the distributional impact). With an average market rent for a 2 bed property in Kirkham of £6,464 per annum (Zoopla analysis) and an affordable rent of £5,568 (86% of market rent), the total net benefit is £5,651 per annum for the 22 affordable homes delivered at the Kirkgate Centre, giving a total impact of £220,651 (PV) over the appraisal period. This benefit applies to the Preferred Option and Do Maximum.

**Pedestrian infrastructure**

We assumed that some user benefits will be generated by the improvement of the public realm and particularly improvement to pedestrian infrastructure such as pavement and lighting. Using the WebTAG values of aspects in pedestrian environment, we have concluded that each km of improvement will deliver a benefit of £0.05 per user in 2010 prices) based on the improvement of kerb level, pavement evenness, provision of information panels and directional signage.

Table 4.1.7: Values of aspects in pedestrian environment (2010 values and 2010 prices)		
Scheme type	Value p/km	Source
Street lighting	3.76	Heuman (2005)
<b><u>Kerb level</u></b>	<b><u>2.65</u></b>	Heuman (2005)
Crowding	1.88	Heuman (2005)
<b><u>Pavement evenness</u></b>	<b><u>0.88</u></b>	Heuman (2005)
<b><u>Information panels</u></b>	<b><u>0.88</u></b>	Heuman (2005)
Benches	0.55	Heuman (2005)
<b><u>Directional signage</u></b>	<b><u>0.55</u></b>	Heuman (2005)

Source: WebTAG Databook

The above benefits have been applied to the following sections of road (multiplied by 2 to obtain improvement on both sides of the road):

	Upgrade
West End	90 meters
Mill End	90 meters
Preston Street	70 meters
Poulton Street	60 meters
Market Square	150 meters

We have assumed a nominal daily footfall of 50 (high level assumption as no data was available at the time of this assessment, which is likely to under-estimate the actual number). This generates an annual benefit of £99,831 (2020 prices) and a total benefit over the appraisal period of £1,625,032 (PV), which applies to all the scenarios.

**Cycle infrastructure**

Additionally, it is expected that the scheme will deliver (in all the options) 6 bicycle stands with 4 parking spaces each. WebTAG provides a benefit of £0.9814 (2010 prices) per use for the provision of secure cycle facilities (Table 4.1.6: Value of journey ambience benefit of cycle facilities) which was applied to the number of cycle spaces being delivered (24 spaces). We have assumed an average occupancy rate of 25% only (which is below general level of occupancy

for such infrastructure, generally assumed around 50%). This delivers a marginal impact of £2,571 per annum or a total benefit over the appraisal period of £41,854 (PV).

### **Educational impact of Hillside**

The Hillside training centre will deliver training for 15 persons per year who will achieve an NVQ Level 3 qualification. This number will increase by 30% in year 2 of running (20 students) and a further 30% in (25 students). Based on figures published by the Learning and Work Institute, and used by the GLA in appraisals, the value of those qualifications for the economy is £45,857 (average central value male and female, in 2020 prices).

*Value of qualifications with APS average earnings opportunity cost, 2018 prices*

	Male			Female		
	Low	Central	High	Low	Central	High
<b>BTEC - Level 2</b>	£16,758	£19,965	£23,172	£25,538	£37,949	£50,360
<b>City &amp; Guilds - Level 2</b>	£63,529	£80,158	£96,787	£3,314	£7,602	£11,889
<b>NVQ - Level 2</b>	£0	£5,082	£10,165	£19,280	£31,399	£43,518
<b>RSA - Level 2</b>	-	-	-	£36,006	£47,128	£58,250
<b>BTEC - Level 3</b>	£67,910	£76,091	£84,272	£29,095	£38,269	£47,442
<b>City &amp; Guilds - Level 3</b>	£74,124	£90,337	£106,550	£12,524	£18,720	£24,915
<b>NVQ - Level 3</b>	£29,422	£35,445	£41,469	£35,342	£52,362	£69,383
<b>RSA - Level 3</b>	-	-	-	£32,170	£41,751	£51,331
<b>Level 2 App</b>	£42,566	£118,967	£306,758	£496	£38,942	£126,302
<b>Level 3 App</b>	£25,775	£127,320	£394,089	£8,582	£50,804	£166,840

Source: CE calculations, Hayward et al (2014), London Economics (2011), the Annual Population Survey (2018)

We have assumed an optimism bias of 25% and an additionality of 75%. This level of additionality is justified by the uniqueness of the type of training provided, although recognising that some student could have opted otherwise for other training (in a different centre) delivering a similar level of qualification.

The overall impact of the training centre is estimated to £4.2m over a 30-year appraisal period and will be delivered under the Preferred and Do Maximum options.

### **Crime reduction**

Real or perceived, levels of crime have a detrimental affect not only on the ability of a high street to thrive but also on a community's health and willingness to interact with the high street offer. The 2018 Healthy High Streets report found that crime prevention through environmental design can be beneficial and there are four main ways through which this can be achieved:

- Territoriality – encouraging ownership, care and maintenance of local areas, whilst also discouraging illegitimate use
- Surveillance – increasing visibility on high streets. This can be through physical design, such as open street plans, transparent shop fronts, glazed windows and doors and good lighting. However, it may also be through encouraging greater footfall and human presence on a high street, for example by creating more residential properties to encourage 24-hour vigilance
- Access control – this would appear to counteract some of the other measures however, a balanced level of control, through features like high walls and locks, may limit crime
- Maintenance and upkeep of local areas – evidence suggests that minor deterioration of public spaces leads to increased levels of crime and fear of crime.

