

**FALKIRK COUNCIL**

**Subject: TOWN CENTRE REGENERATION STRATEGY:  
UPDATE REPORT**  
**Meeting: ECONOMIC STRATEGY & DEVELOPMENT COMMITTEE**  
**Date: 26 FEBRUARY 2013**  
**Author: DIRECTOR OF DEVELOPMENT SERVICES**

**1.0 INTRODUCTION**

- 1.1 This report advises Committee of the progress of the Council's regeneration activities in town centres, giving an update regarding the progress of work for each centre, taking place during a period of significant changes in market conditions. The report suggests the next steps proposed for each centre.

**2.0 BACKGROUND**

- 2.1 The Council approved a report in September 2011 advising on the actions proposed for each centre, advising that the investment is likely to be required over the long-term by the Council, private sector and other partner organisations to address the needs of each town centre.
- 2.2 The Council continues to actively promote its town centre regeneration activities and make progress in each of its town centres. The strategy continues to be significantly affected by the impact of national and regional economic performance, which shows no signs of sustained growth and is having a significant impact on the retail sector and property market. In its recent market report, Rydens indicate that total retail sales in Scotland rose by only 1% over the 12 months to September 2012. Food sales rose by 3.4% in that period but non-food sales recorded a fall of 1.2%. Rydens comment that Scotland's property markets have been unable to mount any sustained recovery and the retail sector has been hit particularly badly retailers such as HMV, Comet, JJB Sports and Clinton Cards experiencing closures or major restructuring.
- 2.3 The Council initiates its town centre regeneration activities in partnership with retailers, landowners and local communities. It works closely with Falkirk Towns Ltd – the town centre management and Business Improvement District (also subject of a report to Committee). Town centre retailers also benefit from business support activities including the provision of training from retail specialists. The current position and progress of regeneration activity in respect of each town centre is set out in the next sections of this report.

### **3.0 STENHOUSEMUIR TOWN CENTRE**

- 3.1 The regeneration strategy process at Stenhousemuir has effectively been completed. Property Agents acting on behalf of McLagan Investments Ltd., the property holding arm of Asda have in April 2012 leased a 9,150sq ft unit (formerly Acorn Pets) to B&M and continue to actively market and explore opportunities for the remaining vacant retail units in Block A. Interest remains limited due to the extremely challenging retailing climate. Additional investment to the town centre was made by Farmfoods taking occupation of the recently vacated Co-op food store.
- 3.2 In May 2012 the Council completed an externally commissioned audit of its partnership legal agreement with Macdonald Estates which was based on the transfer of Council assets in return for a new Library, park improvements including a new play area, changing rooms and football pitch, and a town square in addition to a £200,000 payment to the Council. It was confirmed that, subject to the payment by Macdonald Estates of the £200,000 (payment of which awaits completion of the formal road adoption process) the Council will have achieved 'best value'. The development was progressed on an open book basis and in accordance with the development agreement. Where there were profits above 15% on costs, these were to be split on a 50/50 basis. The audit confirmed that there are no additional profits available and that the regeneration scheme has delivered £17m of investment in Stenhousemuir town centre.
- 3.3 The Council continues to promote Stenhousemuir town centre through the Shop Local initiative and business initiatives involving retailers to enable progress of all opportunities in the new town centre. It also maintains links with McLagan Investments Ltd over the prospective lease of its vacant premises.

### **4.0 BO'NESS TOWN CENTRE, HARBOUR & FORESHORE**

- 4.1 The Council has continued its work to regenerate Bo'ness town centre:

#### ***Townscape Heritage Initiative***

- 4.2 The THI Heritage Lottery Fund project and provision of grants to property owners formally concluded in January 2012. Final administrative reports and external audit for the Heritage Lottery Fund and Historic Scotland, two of the principal partner funders, have been completed by the Council demonstrating best practice and best value.
- 4.3 The Bo'ness THI was selected by the HLF as one of 9 exemplar projects in the UK (one of two in Scotland, the other being Riverside Museum, Scotland's Museum of Travel and Transport, Glasgow) for inclusion in the commissioning of a short promotional film celebrating 18 years of HLF activities, funding and change to communities. The filming involved input and support from local businesses, community representatives and the Falkirk Community Trust. The short film can be viewed at <http://www.hlf.org.uk/ABOUTUS/Pages/AboutUs.aspx> and provides recognition of what the Council has achieved in Bo'ness town centre. As part of final reporting outcomes of the Bo'ness THI a short community feedback survey was undertaken with local community groups and town centre businesses during June –

Aug 2012. This indicated high levels of satisfaction with the physical improvements and completion of priority projects such as the Hippodrome, 50/52 North Street and the Streetscape improvements. The main conclusions of the project are that the Bo'ness THI has delivered the following in Bo'ness town centre.

