

North Hertfordshire District Council Local Plan

Matter 14 Town and Local Centres

Note to the Inspector regarding actions from the Town and Local Centre Retail Hearing Session held on 13 December 2017

1. Introduction

- 1.1 The Hearing on Matter 14 – Retail and Tourism took place on 13 December 2017. At that meeting, a number of issues were raised in regards to which the Council agreed to prepare a paper. This paper presents the proposed main modifications to the wording of the chapter and any consequential changes to the Policies Map. It also provides a retail update to clarify the quantum of retail allocations in each town centre over the three five-year periods of the Local Plan. The paper also confirms the availability of the land in proposed modifications and includes consideration of the site specific criteria for retail allocations as listed in the Communities section of the Local Plan. Each issue is discussed separately.
- 1.2 It is the Council's view that this paper and the proposed modifications ensure the soundness of the retail of and tourism chapter of the North Hertfordshire Local Plan.

2.0 Proposed main modifications

- 2.1 Actions from the hearing sessions listed as suggested proposed modifications to the strategic retail policy, (SP4) and to the policies within the retail and tourism chapter (policies ETC3 to ETC8) are attached at [Appendix 1a](#) to this note.

3.0 Retail Capacity

- 3.1 Consideration of retail capacity and how the Plan proposes to meet retail needs across the plan period is set out in the detailed briefing paper at [Appendix 2](#), prepared by the Council's consultants, Lichfield's. The indicative distribution and phasing of retail provision over the plan period is included as a proposed main modification in Policy SP4 at criterion 'd' 'iv' (See Appendix 1a). The proposed capacity projections by settlement are further referenced for clarity purposes in the supporting text for each of the towns of Hitchin, Letchworth Garden City and Royston under the Communities chapter in the Local Plan. These are shown as major modifications at paragraphs 13.132 and 13.133 for Hitchin; paragraphs 13.142 and 13.143 for Letchworth Garden City, and paragraphs 13.293 and 13.295 for Royston at [Appendix 1b](#).

4.0 Site r/m3 and the decision taken not to allocate the Site for retail

- 4.1 The Inspector asked NHDC to clarify why Site r/m3 was not allocated for retail. The 2007 Strategic Housing and Land Availability Assessment (SHLAA) identified site r/m3 (Angel Pavement) in Royston for potential redevelopment. The Town Centre Strategy (TCS) for Royston was adopted in 2008. Angel Pavement was considered as an opportunity site RT3 in the TCS. The SHLAA found that Angel Pavement offered the greatest opportunity for larger size retail units through redevelopment. In 2011 the fabric and the environment of the site was improved through replacing pre-cast concrete slabs with Yorkshire stone. In 2015 new

apartments were built on the upper floors of the chemist ‘Savers’. Whilst further re-development is possible, at present there is no landowner or promoter agreement between the various parties that own the freehold. The site is therefore currently not available to be allocated in the Local Plan.

5.0 Land Availability

5.1 The Inspector has asked NHDC to confirm the availability of the proposed allocations for retail. This is set out in the table below.

Policy	Freehold	Available	Leasehold	Available
HT1 – Churchgate (including the market and car parks)	North Hertfordshire District Council (NHDC) Hertfordshire County Council (HCC)	Yes , the majority of this allocation is in the freehold of NHDC. There are a couple of small parcels under the ownership of HCC who have confirmed that the land is available for development.	The Churchgate Shopping Centre is in the freehold of NHDC. It is leased to Hammersmatch. Full Council [08/02/2018] has resolved in principle (subject to further detailed investigations) to buy out the leasehold interest in partnership with Shearer Property Group to regenerate the centre and increase the main town centres uses including retail. Please see resolution below this table and the report attached as Appendix 3 .	Yes
HT2 – Paynes Park	Hitchin Arcade Limited, T&P Investments, NHDC and Bellborough Ltd	Yes , this allocation consists of a number of parcels of land and each of the freeholders have confirmed that the land is available for development.	There are no leases on the land except on the Bellborough Ltd land. These leases are to Mackay (to 2027), Poundland (to 2021) and an expired electricity substation lease.	Yes , in the later plan period or earlier if leases are bought out.
LG19 – The Wynd	Letchworth Garden City Heritage Foundation (LGCHF)	Yes , LGCHF own the freehold and have confirmed that the land is available for development.	Negotiation by LGCHF would be required on a few of the properties.	Yes , in the later plan period or earlier if leases are bought out.
LG20 –	NHDC,	Yes , LGCHF, NHDC and HCC	NHDC owns the	Yes , in the