The development of new housing on Eagles Court/Market square and with the Kirkgate Centre will discourage and deter crime through, better surveillance, a greater human presence and improved lighting.

The economic benefit of reducing crime in the area has been measured (e.g. savings to police forces, prevention, intervention, consequences etc). We have used data from [www.police.uk](http://www.police.uk) to estimate average number of crimes (by type) on sites (based on average of 2019/20 statistics). The Savings assumed is in line with data from Home Office (The economic and social costs of crime Second edition – July 2018 - Table E1: Unit costs of crimes by cost category)

We have assumed a reduction of number of crimes of between 4% and 15% (depending on type of crime) based on figures published in the Pedestrian Pound report and a similar study realised on Rotterdam (Netherlands)<sup>2</sup>.

Crimes	Total unit cost (2015/16 prices)	# Crimes per year	% Reduction
<b>Individual</b>			
Violence with Injury	£14,050	39	4%
Violence without Injury	£5,930	136	4%

<sup>2</sup> <https://thisbigcity.net/how-walkable-streets-can-reduce-crime/>

Other sexual offences	£6,520	19	4%
Robbery	£11,320	0	10%
Domestic burglary	£5,930	6	10%
Theft of Vehicle	£10,290	11	5%
Theft from Vehicle	£870	25	5%
Theft from Person	£1,380	27	15%
Criminal damage - arson	£8,420	67	15%
<b>Commercial</b>			
Commercial theft	£970	36	5%
Other crimes	£33*	518	5%

\* smallest cost from WebTAG for crime prevention

We have assumed a displacement of 25% (reduction in crime in Kirkham Town Centre will lead to a displacement of some of those crimes and an increase in crime level in adjacent areas).

The annual impact is estimated to £131,286 (2020 prices) and to £2.1m (PV) over the appraisal period (30 years) for the Do Maximum scenario. This impact for the Preferred option has been estimated to £1.8m (PV) and for the Do Minimum to £973k (PV) – pro rata of cost of the intervention under each scenario.

## Summary of Monetised Benefits

The table below provides an overview of the discounted monetised benefits:

Present Value of monetised benefits	Do Min	Preferred	Do Max
Kirkgate Centre	£0	£1,600,533	£1,600,533
Former TSB	£0	£0	£0
Hillside Gardens	£0	£81,492	£81,492
Eagles Ct & Market Sq	£0	£0	£44,441
Affordable Housing Benefits	£0	£108,082	£108,082
Distributional benefits of social housing	£0	£220,651	£220,651
Hillside Training Centre	£0	£4,202,803	£4,202,803
Crime Reduction	£973,305	£1,797,932	£2,137,041
Cycle Infra	£41,854	£41,854	£41,854
Pedestrian environment	£1,625,032	£1,625,032	£1,625,032
Existing Retail LVU	£2,381,126	£3,624,961	£4,145,675
Existing Residential LVU	£2,596,469	£4,796,311	£5,700,946
<b>TOTAL</b>	<b>£7,617,785</b>	<b>£18,099,651</b>	<b>£19,908,549</b>

## Wider Benefits

There is likely to be other benefits associated with these interventions. This section provides an overview of these other anticipated benefits, including:

- Increased footfall
- Additional spending from new households
- Community cohesion

### *Increased footfall*

The additional housing from conversion of the Kirkgate Centre and redeveloping the Eagles Court / Market Street site will lead to greater footfall on the high street.

In addition Kirkham and its catchment are projected to grow substantially. However, the current town centre does not provide the offer needed to be considered a fit for purpose town centre facility that provides for the needs of its catchment. Neither is it attractive enough to draw visitors from nearby tourist facilities, for instance park home and holiday village sites including the very large facility at Ribby Hall, less than 2km from the town centre.

Given the programme of interventions it is reasonable to assume the new residents from Kirkham's growing catchment and visitors from Ribby Hall will be attracted to the town which will increase footfall and in turn lead to increased spending.

We have calculated the local spending of additional households which shows the impact of new additional household spending on the local economy (although this is not included within the BCR calculation). Based on ONS Average

weekly housing expenditure data (£596 weekly spend per household) and assumption that between 0% and 5% (depending on expenditure category) is spent in the local economy. Overall, we assumed each household will spend £12.93 in the local economy weekly.

#### Community cohesion

Community cohesion is fundamental to the continued and future success of high streets across the UK. High streets can play an important role in social inclusion, providing a place to gather, creating a sense of belonging, as well as improving, celebrating and engendering pride in a local identity.

The redevelopment of Kirkham town centre will provide residents with a new sense of pride in their town which has been lacking in recent years. The influx of new residents along with linked trips with visitors from Ribby Hall will add to greater community cohesion between the two areas. This in turn, will assist in creating a harmonious community in which people will want to live and invest.

#### Value for Money Assessment (BCR)

Value for money calculations for all of the options are set out in the table below.