- £6.1m worth of investment in Bo'ness town centre
- £1.4m of investment by local businesses and building owners as owner contributions to their grant award.
- The THI has awarded £4.2m of grants for public realm improvements and to property owners.
- 1,565 sq m (16,846 sq ft) of key town centre derelict floor space brought back into economic use.
- Shop Fronts – 35 retail units received shop front improvement grants. Design of shop fronts was incorporated into Historic Scotland Shop front Design Guidelines
- Minor improvement grants – 30 building repair/conservation grants (of which 16 were part 3 tenement common repair schemes)
- Public Realm improvements – Phase 1 delivered to town centre historic core – 4,000 sq m leading directly to a second phase improvements of 1,800 sq m, as part of Falkirk Council and Scottish Government Town Centre Regeneration Fund investment.
- THI Heritage legacy – Biography of Matt Steele, architect in partnership amongst Bo'ness THI, HLF and RIAS with launch, additional community heritage engagement and film made of Hippodrome memories. Close working with Scottish Screen Archive at the National Museum of Scotland to promote film heritage of recorded Scottish life and work of Louis Dickson, proprietor of the Hippodrome.
- Training – 4 trainee posts through Falkirk Council's Community Benefits in Procurement programme and three traditional skills courses provided for contactors.
- Additional secondary investment attracted to the town centre including new business investment, creation of Business Centre and completion in new social housing at Corbiehall by Falkirk Council using conservation skills and attracting additional external partner funding support.

#### *Harbour and Foreshore*

- 4.4 As outlined to Members in September 2011 the Council's regeneration proposals for the harbour and foreshore had to be postponed due to the significant impact of the economic downturn on the viability of the regeneration site. In June 2012 ING formally withdrew the relevant planning applications for the site.
- 4.5 Whilst the site remains attractive in terms of location and aspect, there remains high remediation costs associated with this area's industrial past. These costs continue to have a significant impact on the ability to deliver future development in the area and there is little purpose in progressing proposals for the site until confidence in the residential development sector improves significantly. Meantime the Council's commitment to the regeneration of the foreshore area is sustained through the Local Development Plan and activity continues to gauge market interest and explore funding opportunities in respect of objectives for the foreshore.

## **5.0 GRANGEMOUTH TOWN CENTRE**

- 5.1 The Council in 2006 aimed to regenerate Grangemouth town centre in partnership with the two adjacent land-owning interests, Baronsgate Estates and Miller Ltd. The partnership between Baronsgate Estates and Miller Ltd, envisaged at the outset of the scheme, did not materialise. The delivery of the town centre regeneration scheme faced further complexity due to procurement issues which arose as a result of a case in European law (the 'Roanne' case). This stated that procurement rules affected partnerships between Councils and the private sector in regeneration projects where public works are involved. The Council's external solicitors recommended that the regeneration scheme should be subject to a procurement process in accordance with those rules.
- 5.2 On 8<sup>th</sup> February 2011 Policy and Resources Committee confirmed that, as the developers had not concluded a partnership agreement, the Council should proceed to market the Grangemouth regeneration opportunity to attract and appoint a preferred developer.
- 5.3 On 15<sup>th</sup> July 2011, the Council put the regeneration opportunity at Grangemouth town centre to competitive tender, in accordance with the Public Contracts (Scotland) Regulations 2006. Responses were received and assessments carried out on the submissions.
- 5.4 The responses included a submission by Baronsgate/Miller, however the content of this was deemed insufficient and subsequently rejected by the Council. These concerns were reinforced recently when an announcement was made that Baronsgate had entered administration. Baronsgate own the block at 30-58 La Porte Precinct, Grangemouth, which they acquired in 2002. The block includes significant traders such as Boots, Poundstretcher and WH Smith. Baronsgate have a number of similar property interests in town centres in Scotland and the north of England and their situation is an inevitable consequence of current market conditions. Management of their interests in the town centre are being undertaken by the Administrator. Should a new owner be found for these properties we would expect to work with them on their plans for the properties and their connection with the regeneration scheme for the centre.
- 5.5 Stage 2 of the procurement process for the regeneration of Grangemouth Town Centre is underway with the remaining parties. Formal invitations to participate in the procurement process were issued in November 2012, requiring a detailed submission to be submitted in April 2013. It is intended that a final decision on these proposals be taken by the Council in Autumn 2013.

