


Agenda Item No:	7	
Committee:	CABINET	
Date:	13 September 2018	
Report Title:	Property Acquisition and Regeneration, Wisbech	

Cover sheet:

1. Purpose / Summary

- This report outlines options for Members' consideration related to an important derelict town centre site of 11/12 High Street Wisbech, which forms part of the Wisbech High Street Heritage Lottery Fund (HLF) project.
- Significant grant aid is available from HLF which is time limited and may be in jeopardy if the required major refurbishment cannot be taken forward within the requisite timeframe.
- The report explains the regeneration benefits aligned to the related delivery and financial risks and requests Members to decide whether the Council wish to consider acquiring the site and to determine the most appropriate way forward.

2. Key Issues

- The Council's Business Plan and its 'Economic' priority is committed to regeneration across the District and has supported the High Street HLF project to deliver an improved streetscape and associated activities related to the project.
- No 11/12 is located at the heart of the scheme and is identified as a 'high priority' site in the HLF programme with a significant grant allocation.
- The grant is time limited with the requirement for the property to be completed and funding drawn down by January 2021, although HLF has indicated a degree of flexibility should the works on site be near completion at that time.
- The site is completely dilapidated, and has been since the early 2000's, so the HLF grant is a 'once in a lifetime' opportunity to address the ongoing issues associated with the building.
- The current owner is unable to take forward the development and consequently, in order to meet the deadline for HLF funding, it will be necessary for the site to be acquired from them and an in principle agreement has been reached to that effect.
- Officers have procured draft designs, estimated development costs, valuation and viability assessments which are included in the attached confidential appendices and this information has been utilised to develop four possible options for Members to consider in their decision making.
- Additionally, Cabinet Members will consider a separate Cabinet report should Council approve options 1, 2 or 3 recommending that they approve a 'minded to grant' Compulsory Purchase Order (CPO) in order to aid the acquisition if required. Legally it is required that this is a Cabinet decision.

- Whilst there are significant benefits and opportunities to be gained from this regeneration project it is complex and not without risks. In order to assist Members with their decision making, a detailed Risk Matrix has been included in the confidential **Appendix B** together with the financial implications of each option identified.
- In view of the urgency and importance of the decision to be taken, it is important that Members read and fully understand the risk and financial implications so that an informed and balanced decision can be taken.

3. Recommendations

- Cabinet is hereby requested to recommend to Council the following decisions in relation to the potential redevelopment of no. 11/12 High Street, Wisbech:
 - Having regard to the particular risks and financial implications highlighted, to identify and approve, the preferred method of delivery from options 1,2,3 or 4
 - Subject to the above, where option 1, 2 or 3 is approved, that:
 - A decision is taken as to the timing of the acquisition and in particular either:
 - as soon as practicable; or
 - following a delay of 12 months (or less if possible) to enable the completion of design and costing works along with Planning and Conservation approval as appropriate.
 - To delegate to the Chief Executive, Corporate Director (Growth & Infrastructure) and Corporate Director (Finance) in conjunction with the Leader, Finance Portfolio Holder and Growth, Heritage & Community Safety Portfolio Holder to implement the preferred option and in particular:
 - to enter into an agreement to purchase and subsequently acquire the site on the terms outlined in the report; and
 - to take all action necessary to enable the drawdown of the relevant HLF grant.

Wards Affected	Medworth Ward, Wisbech
Forward Plan Reference	
Portfolio Holder(s)	Cllr Chris Seaton – Leader Cllr David Oliver – Portfolio Holder for Growth, Heritage and Community Safety Cllr Anne Hay – Finance Portfolio Holder
Report Originator(s)	Gary Garford – Corporate Director (Growth & Infrastructure) Taleyna Fletcher – Townscape Heritage Officer, Wisbech High St Project Justin Wingfield – Head of Business & Economy Kamal Mehta – Corporate Director (Finance) Amy Brown – Acting Corporate Director and Monitoring Officer

Contact Officer(s)	Paul Medd – Chief Executive Gary Garford – Corporate Director (Growth & Infrastructure) Kamal Mehta – Corporate Director (Finance) Justin Wingfield – Head of Business & Economy Amy Brown – Acting Corporate Director and Monitoring Officer
Background Paper(s)	

Report:

CONFIDENTIAL – The attached lettered Appendices to this report comprise EXEMPT INFORMATION which is not for publication by virtue of Paragraphs 2 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)