	Do Nothing	Do Minimum	Preferred Option	Do Maximum
Net Present Value of Costs	£0	£4,617,602	£8,529,837	£10,138,654
Net Present Value of Land Value Uplift	£0	£0	£1,682,025	£1,726,466
Net Present Value of monetised non-market values	£0	£7,617,785	£16,417,626	£18,182,083
<b>Total Net Present Value of Benefits</b>	£0	£3,000,183	£9,569,814	£9,769,895
<b>BCR (Net Present Benefits / Net Present Costs)</b>	<b>N/A</b>	<b>1.65</b>	<b>2.12</b>	<b>1.96</b>
<b>VfM Category</b>	<b>N/A</b>	<b>Acceptable</b>	<b>High</b>	<b>Acceptable</b>

#### Sensitivity analysis

The following sensitivity tests were applied to test the robustness of the Preferred Option's BCR on varying level of assumptions:

- Test 1: no real term inflation
- Test 2: additionality for Kirkgate Centre and Hillside Gardens reduced to 50%
- Test 3: Displacement on crime reduction increased from 25% to 50%
- Test 4: 25% Optimism Bias added to the existing residential land value uplift
- Test 5: 25% Optimism Bias added to the existing retail land value uplift
- Test 6: 25% Optimism Bias added to learning/training benefits (Hillside training centre)
- Test 7: reduction of current footfall assumption by 50% (pedestrian infrastructure benefits)
- Test 8: All costs increased by 10%
- Test 9: all of the above

	PVC	PVB	NPV	BCR	VfM
Preferred Option	£18,099,651	£8,529,837	£9,569,814	<b>2.12</b>	<b>High</b>
Test 1	£17,944,357	£8,529,837	£9,414,519	<b>2.10</b>	<b>High</b>
Test 2	£17,030,276	£8,529,837	£8,500,438	<b>2.00</b>	<b>High</b>
Test 3	£17,500,341	£8,529,837	£8,970,503	<b>2.05</b>	<b>High</b>
Test 4	£15,701,496	£8,529,837	£7,171,658	<b>1.84</b>	<b>Acceptable</b>
Test 5	£17,193,411	£8,529,837	£8,663,574	<b>2.02</b>	<b>High</b>
Test 6	£16,698,717	£8,529,837	£8,168,879	<b>1.96</b>	<b>Acceptable</b>
Test 7	£17,287,135	£8,529,837	£8,757,298	<b>2.03</b>	<b>High</b>
Test 8	£18,099,651	£9,382,821	£8,716,830	<b>1.93</b>	<b>Acceptable</b>
Test 9	£10,800,957	£9,382,821	£1,418,135	<b>1.15</b>	<b>Acceptable</b>

The sensitivity tests show a very strong reliance of the BCR, which remain above 1 (VfM considered as Acceptable) under all tests, including Test 9 which is a combination of all the tests on all the major assumptions made in the modelling.

**COMMERCIAL CASE - How will the project or programme be delivered?**

**Please limit the Commercial Case to 5 pages of text and tables. Any further detail as relevant may be annexed.**

## Market Analysis

### a) Demographic Trends

Kirkham functions as a market town and an economic hub for a broad area. This includes its own population (7,476), the adjacent settlement of Wesham (population of 4,114), the settlements of Warton (population of 4,015) and Freckleton (population of 5,986), to the south, nearby larger rural settlements of Wrea Green (population 1,554), Great Eccleston (population of 1,468) and Newton (population 2,639 with Clifton), the smaller rural settlements of Weeton (population of 901), Elswick (population of 992) and Singleton (population of 934) and the smaller hamlets of Treales, Greenhalgh, Esprick, Thistleton, Little Eccleston, Larbeck, Roseacre, Wharles, Great Plumpton, Little Plumpton, Ballam, Mythop, Salwick, Bryning, Moss Side and Westby resulting in a combined population of 32,983.

The number of people 65 and over across the Borough is predicted to grow dramatically over the plan period. The over-65 population was projected in the SHMA to increase from 21,460 in 2011 to 30,311 in 2030, an increase of 8,851 or 41.2%. The predicted increase in numbers of those 65 and over in 2030 will exceed the predicted increase in number of the overall population. Thus, all of the increase in population is accounted for by an increase in the number of people over 65.

Furthermore, over one-third of all the increase in population across the Borough will be due to an increase in the number of people aged 85 and over. This highlights that the number of older people with support needs is likely to increase considerably.

### b) Commercial Property trends

Kirkham is recognised as a historic market town and one of the main shopping areas in the Borough. Kirkham town centre, together with Lytham and St Anne's town centres are at the top of the retail hierarchy in Fylde, according to the Fylde Coast Retail Study (2011) but Kirkham has less varied retail offer.

Using data from the commercial property database CoStar (which compiles information on commercial property transactions from 97% of estate agents across the UK) in combination with the specially commissioned 2020 Kirkham Town Centre Health Check, it is possible to understand commercial property performance and trajectory in Kirkham.