## **6.0 DENNY TOWN CENTRE**

6.1 At the Economic Strategy and Development Committee on the 20 September 2011 and Full Council on the 5 October 2011 it was agreed to progress the regeneration project in Denny through a Council led phased option, terminating the partnership agreement between the Council and Henry Boot Developments Ltd

6.2 The Council led scheme involves:-

- Securing planning approval;
- Finalising the acquisition process and relocation strategy;
- Progressing demolition of the Church Walk Blocks;
- Provision of a first phase block on Stirling Street, accommodating existing retailers and a library, with associated improvements to parking, creation of a town square (with relocated war memorial) and additional public realm improvements; and
- Marketing of the remainder of the site to other interests (including foodstore operators).

6.3 The Council submitted the two planning applications in April 2012 for the regeneration of the town centre:-

- an application for planning permission in principle, detailing the overall regeneration masterplan for the town centre with the intention that Phase 2 and 3 sites be marketed for retail development including a foodstore; and
- a detailed planning application providing detailed plans, elevations and artists impressions for Phase 1 including the car park, library, shops, town square and public realm.

The detailed application was considered by the Planning Committee at its meeting on 30 January 2013. A decision on the outline application will be made at a future meeting of the Planning Committee.

6.4 The Council will now progress delivery of the first phase through the following actions:

- demolition of Block C at Church Walk (north end of Stirling Street)
- the acquisition of all outstanding interests
- development of the temporary retail village
- relocation of existing occupants to the retail village
- demolition of the last remaining Church Walk Block
- Commencement of construction works for the Phase 1 development

This work is progressing in accordance with the programme agreed by the Council, with construction works planned to commence in 2014.

## **7.0 FALKIRK TOWN CENTRE**

- 7.1 Falkirk town centre, like many regional shopping centres, has been affected by the economic downturn. While it has been affected by closures of several high profile retailers, support for town centre retailers continues to be provided through Falkirk Towns Ltd, the new body being created following the merger of Falkirk Business Improvement District (BID). This work is the subject of a separate report to Committee.
- 7.2 Falkirk town centre also benefited from projects delivered via the Town Centre Regeneration Fund, with reclamation of the of the historic churchyard at Falkirk Old & St. Modans Church, and new directional signs out in place to guide visitors to the centre. A wrap up event was held in July 2012 to celebrate the completion of the churchyard regeneration project involving input from local school, contractors and the Heritage Lottery Fund. This significant investment to the historic heart of Falkirk town centre has received very positive feedback from visitors, shoppers and the town centre community. It has brought a significant, centrally located space in the centre back into use, improving links between the High Street and secondary retailing areas.

### *Falkirk Townscape Heritage Initiative (THI)*

- 7.3 A report to this Committee in September 2012 advised that a Falkirk THI Round 1 bid made to the Heritage Lottery Fund in November 2011 had been successful, with a provisional award of £2m to Falkirk. This is the largest award that has been made under the THI scheme to a town in Scotland and the bid was recognised as one of the strongest seen in the UK. The overall cost of the THI has been identified as £5m.
- 7.4 The Council is now preparing a Round 2 bid, which is to secure the £2m award and must be submitted by May 2013. The progress of this project has been assisted by recent success of an application made by the Council to Historic Scotland's Conservation Area Regeneration Scheme (CARS). An additional £1.6m was awarded in January 2013 to match the Heritage Lottery Fund award.
- 7.5 The Falkirk THI area is highlighted on the plan in Appendix 1. This area was defined prior to the Round 1 application and based on eligibility criteria of the HLF including building condition, vacancy and heritage risk. The Falkirk THI initiative is specifically targeted to provide support by
- Making grants to businesses, tenants and residential owners to upgrade properties within the THI area
  - Targeting vacant properties to bring them back into economic use
  - Provision of new or improved shop fronts that reflect the town's heritage and Conservation Area status
  - Restoration of architectural detail and grants for repairs to buildings with more sympathetic materials used such as windows, gutters, roof and stone work