1. Purpose of Report

- 1.1 Members will be aware of the Council's long-standing objectives to promote regeneration across the District and is a key 'Economic' priority contained within the Council's Business Plan. Recent developments concerning a significant scheme within the regeneration programme dictates that Members are now required to consider a key strategic decision in respect of the property known as 11-12 High Street. This report has been prepared to explain how a time-limited; 'once in a generation' opportunity has presented itself to take forward the redevelopment and put back into use, the derelict property known as 11-12 High Street, Wisbech.
- 1.2 The solution to this problem is offered with a narrow window of opportunity and is only possible thanks to the funding secured from the Heritage Lottery Fund. The report explains the circumstances surrounding the current status of the site, the safety measures already taken by the Council and the options available to enable the building to be brought back into active use.
- 1.3 The redevelopment and reuse of the property, which has stood in a derelict state since early 2000's, has been a long standing ambition of this Council and the wider community. 11-12 High Street forms the centrepiece of the Heritage Lottery-funded Wisbech High Street Project and it is therefore critical that the funding is secured if it is determined that the premises should be brought back into use. The site is currently privately owned and redevelopment can only proceed if the Council or a third party secures its acquisition. The information contained in this report sets out the potential options for taking this forward together with risks and financial implications associated with this approach.
- 1.4 As is required by law, a separate report tabled to Cabinet after the Council meeting today, will seek in principle approval from Cabinet for a resolution to grant a Compulsory Purchase Order (CPO) should this become necessary in the course of pursuing the options identified.

2. Public Interest

- 2.1 Before deciding whether to deal with the lettered appendices to this report as an exempt item and to exclude the press and public the Council must first decide whether the appendices contain exempt information and secondly whether the public interest should override the application of that exemption.
- 2.2 The lettered appendices to this report contains details of a potential commercial land transaction including details of third party Landowner and potential commercial contracts with a Developer, together with associated financial matters that could prejudice the future acquisition, development and/or disposal of a property asset. The information falls within Paragraphs 2 and 3 of Part 1 of Schedule 12A namely *"Information which is likely to reveal the identity of an individual"* and *"Information relating to the financial or business affairs of any particular person (including the authority holding that information)."* Members will need to decide whether the sensitivity of this information relating to this proposal is so great that the public interest in transparent and accountable decision making is outweighed at this time. Members could decide that disclosing detailed information into the public domain at this stage will be detrimental to the Council and prejudicial to the Landowner and Developer who could become parties to the same contractual relationship.

3. The Property

- 3.1 The property known as 11-12 High Street, Wisbech comprises two separate derelict former shop premises which formerly provided three additional storeys of storage and living accommodation above. These buildings are believed to date to the early C18th, constructed from reddened local brown brick, originally they both comprised four storeys with decorative brick bands between floors. The premises were originally occupied as two separate properties, but for the purpose of this report are dealt with as a single property. The property is shown as edged red on the attached plan (at **Appendix 1**) and photographs of the property are attached (at **Appendix 2**).
- 3.2 Both premises are separately 'Grade II' listed and are situated within a highly prominent town centre location and within the Wisbech Conservation Area. A report prepared by Historic England (English Heritage at that time) in 2006 and commissioned by FDC described the buildings as *"four storeys high with a basement. They both have shops on the ground floor which have been extended at the rear to cover virtually the whole of the available sites. Both floor facades have been replaced with C20th shopfronts and the interiors have been completely opened up and all the fitting and decoration stripped out."*
- 3.3 At present all that remains is a brick façade supported by internal party & curtain walls along with temporary strutting although the upper storey of each façade has been partly dismantled and all internal floors have been removed for safety reasons. Whilst there are some structural remains in the footprint of the former buildings behind, it is widely assumed that this is not salvageable and that any new redevelopment scheme would not be required to retain the original layout (subject to planning consent). Access is currently not possible due to the conditions of the site and therefore remote surveys have been undertaken using a drone and elevated platform.
- 3.4 There will be a requirement to reinstate the front façade like-for-like in any approved development.
- 3.5 Despite their current appearance, these two properties remain Grade II listed (HE List Entry Numbers: 1331613 and 1279361) and are subject to the same listed building conditions as any other listed property.