Data on retail vacancies shows that the vacancy rate in Kirkham is circa 13% with 15 units currently vacant in the town centre. A cluster of the vacant properties (including a Grade II Listed former bank) is located within the Primary Shopping Frontage, which creates an atmosphere of dilapidation as this is the key area of the town centre. Overall, the number of empty outlets in Kirkham town centre has continued to increase over the years, which has undoubtedly impacted on its viability and vitality. In line with the information provided in the previous health check report, in February 2011, there were 9 vacant units present within the town centre which clearly demonstrates an increase in vacancy rate. This suggests ongoing challenges with the commercial property market in Kirkham. Rental values have fallen over the last 10 years from circa £16psf in 2010 and currently stand at around £14psf.

### c) Residential Property Trends

Within the settlement hierarchy, Kirkham serves the role of a key service centre. Housing is generally more affordable in this area but, like the rest of the Borough, additional affordable housing is required. The Local Plan requires 30% of all homes on major developments (i.e. more than 10 dwellings) to be affordable.

The SHMA sets out the need for affordable housing across the Borough by dwelling size. Figure 12.1 of the SHMA shows that 64% of the need is for 1-bed, 16% for 2-bed, 11% for 3-bed and 9% for 4+bed. The SHMA also identifies a significant unfulfilled demand for affordable sheltered accommodation for the elderly across the Borough. It is anticipated that latent demand is likely to be much greater due to the impact of the constraints on supply.

The local plan requires that all developments of 10 or more dwellings will be required to include at least 50% of dwellings that are 1 and 2 bed or 3 bed homes. It is recognised that an element of the need for smaller units of accommodation will be provided by conversions.

By middle layer super output area Kirkham and Wesham have significantly fewer 1 and 2 bed homes than other parts of the Borough.

The accommodation occupied by people 65 and over in Fylde varies widely. Of the 21,460 people 65 and over in Fylde in 2011, ONS data shows that 9,097 were living in homes of 3 or more bedrooms; of these, 2,149 were aged 80 and over. It also shows that 3,743 people of 65 and over were living in flats, of which 3,269 were in Lytham and St. Annes; this highlights that very small numbers of older people in the rest of the Borough were living in flats. This may reflect supply constraints. In total there were 5,707 purpose-built flats in the Borough, but only a small proportion of these are

purposely-designed for the elderly, and a significant minority, and possibly even the majority, are occupied by younger people.

The existing stock of accommodation marketed specifically to the elderly consists of 1,072 units of sheltered accommodation, most of which will be capable of housing a couple. Of these, at least 97 are extra-care units where some element of care can be provided. In addition, there are 40 care homes providing spaces for 1115 residents. Thus, if there were no further developments of these types, the amount of accommodation intended specifically for the elderly would be sufficient for just 11% of the population aged 65 and over at the end of the plan period.

The Kirkham Town Centre Living Assessment (see Appendix 10) finds that Kirkham is currently an affordable market area, characterised by a high proportion of terraced houses (48.02%), semi-detached houses (26.77%) and flats (18.35%), and a much smaller proportion of detached houses (6.79%). In total 60.30% of all homes in Kirkham town centre are owner occupied, with social and private rented homes equating to 37.49% of all homes in the District (households living rent free and shared ownership homes accounting for the remaining 2.21%). In contrast, the wider District of Fylde is made up of a greater proportion of owner-occupied homes (73.45%) with private and social rented homes equating to 24.86%. The assessment also finds there are no new build properties currently available in the town centre and there have been no recently achieved sales in the last year. The lack of new build development is likely to stem from low underlying values.

.As a result, the report recommends diversifying the existing stock in the town centre and providing a better choice of a of accommodation which satisfies the following requirements:

- Modern, quality accommodation which complements the existing traditional supply. This should include a range of property types and sizes to suit a variety of occupiers; from apartments and smaller two-bed houses, to larger family sized homes.
- Good quality conversions of the town’s historic buildings. Scope also exists for the conversion of vacant units above shops.
- Specialist housing for older people in the town centre to access the facilities on offer.
- Quality affordable homes for the typical Kirkham resident. With the average resident able to afford to buy a property of between £195,000 and £216,000, there is likely to be a need for affordable, modern, well-managed rental or shared ownership schemes that will attract them to the town centre

**Delivery Confidence: Fylde Borough Council**

The Council can demonstrate a fine track record of delivering regeneration and community-based schemes. Such projects include town centre strategy formulation and implementation, including taking these important aspects through the relevant public and political processes. The Council with a variety of public and private partners have delivered traditional regeneration projects as well as other community-based initiatives. The Council has managed an extensive programme of regeneration for the coastal town of St Anne’s and more recently an initiative in the coastal town of Lytham. In the case of the coastal town of St Anne’s the longstanding programme of regeneration has included a cocktail of funding sources, including Historic England, the former Development Agency, Tourist Board, Fylde Council, Lancashire County Council, Local Strategic Partnership, the private sector and negotiated developer contributions through s106 Agreements. It is this experience that gives the Council the confidence that the FJHSF would be successful in Kirkham.

**Governance Delivery Structure**

The governance diagram in the management case shows how the programme will be managed. It highlights the role of a new local delivery vehicle who will oversee the delivery of the proposed programme of interventions. This team will include a dedicated FHSF Programme Manager / Officer. Fylde Borough Council is the lead body delivering the capital projects which sit within this submission and hence have the full capabilities of the Council to call upon including legal, procurement, development, planning and project management.

**Project Delivery**

The table below provides a summary of likely delivery models for each intervention (within the preferred option) with further detail provided in each of the project synopses included at Appendix 2.