- enhancement of a number of streets off the High Street to improve surfaces and closes, increasing the heritage character and making them safer and more accessible to the public and shoppers
  - provision of training initiatives and support for independent retailers
- 7.6 The THI will promote building repair and shop front grant opportunities in Glebe Street, Newmarket Street (northside), Vicar Street, Kirk Wynd, Manor Street, Wooer Street, Cow Wynd and traditional properties opposite Callendar Square Shopping Centre. The Steeple has been identified as a Priority Project where additional opportunities for the use of vacant space will be developed along with repairs and investment in its ageing built structure. Finally there will be public realm improvements to streetscape and wynds, building on recent successful improvements to the historic churchyard quarter and Newmarket Street in the town centre.
- 7.7 The THI will be delivered in partnership with The Falkirk Community Trust, Falkirk Council's Employment & Training Unit, Falkirk Towns Ltd, and the Falkirk Local History Society.
- 7.8 To support the Round 2 bid, the following activity is underway:
- Appointment of a specialist conservation accredited design team to prepare detailed costings, design and cashflows for projects identified within the THI area over the projected 5 year life of the THI.
  - Recruitment and appointment of a THI Project Officer to promote the project and liaise with businesses and property owners within the area.
  - Recruitment and appointment of a Heritage Community Engagement Officer to deliver a THI education, interpretation and participation strategy to the community, schools and businesses served by the Falkirk town centre.
  - Workshops, preparation of awareness raising literature and interviews with local property owners, tenants, residents and businesses.
  - Preparation of a programme and costs for delivery of the project
- Information and activity to date on the THI can be found on dedicated pages within the Council website: [www.falkirk.gov.uk/falkirkthi](http://www.falkirk.gov.uk/falkirkthi).
- 7.9 On completion of the work set out above a report will be presented to the Council for approval prior to submission of the Round 2 bid to the Heritage Lottery Fund.
- 7.10 Coinciding with the progress of the Falkirk BID and the THI, the Council proposes to initiate consultation with retailers, property owners, shoppers, and the wider community on the prospects for the regeneration of Falkirk town centre. 'Think Falkirk' is an initiative which aims to establish the strategic direction for the town centre, having regard to the THI's implementation, the outcome of the national town centres review and future developments that can be pursued for the town centre. It will be led by the Council and other business stakeholders and will be subject of further reports.

## **8.0 IMPLICATIONS**

### Policy Implications

- 8.1 The Council's approach to town centre regeneration is a key priority of the Strategic Community Plan, My Future's in Falkirk and related policies.

### Legal Implications

- 8.2 The approach to delivery of the regeneration projects in each town centre will be governed by formal development agreements or building contracts, negotiated with the support of the Council's Legal Services and, where necessary, external legal advisors. In the case of Grangemouth, a development agreement with the preferred bidder will be developed.

### Financial Implications

- 8.3 The Council's approach to the delivery of town centre regeneration has involved realising its own assets (General Services and HRA) for reinvestment in the town centre. The regeneration process aims to lever additional private sector funds to upgrade the facility and create new community assets. Where feasible, additional Council and externally funded resources have been applied to aid delivery of these schemes. Due to the imperatives in the delivery of the Denny project, the Council has committed to fund this project through its General Service capital programme, involving disposal of existing assets and redirection of resources from the Portfolio Management Plan as outlined to and approved by Council in October 2011.

### Planning Implications

- 8.4 Town centre regeneration is a key tool in the delivery of the Council's Development Plan commitment to enhance the role of town centres and regenerate district centres. Each proposal has involved extensive consultation with the Council's Planning and Transportation Division with a view to achieving planning consent for the delivery of the scheme. The THI initiatives in Bo'ness and Falkirk accord fully with the Council's planning policies.

## **9.0 CONCLUSION**

- 9.1 Town centre regeneration is an important Council priority. Through bringing investors, retailers and the local community together and contributing its own assets, the Council is playing a vitally important role in renewing each centre and enhancing their economic and civic function for each community. While all town centres have been adversely affected by the impact of the recession the Council has:-

- secured the successful regeneration of Stenhousemuir town centre;



- concluded the Bo'ness THI as a national exemplar project regenerating the town's historic core in line with the original aspirations of the community
- commenced delivery of the regeneration of Denny town centre;
- progressed the procurement of a developer for the regeneration of Grangemouth town centre in line with EU procurement guidelines
- Secured £3.6m from the HLF and Historic Scotland to deliver a Falkirk THI

9.2 The progress of the next phases of work in town centres set out in this report will be the subject of further reports to Committee.

## **10.0 RECOMMENDATIONS**

**10.1 It is recommended that the Committee agree to:-**

- (i) Note the progress of the Council's actions relating to town centre regeneration;**
- (ii) Note progress with the Stage 1 application to the HLF THI for Falkirk town centre and the recent award of £1.6m of CARS funding by Historic Scotland;**
- (iii) Receive further reports on town centre regeneration.**

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Director of Development Services

15 February 2013

Contact Officers: Colin Frame/Peter Reid/Douglas Duff. Ext: 0972/0971/0905.

### **LIST OF BACKGROUND PAPERS**

1. Town Centre Regeneration Files.

Anyone wishing to inspect the background papers listed above should telephone 01324 590972 and ask for Colin Frame, Peter Reid or Douglas Duff.