Policy	Freehold	Available	Leasehold	Available
Gernon Road	LGCHF, HCC	own the freehold and have confirmed that the land is available for development.	leasehold interest in the Town Lodge element of this allocation.	later plan period or earlier if leases are bought out.
LG21 – Arena Parade	LGCHF	Yes , LGCHF own the freehold and have confirmed that the land is available for development.	NHDC lease Arena Arcade car park. NHDC confirms that the land lease could be made available for development.	Yes
RY12 – Town Hall	NHDC, HCC, Royston Town Council, Hertfordshire Police Authority and NHS Property Services	Yes , LGCHF, NHDC, Royston Town Council, Hertfordshire Police Authority and NHS Property Services own the freehold of parts of the allocation and each have confirmed that there land is available for development.	HCC lease the carpark to NHDC. NHDC confirms that the land lease could be made available for development.	Yes

Resolution from Full Council Meeting 8 February 2018

- *That Full Council support the principle of a joint venture regeneration of the Churchgate Centre with the Council as funder of the regeneration.*
- *That Full Council authorise the Deputy Chief Executive, in consultation with the Chief Finance Officer, the Leader of the Council and Executive Member for Finance and IT, to progress negotiations with Shearer Property Group on the terms of a potential joint venture regeneration of the Churchgate Centre, subject to Full Council’s final approval of the terms of any proposal.*
- *That Full Council notes the proposal to allow the contract for the management of Hitchin Market to expire and for the market to be managed in-house, subject to Cabinet’s approval.*

6.0 Retail site specific criteria

6.1 Following discussion at the hearing sessions this section of the note provides consideration of the site specific criteria for the retail site allocations in Hitchin, Letchworth and Royston. Proposed major modifications to these site allocations are included in Appendix 1b.

Site HT11, Churchgate and surrounding area: - consideration for a) potential master-plan requirement; b) nature of proposal for HT11; and c) consideration of site-specific criteria for the continued operation of the market.

6.2 The Council has considered the potential for a master-plan requirement to be included as part of the policy and concludes that a commitment to a concept framework is the most

appropriate first stage and that this will inform the production of a new Town Centre Strategy for Hitchin. The concept framework can be used to define if any particular areas within the site boundary would benefit from a master-plan and how those areas connect to a whole Hitchin Town Centre concept framework area. The concept framework area will cover the town centre boundary and would be developed through the new Town centre Strategy.

- 6.3 A concept framework will address the requirements of Policies HT11 and HT12. It will consider existing and potential land uses, capacities for development and place-making. It will illustrate the disposition and connectivity of current and potential land uses including retail; employment/commercial; housing and other community facilities; formal/informal public open space; the market; links to car parks, bus stops, key footpaths, cycle tracks and vehicular routes as well as guidance on how these routes will align through and around the framework area connecting to surrounding neighbourhoods. The framework will also consider the phasing and deliverability of any site-specific proposals.
- 6.4 Policy HT11 has been adjusted as a proposed main modification to the Local Plan. The changes to the policy and the supporting text can be seen in [Appendix 1b](#).
- 6.5 The market is referenced at the first bullet point under the 'preparation of a concept-framework', this has the addition of an 's' to 'location', to provide flexibility on the format and positioning of the market. (See [Appendix 1b](#))
- 6.6 A Statement of Common Ground between North Hertfordshire District Council and Letchworth Garden City Heritage Foundation [ED77] was available for the Hearing of Matter 14. Policy amendments were agreed by the two parties and it was stated that the alterations would be submitted as Main Modifications. These modifications are included in Appendix 1a.

Appendix 1a – Proposed Main Modifications to Policies SP4, ETC3 – ETC8

The following changes are the result of Statement of Common Ground with Letchworth Garden City Heritage Foundation (12 January 2018) and the Matter 14 Hearing Session, 13 December 2017.