Project	Ownership and Observations	Actions
<i>Acquisition of Kirkgate Centre to facilitate conversion to residential (affordable housing)</i>	The property is owned by Kirk Assets Limited and Kirk Assets (2) Limited.  Title Number: LA7 80850	The Council will purchase the building. FHSF funding is sought to acquire the property  The Council would then grant a long leasehold interest (minimum period of 60 years) or transfer the asset to Forliving for a nominal amount who would then fund the conversion works.  Forliving would then be responsible for ongoing maintenance and management of the property.

<p><i>Acquisition of Former TSB Building to facilitate multipurpose community space and Arts Centre</i></p>	<p>The property is owned by Thomas McDonald. Title Number: LA859161</p>	<p>The Council will purchase the building and refurbish the property. FHSF funding is sought to acquire and refurbish the property.  The Town Council will then take on the management of the building (including maintenance and repair liabilities).</p>
<p><i>Acquisition of Hillside Court to facilitate conversion to Heritage Skills Centre</i></p>	<p>The property is owned by Thomas McDonald. Title Number: LS854740</p>	<p>The Council will purchase the building using FHSF funding. Enabling works (£50,000) is also sought through the FHSF.  The conversion will be funded via funds from the HAZ Programme, Fylde Borough Council, Kirkham Town Council and various in-kind contributions. The largest share (50%) of the conversion costs will be financed through the HAZ Programme.</p>
<p><i>Acquisition of Development plot adjacent to garden at the rear of Hillside Court. To facilitate Phases 2 and 3 of the Heritage and Skills Eco Centre.</i></p>	<p>The property is owned by George David Clark: Title Number: LA571562.</p>	<p>The Council will purchase the plot and FHSF funding is sought to acquire the land and deliver phases 2 and 3.</p>
<p><i>Market Square Improvements</i></p> <p><i>High street footway widening and carriageway narrowing</i></p> <p><i>Eastern Gateway</i></p> <p><i>Western gateway</i></p> <p><i>Miscellaneous interventions</i></p>	<p>Public highway owned and delivered by the Lancashire County Council.</p>	<p>The County Council has responsibility for the public highway and therefore these schemes would be delivered through normal Lancashire County Council procurement processes. A representative from Lincolnshire County Council's transport team has been involved in the development of the FHSF projects.</p>
<p><i>Retail conversion and improvement grants</i></p>	<p>Multiple ownerships - improvements delivered via landlords / owner occupier retailers</p>	<p>Our programme will follow the same structure as other successful programmes, particularly those which look to convert or reinstate residential properties within the town centre. To help maximise the amount of unused floorspace above shops, a financial incentive will be offered to cover between 50% and 85% of the costs, with individuals and businesses able to apply for a grant to redevelop. The interventions will cover the costs of refurbishment, conversion, extension or new build or larger-scale redevelopment</p>

### Contractual Issues

There are no known contractual issues that will impact upon this bid.

## MANAGEMENT CASE - How will delivery of the programme/project be planned, monitored and overseen to evaluate and ensure its success?

**Please limit the Management Case to 5 pages of text and tables. Any further detail as relevant may be annexed.**

Fylde Borough Council will ensure the successful delivery of the Future High Street programme for Kirkham by following the governance and project management principles set out in this section of our Business Case. The delivery of the capital projects funded through the Future High Street investment will be the focus of the programme. These include:

### Public Realm / Transport and Accessibility Projects

- High Street (Poulton Street) improvement works;
- Mill street improvement works
- Eastern gateway improvements
- Western gateway improvements
- Miscellaneous movement / connectivity improvements.

### Property acquisition / assembly

- The Kirkgate Centre
- The former TSB Building
- Hillside Court and adjacent plot of land

### Third party viability grants

- Conversion of upper floors and shop front improvements to properties within the town centre.

## KPI's Monitoring and Oversight

Fylde Borough Council has identified the following SMART KPIs which will be used to measure performance of the FHSF projects and the health and vitality of the town centre.

Objective	SMART KPI	How KPI is measured	Frequency of measurement
Improved arrival points to the surrounding residential population, making it easy and straightforward for them to get into the town centre	Increased visitors to the town centre on-foot and cycles.	Monitored by counters	Annual
	Reduced pedestrian and cycle road traffic accidents.	Collected from Dft / Highways England	
	Increased footfall in core locations of the town centre.	Monitored by counters	
Improved movement and footfall through the centre, driving passing trade for the retail premises throughout the high street	Increased footfall	Monitored by counters	Quarterly
	Increased dwell time.	consumer surveys/focus groups	Annual
	Improved vacancy rates	MHCLG will collect this data	Quarterly
	Rental value growth	Market analysis from local agents	Semi-annual
	Increase in private sector investment in asset base	Data collected by LEP / Council	Semi-annual
A diversified town centre: By bringing in alternative uses, in particular residential development into the town centre, this will create a valuable market for retailers and increase footfall.	Business diversity – improved mix of floorspace	Monitoring of take up of new business and the composition of the High street and its offer in terms of retail, commercial, leisure and residential.	Annual

	Increased dwell time.	Consumer surveys/Focus groups	Annual
	Improved experience on the high street		
Improved appearance: A significant detractor from the current town centre is its visual appearance, by improving this it will make it a better place to visit and shop.	Improved mix of floorspace	Data collected by LEP / Council	Annual
	Improved experience on the high street	Consumer surveys/Focus groups	Annual
	Increased dwell time.		
	Rental value growth	Market analysis from local agents	Semi-annual

**Project Portfolio Management (PPM) Strategy**

The PPM for the Future High Street Programme will provide a reference for all programme stakeholders and sets guidance for the relationships between them for the delivery of the Future high Street Programme. This should be read and fully understood by all programme staff and consultants to ensure that all responsibilities and key lines of communication are understood.