4. Heritage Lottery Fund Grant

- 4.1 In September 2016 the Heritage Lottery Fund (HLF) awarded Fenland District Council with a grant of £1.9m from its Townscape Heritage scheme. This became known as the 'Wisbech High Street Project'. The properties situated on Wisbech High Street were assessed and given a priority rating in advance of the application for funding to the HLF, with 11-12 High Street receiving a "HIGH" priority rating.
- 4.2 It is widely acknowledged by the HLF and by the High Street Project partner organisations (Wisbech Town Council, Wisbech Society and Cambridgeshire County Council) that the redevelopment of 11-12 High Street is crucial to the success of the project. It would be fair to say that failure to address these properties would be seen to result in the overall failure of the project to achieve its objectives.
- 4.3 The principles of the Wisbech High Street project are that the owner develops an approved scheme of refurbishment and a grant is awarded to the owner of the site. The funding is awarded towards the repair/refurbishment or in the case of 11/12 to be used to plug the gap between the increase in the value of the site and cost of redevelopment – this is known as the "conservation deficit". The amount available for 11-12 High Street has been capped at a figure contained in the confidential **Appendix A – section 2**.
- 4.4 Funding awarded to owners is available on the basis of staged claims, submitted in arrears i.e. after that agreed stage of work has been completed and signed off. The funding is structured in this way to ensure that projects are taken through to completion, but does result in the developer/owner having to 'front fund' the entire scheme, before

being able to claim back that expenditure. The Wisbech High Street project has a four year life span and as such all works require completion and funding claims need to be submitted and drawn down before the deadline of January 2021.

- 4.5 The HLF grant has 'claw-back' provisions on a sliding scale over 10 years if the property is sold by the owner.

5. The Opportunities - Development options, finance and risk

- 5.1 Given the complex and sensitive nature of this matter and the significant external factors which influence future options, a comprehensive and confidential **Appendix A** has been written which explains in much greater detail the recent history of the property; how it fell into disrepair; the owners intentions and the work undertaken to reach this point which is explained in **Appendix A - section 3**.
- 5.2 The 'prize' from this project is to see this derelict property brought back into use through the award of the grant funding offered by the Wisbech High Street HLF scheme. A draft redevelopment scheme was prepared on behalf of FDC by Haverstock LLP for the original Heritage Lottery Fund submission and a copy of the indicative plans can be found at **Appendix 3**. Full details of the estimated development costs, valuation and viability issues are discussed in depth in **Appendix A – section 4**.
- 5.3 The key aspect to this report is the Options being presented to Members and the associated timing implications to ensure that the HLF grant funding is not lost. Members are encouraged to read **Appendix A – section 5**, and to consider the 4 options on offer and the implications for taking action at the earliest opportunity.
- 5.4 As with every project or opportunity there are risks in opting to either take action, or do nothing. Officers have developed a Risk Matrix (in confidential **Appendix B**) which considers the risks for each of the four options and assesses, in greater detail at **Appendix A – section 7**, the likelihood and impact of the identified risks and provides, where appropriate, suitable mitigation measures. Just because risk exists does not mean that an option should not be pursued, but it does require a robust understanding and appreciation of its impact to the overall scheme and the Council's position and reputation.
- 5.5 A financial appraisal of the four options and a budget proposal of each is provided in confidential **Appendix A – section 8**. The financial assessment includes cash flow modelling, assessed on a 'Net Present Value' basis, explanation around financing and likely payback periods, in the event that FDC were to take a lead role in the redevelopment process.
- 5.6 Whilst a potential offer to purchase the property has been agreed in principle with the owner, there remain inherent time pressures in securing and drawing down the funding on offer. It is considered prudent to seek authority for a resolution to grant and use of Compulsory Purchase Powers if the need arises, the details of this are discussed in confidential **Appendix A – section 6** and if Members chose an option where acquisition is required, a further report will be considered and determined by Cabinet, using its executive powers in accordance with the Council's Scheme of Delegation.

6. Next Steps

- 6.1 Members are asked to consider the Options contained within this report, their risks and rewards and decide how it would like the Council to apply its resources to resolving the problem.
- 6.2 Actions will of course flow from whatever decision is chosen by Members, and Officers will ensure that a close and continued flow of communication is maintained with Members to ensure that they are aware of the progress of their decision.

6.3 In addition it will be necessary to implement clear communications of the Council's intentions and progress of the project to relevant stakeholders and the community, so a communication strategy will be developed and followed.