Deletions **Additions.**

Policy SP4: Town Centres, Local Centres and Community Shops							
<p>The Council will make provision for an appropriate range of retail facilities across the District and are committed to protecting the vitality and viability of all centres. We will:</p> <ol style="list-style-type: none"> a. Promote, protect and enhance the retail and service functions of the following centres in our retail hierarchy: <ol style="list-style-type: none"> i. The town centres of Hitchin, Letchworth Garden City, Baldock and Royston; ii. 13 existing local centres consisting of: <ul style="list-style-type: none"> • village centres at Ashwell, Codicote and Knebworth; • seven centres in Hitchin • two centres in Letchworth Garden City; and • the centre at Great Ashby; and iii. 2 new local centres north of Baldock and East of Luton within the strategic housing sites identified in this Plan; b. Support proposals for main town centre uses in these locations where they are appropriate to the size, scale, function, catchment area, historic and architectural character of the centre; c. Identify Primary Shopping Frontages within town centres where A1 retail uses will be expected to concentrate d. To ensure the District's towns maintain their role and market share, make provision for up to 38,100 gross sq.m of additional A-class floorspace over the plan period including the re-occupation of vacant floorspace, consisting of: <ol style="list-style-type: none"> i. 22,500 gross sq.m comparison goods (e.g. clothes, shoes, furniture, carpets); ii. 8,600 gross sq.m convenience (e.g. food, drink, toiletries); and iii. 7,000 gross sq.m food and beverage outlets under Use Classes A3-A5 (restaurants, takeaways and bars). <p>The indicative distribution and phasing of provision is as follows:</p>							
Years	Baldock	Hitchin	Letchworth	Royston	Urban Extensions	Other	Total
2016 - 2021	300	3,800	2,400	3,200	1,500	200	11,400

2021 - 2026	1,600	3,600	3,300	2,000	2,700	200	13,400
2026 - 2031	1,400	3,700	3,500	1,900	2,600	200	13,300
Totals	3,300	11,100	9,200	7,100	6,800	600	38,100

- e. **Prepare and maintain** up-to-date town centre strategies to support this approach and / or adapt to change; and
- f. Support the retention and provision of shops outside of identified centres where they serve a ~~local~~ **day to day** need.

- 4.19 The District contains a range of retail and service centres, from medium sized towns to small village and neighbourhood centres. Each one performs a particular role to meet the needs of its catchment population, and is part of a network of centres within the District. The Council is committed to protecting the vitality and viability of all centres.
- 4.20 North Hertfordshire lies within complex shopping catchment areas, which include Cambridge as a regional centre and Bedford, Luton, Stevenage and Welwyn Garden City as major town centres. The District itself has four town centres: Hitchin is the largest, followed by Letchworth Garden City and then the smaller town centres of Royston and Baldock. There are also a number of local village and neighbourhood centres.
- 4.21 **The Local Plan strategy for town centres uses is to maintain the District's market share. This means that across the district, the retail capacity will be met principally in the four town centres. This is to maintain the current retail hierarchy within the District and the wider catchment areas.** We are committed to promoting the well-being of the town centres in the District. Town centre strategies have been produced for the main centres of Hitchin, Baldock, Letchworth Garden City, and Royston. These promote the vitality and viability of the centres and cover all those aspects of policy guidance with a spatial dimension relevant to town centres, including economic, environmental and social well-being and matters such as community safety, community facilities, traffic management, marketing and delivery. The strategies provide a method of keeping town centre development up-to-date and flexible to take account of ongoing changes in the retail environment.
- 4.22 Our detailed policies set out our approach to development applications, including for changes of use. In general terms, A1 retail uses will be expected to concentrate within the defined primary frontages with a wider variety of A-class uses permissible in secondary frontage areas.
- 4.23 The village centres of Codicote and Knebworth are large enough to provide a focus for the communities local to them and a range of everyday shopping facilities and services. The village centre of Ashwell contains a more limited range of shops and services, and is more fragmented than Codicote and Knebworth's village centres. However, Ashwell still has enough shops, services and facilities to have a designated centre, unlike many other small settlements in the District.
- 4.24 The suburban neighbourhood centres in Hitchin, Letchworth Garden City and Great Ashby vary considerably, in terms of size, range of shops and services and catchment area. However, they are all worthy of a level of protection as they serve

the day to day needs of the local community. The Council wants to improve and protect the District's centres, reduce the need for unnecessary travel to alternative facilities and ensure that the proportion of expenditure going outside the District does not increase.