- Procurement will follow the Councils (Borough and County) guidelines
- All roles and responsibilities relating to design management and capital project delivery will be set out against each of the proposed interventions;
- Statutory and other approvals will be the responsibility of the relevant owner / authority and will need to be provided to the Programme Manager before commencement of works;
- Health and Safety management will be the responsibility of the relevant owner / authority and evidence will need to be provided to the Programme Manager before commencement of works; and
- Cost management and financial reporting will be the responsibility of the Programme Manager in consultation with the relevant owner / consultant lead on each intervention.

The Project Portfolio Management Strategy is a live and controlled document and will be updated during the programme. The PPM Strategy is no intended to override the duties of contractors or consultants under their appointment documents.

**Project Framework**

Fylde Borough Council will act as overall accountable body and co-ordinator for the FHSF Programme. The Council can demonstrate a fine track record of delivering regeneration and community-based schemes. Such projects include town centre strategy formulation and implementation, including taking these important aspects through the relevant public and political processes. The Council with a variety of public and private partners have delivered traditional regeneration projects as well as other community-based initiatives. The Council has managed an extensive programme of regeneration for the coastal town of St Anne’s and more recently an initiative in the coastal town of Lytham. In the case of the coastal town of St Anne’s the longstanding programme of regeneration has included a cocktail of funding sources, including Historic England, the former Development Agency, Tourist Board, Fylde Council, Lancashire County Council, Local Strategic Partnership, the private sector and negotiated developer contributions through s106 Agreements. It is this experience that gives the Council the confidence that the FJHSF would be successful in Kirkham.

The Council will bring together a partnership board / local delivery partner comprising:

- Representative from Kirkham Town Council;
- Chair of Kirkham Business Forum;
- Representative from Fylde Borough Council;
- Representative from Lancashire County Council; and
- Appropriate partners to deliver specific themes and projects.

The local delivery partner will meet on a bi monthly or quarterly basis (depending on need) to monitor progress against agreed objectives, discuss progress, issues arising and make key decisions.

It is also proposed that this local delivery partner will take on the responsibility for overseeing the HAZ Programme.

Full Terms of Reference and code of conduct will be drawn up by the Council.

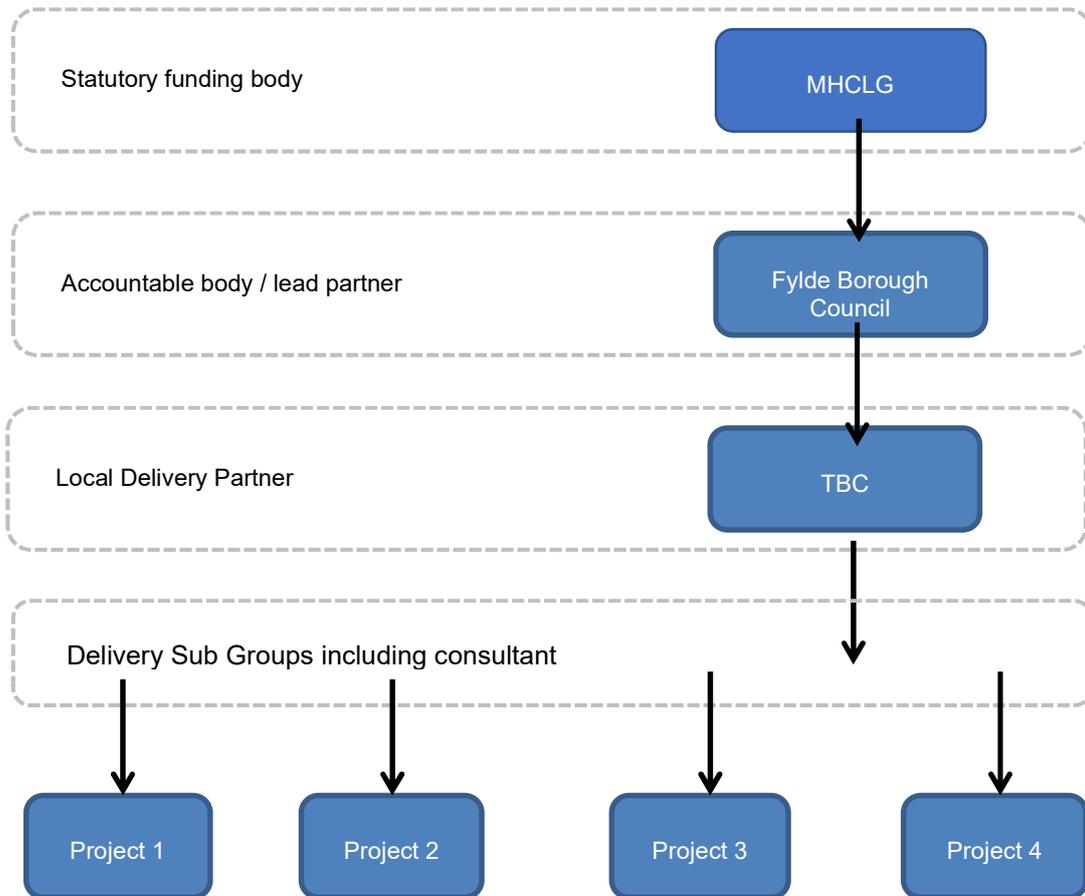
A general organisation /governance structure is shown in figure 1.

The core project team responsible for the regeneration of Kirkham will comprise:

- Senior Responsible Officer (Head of Regeneration): As the SRO, the Programme Director will provide the strategic oversight of the regeneration programme and will be responsible for: a) Setting the programme plan and review of progress) b) setting the objectives, scope, quality, timescales and cost controls for sub-project work and c) reviewing and advising on the adherence to the objectives of the programme plan and the delivery of critical success factors.
- Dedicated Programme Manager; Fylde Council has existing resources in place to support oversight and management of the whole FHSF scheme. This includes staff with Prince 2 Practitioner Certificates. However, it is envisaged that the workload of the FHSF will necessitate a new dedicated programme officer/manager who will lead and develop the work over the lifespan of the programme with the full support of the SRO;
- It is also envisaged that a new dedicated support officer will be required to support the programme manager with the project delivery, communication and record keeping
- Finance Officer. The Council's Chief Financial Officer (Section 151) will have responsibility for ensuring that expenditure of the grant meets the Council and MHCLG Financial Regulations and Standing Orders.

Recruitment for the new posts will follow Fylde Borough Councils recruitment process being fair, transparent and open to all.

Figure 1



The Future High Street Team and programme will be supported by the following external consultants who will be appointed for the beginning of the programme:

- Consultancy Support for capital projects around advice such as detail design and legal fees etc.
- Evaluation and Monitoring Consultant will be appointed to lead on the evaluation framework for the programme.

**Project plan**

A project plan for each of the proposals is provided in the project proformas (Appendix 2).

**Change or risk management strategy**

All risks will be managed through the project governance route and discussed and controlled through the local delivery partner for mitigation. The process to be put in place for risk management and internal controls includes:

- Risk identification

- Risk analysis (The assessment of the likelihood of the risk occurring, the impact on the project if it does occur, coupled with an assessment of characteristics and classification of risks)
- Risk evaluation (sets the criteria for evaluation, decide risk ranking in terms of probability and impact and select priorities)
- Risk treatment (identify, avoid, mitigate, transfer or accept and evaluate options, along with mitigation plans, allocated risk owners and implement the treatment).
- Risk escalation (escalation of risks to the Council's corporate risk register)
- Review and assurance (risks are reviewed and reported upon on an ongoing basis to identify if the risks are changing)

A key output from this process is an initial project risk register, which is included at Appendix 6. The risk register is an active document which will be reviewed and managed throughout the programme.

The FHSF Programme Manager will have responsibility for regularly updating this and advising the local delivery team of any issues.

An initial analysis of the keys risks has been undertaken and is summarised below.

Risk	Likelihood	Impact	Mitigation	Lead
Failure to recruit an appropriately qualified candidates for the Future High Street team	Low	Medium	Attractive employment package created and widely advertised. Use of sector networking to secure suitably qualified candidate.	Senior Responsible Officer
Capital schemes unable to be progressed with third parties and loss of third party co-funding	Low	High	Engagement of third parties in the development of capital schemes	SRO and then FHSF Programme Manager
A further decline in economic conditions impacting on footfall and town centre viability	Medium	Medium	Local delivery team established to encourage partnership working from the outset of the programme, taking a strategic approach and using best practice to address any challenges.	SRO and then FHSF Programme Manager
Lack of communication between Fylde Borough Council and the Local Delivery team.	Low	Medium	Regular meetings and reporting structure set out.	SRO and FHSF Programme Manager
Poor perceptions from the third parties and general public	Low	Medium	Establish good working relationships and communication of progress. Undertake data collection for benefits realisation	SRO and FHSF Programme Manager
Site assembly	Low	High	Land ownership pattern already established and set out within the Commercial Case. Initial discussion and Heads of Terms have been agreed with the principal land /property owners.	SRO and then FHSF Programme Manager
State Aid	Low	High	The funding strategy has been reviewed from a State Aid compliance perspective which has informed the approach taken. The Council is confident based on this review and iterative process that State Aid will not impact on the ability to deliver in line with the confirmed strategy, including where appropriate confidence in available exemptions to enable flow of funding.	SRO and then FHSF Programme Manager

**Evaluation and benefits realisation**

An evaluation framework will be undertaken by external consultants who will be commissioned at the start of the programme and work with the Future High Street Project Manager throughout the 4-year programme. The evaluation framework will ensure that the MHCLG requirements for Level 1 and Level 2 evaluation are met and that there is a strategy for ensuring that lessons learned are well embedded in future policy and practice within Fylde Borough Council.