- 4.25 The growth of the District will require additional centres to be provided to serve the largest new developments at Baldock and on the edge of Luton. Once built, these will become local centres in our retail hierarchy and future proposals within them will be assessed appropriately.
- 4.26 These will be supplemented by smaller, neighbourhood-level centres in these and other Strategic Housing Sites which will not form part of the formal retail hierarchy but will be protected by the general retail policies of this Plan.
- 4.27 Our evidence shows there will be a steady growth in retail demand over the plan period, **although projected growth post-2026 carries a degree of uncertainty due to changing shopping and retail patterns. Projected growth is** driven in part by planned population growth but also by underlying changes in the way people shop and how much money they have available to spend. It is anticipated that on-line shopping will continue to grow whilst a certain amount of future demand can be accommodated through the re-occupation of existing, vacant shop units. However, it is also necessary to identify new sites for retail¹. **Projected retail needs, and particularly those in the post-2026 period, will be kept under review via the monitoring framework and updated retail studies.**
- 4.28 Some of this future demand will be met within the development sites identified in this Plan, ensuring that new residents have access to an appropriate range of local shops. Where planned urban extensions adjoin towns outside of the District, we will work with neighbouring authorities to identify the most appropriate types and levels of additional provision.
- ~~4.29 Further allocations are identified within our main towns to accommodate the remainder.~~
- 4.30 A number of shops are located outside of our retail hierarchy. This includes individual premises and small groups of shops that perform a neighbourhood function, including those in a number of rural settlements. Our detailed policies set out our approach.
- 4.31 Our Sustainability Appraisal concludes that this policy provides clear support for existing town and local centres and should have direct economic benefits and contribute to the achievement of sustainable patterns of land use.

¹ North Hertfordshire Retail Study Update (Nathaniel Lichfield & Partners, 2016)

Policy ETC3: New retail, leisure and other main town centre development

Planning permission for new retail, leisure and other main town centre development will be granted **provided that** where:

- a. the sequential test is passed;
- b. **where the town centre development is outside of the town centre an impact assessment is** are provided based on ~~locally set~~ **the following** minimum floorspace thresholds demonstrating there is no unacceptable harm to the vitality or viability of a designated **town** centre:
 - **Hitchin: 2,500 gross sq.m and above;**
 - **Letchworth Garden City: 1,000 gross sq.m gross and above;**
 - **Baldock, Royston and elsewhere: 500 gross sq.m and above**
- c. within retail allocation sites, as shown on the **Policies** Map, any relevant site-specific criteria are met;
- d. the proposal is appropriate to the area in terms of use, size, scale, function, catchment area, historic and architectural character; and
- e. there would be no significant adverse impact upon living conditions.

- 5.12 Our evidence establishes the need for additional retail, commercial and leisure floorspace in the District over the period to 2031². This Plan identifies six allocated sites where a substantial proportion of these needs will be met.
- 5.13 In assessing proposals for main town centre uses, we will adopt the 'sequential approach' as set out in Government guidance³. Therefore, retail uses will be considered in the following order of preference:
1. within the primary or secondary shopping frontages of town centres, on allocated sites within town centres, or in local centres;
 2. other parts of the town centres;
 3. the edge of centres; and
 4. out of centre, only where there are no available, suitable and viable sites which are sequentially preferable.
- 5.14 Business uses within town centres can add to the vitality and viability of centres. Office workers within a town centre will create more custom for shops and services. The Council is therefore generally supportive of new office development in town centres in accordance with the sequential test. Office development will be encouraged above ground floor retail.
- 5.15 The District has a number of local scale leisure facilities such as leisure centres and swimming pools. The provision of large scale leisure, entertainment and cultural facilities within the District is limited but this reflects the size of its catchment and the fact that residents also have good access to facilities in neighbouring towns such as Stevenage, Luton and Cambridge. North Hertfordshire's location within the catchment area of these larger centres will limit the potential for further commercial leisure and entertainment facilities.

² Town Centre and Retail Study (NLP, 2016)

³ Paragraph 24 of the NPPF

- 5.16 Nevertheless, the first preference for the location of leisure facilities encompasses a wider area than retail as leisure uses should not be re-directed from the wider town centre areas to the primary shopping area. ~~Therefore, the first preference for leisure facilities includes both the primary shopping area and wider town centre area.~~
- 5.17 ~~For other town centre uses the test will start at number two in the list above.~~
- 5.18 With regard to retail use, the edge of centre is generally taken to mean up to 300m from the primary shopping frontage. For other main town centre uses, edge of centre means up to 300m from the town centre boundary⁴.
- 5.19 This Plan identifies thresholds for the application of the impact test in North Hertfordshire's towns in line with our evidence⁵. Applications for main town centre uses on sites outside the town centres, not otherwise in accordance with the development plan and exceeding the thresholds **in Policy SP4** must also be assessed against the impact considerations set out in Government guidance before planning permission will be granted.