The assessment stages for evaluation and benefits realisation are as follows:

- Description of Benefit
- Assumptions surrounding proposed benefit
- Dependencies
- Method of measuring Benefit
- Overall value of Benefit
- Overall cost of Benefit
- Party or work stream responsible for achieving benefit.

The evaluation will use a range of different collections methods, both qualitative and quantitative. These include baseline data such as 2020 footfall surveys for Kirkham, vacancy rates, business diversity as well as a interview on Kirkham.

Baseline data and surveys will be reviewed annually as well as at the end of the programme and will feed into the wider evaluation and benefits realisation for the Future High Street Programme. Fylde Borough Council will undertake all interim and final evaluations for the Future High Street Fund Programme in line with MHCLG and Treasury guidance. The table below details the improvements expected on the baseline position and the indicators measured to assess these:

Logic Thread Activities	Logic Thread: Outputs	Evaluation Undertaken
<p><b>Physical Infrastructure</b></p>	<ul style="list-style-type: none"> <li>• Market Place improvement works</li> <li>• High Street (Poulton Street) improvement works;</li> <li>• Mill street improvement works</li> <li>• Eastern gateway improvements</li> <li>• Western gateway improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Town-wide footfall data. Consideration will be given to out-of-hours movement indicating diversification of use.</li> <li>• Baseline and monitoring of accident levels.</li> <li>• Traffic volume along Poulton Street</li> <li>• Air quality monitoring</li> <li>• Annual visitor survey to monitor impacts and perceptions</li> <li>• Annual business survey to monitor trade and perception</li> <li>• Annual impacts summary and evaluation report</li> </ul>
<p><b>Movement / Connectivity Improvements</b></p>	<ul style="list-style-type: none"> <li>• Improve pedestrian accessibility at Morrisons Entrance on Mill Street.</li> <li>• Reduce the overly large junction footprint at the eastern gateway to a minimum, allowing easier pedestrian movement towards the town centre.</li> <li>• Accessibility improvements at the western gateway to provide direct pedestrian crossings and to narrow the crossing distances through carriageway narrowing and widening footways</li> <li>• Enhanced pedestrian links to the high street/Poulton Street (surfacing, lighting and wayfinding) from Mill Street, Eagles Courts and Orders Lane car parks;</li> <li>• Enhanced pedestrian links from Progress Park business estate</li> <li>• Surfacing, lighting and continuous level footways across side road junctions on Poulton Street to provide comfortable legible route</li> <li>• Enhanced pedestrian links from residential area south of the town</li> </ul>	<ul style="list-style-type: none"> <li>• Town-wide footfall data. Particular consideration will be given to out-of-hours movement indicating diversification of use.</li> <li>• Baseline and monitoring of accident levels.</li> <li>• Traffic volume along key transport arteries such High Street</li> <li>• Air quality monitoring</li> <li>• Annual visitor survey to monitor impacts and perceptions.</li> <li>• Annual business survey to monitor trade and perception</li> </ul>

	<p>centre, through enhancements to footway surfacing, lighting, and zebra crossing of Marsden Street along Kirkgate. On northern section of Kirkgate, widening of footway and incorporation of parking into footway.</p> <ul style="list-style-type: none"> <li>• Enhanced pedestrian links from Memorial Park to town centre, by creating level access connection at the rear of the proposed Eagles Court redevelopment, and by enhancing the footway link along Church Street.</li> <li>• Cycle parking: high quality cycle parking at Market Square and west end of High Street, as well as within car parks.</li> <li>• Pedestrian signing and wayfinding to improve legibility of high street and environs</li> </ul>	
<p><b>Change of Use</b></p>	<ul style="list-style-type: none"> <li>• Redevelopment of upper floors in Kirkgate Centre to residential space</li> <li>• Redevelopment of former TSB bank into a new community facility (including arts centre and community cinema)</li> <li>• Redevelopment of former gardens at Hillside Court into Phases 2 and 3 of the Heritage and Skills Innovation Centre</li> </ul>	<ul style="list-style-type: none"> <li>• Town-wide footfall data. Consideration will be given to out-of-hours movement indicating diversification of use.</li> <li>• Rental costs per sq. metre reviewed with commercial letting agents</li> <li>• Retail vacancy rates reviewed annually</li> <li>• Growing strength of the independent retail sector</li> <li>• Annual visitor survey to monitor impacts and perceptions.</li> <li>• Quarterly reporting on all development projects</li> </ul>
<p><b>Conversion/ Shop Front Improvements</b></p>	<ul style="list-style-type: none"> <li>• Redevelopment of upper floors in Kirkgate Centre to residential space</li> <li>• Redevelopment of former TSB bank into a new community facility (including arts centre and community cinema)</li> <li>• Redevelopment of former gardens at Hillside Court into Phases 2 and 3 of the Heritage and Skills Innovation Centre</li> </ul>	<ul style="list-style-type: none"> <li>• Town-wide footfall data. Consideration will be given to out-of-hours movement indicating diversification of use.</li> <li>• Rental costs per sq. metre reviewed with commercial letting agents</li> <li>• Retail vacancy rates reviewed annually</li> <li>• Growing strength of the independent retail sector</li> <li>• Annual visitor survey to monitor impacts and perceptions.</li> <li>• Quarterly reporting on all development projects</li> </ul>