Policy ETC4: Primary Shopping Frontages

Town Centre boundaries for Hitchin, Letchworth Garden City and Royston are shown on the Policies Map. Within the designated Primary Shopping Frontages, planning permission will be granted at ground-floor level:

- a. for retail A1 uses; or
- b. ~~exceptionally~~ for an A3 use if ~~they do~~ **it does** not, individually or cumulatively, undermine the retail function of the centre ~~and where the proposal will attract people to the centre in the daytime or detract from the centre's vitality and viability.~~

Policy ETC5: Secondary Shopping Frontages

In the Secondary Shopping Frontages of Hitchin, Letchworth Garden City, Baldock and Royston, as shown on the Policies Map, planning permission will be granted at ground-floor level:

- a. for retail, professional services and restaurants (A1, A2, **A3, A4 and A5**)
- b. ~~exceptionally~~ for other main town centre uses if ~~they do~~, **it does** not individually or cumulatively, undermine the retail function of the centre **or detract from the centre's vitality and viability.**

- 5.20 We want to ensure that the town centres maintain their primary retail function whilst increasing their diversity with a range of complementary uses, promoting competitive, flexible town centre environments. The concept of shopping as a leisure activity supports the encouragement of uses which increases the vitality throughout the day, extending the range of services for local people throughout the day and into the evening. The main function of the primary shopping area is retail, but town centres in general need a variety of other services such as banks, restaurants, pubs and personal services, which add interest and vitality and extend the use of the centres into the evening.

⁴ Annex 2 of the NPPF

⁵ *North Hertfordshire Town Centre and Retail Study Update* (NLP, 2016)

- 5.21 Too many non-A1 uses can create 'dead frontages' (units not normally open during normal shopping hours or which attract relatively few customers), reduce the interest and attraction of the primary shopping area, and harm the retail function. This is particularly a problem where there are a number of units in a row which are not shops. This is something the Council is keen to prevent.
- 5.22 We monitor all retail units within the four main town centres on an annual basis, as well as those in the local centres. There is evidence in some centres that shop (A1 use class) units are being lost to non-shop uses in the core shopping areas.
- 5.23 Within Primary Frontages we will retain the attractiveness of the essential and continuous shopping cores of our town centres; only retail (A1) will generally be permitted here.
- 5.24 For Secondary Frontages, the policy is more flexible, allowing retail, office and **food/beverage uses (A1, A2, A3, A4 and A5)** uses based on their contribution to vitality and viability and their ability to attract people to the centre.
- 5.25 Evidence in the form of predicted footfall, opening times and linked trips will be required for any application seeking to meet the exception criteria. Where a shop unit has been vacant for an extended period of time (normally at least ~~six months~~ **one year**), documentary evidence should demonstrate that all reasonable attempts to sell or let the premises for the preferred use(s) have failed.

Policy ETC6: Local Centres

Within Local Centres, as shown on the **Policies** Map or identified in approved masterplans **for the strategic site allocations**, planning permission will be granted where:

- a. it is for use class A1, A2, A3, A4, A5, D1 or D2 at ground floor level;
- b. Any change of use from class A1 would maintain the general vitality and viability of the centre; and**
- c. the centre would continue to provide a range of uses with a majority of units being retained in A1 use so as to not undermine the provision of local shopping facilities.**

Proposals for over 500 **sq.m gross** will not generally be suitable in local centres.

- 5.26 Local centres consist of village centres such as Codicote, Knebworth and Ashwell, and neighbourhood centres such as Walsworth (Hitchin), Jackmans (Letchworth Garden City) and Great Ashby. These centres vary in size from five units up to around twenty-five units. Their composition also varies with some being almost all retail units, while others contain a mix of retail, food and drink and community facilities.
- 5.27 Local Centres are identified as forming part of our retail hierarchy in Policy SP4. The general locations of local centres are shown on the Policies Map. Detailed maps for each centre showing where the provisions of Policy ETC6 are applied are contained in Appendix 3.
- 5.28 The village centres of Codicote and Knebworth are large enough to provide a focus for the communities local to them and a range of everyday shopping facilities and

services. This includes: convenience stores, post offices, hairdressers, dry cleaners and food and drink establishments.

- 5.29 The Council considers that it is important that the neighbourhood centres continue to provide a mix of shopping, services and community facilities, and in particular retail units. A predominance of shops is considered to be necessary to secure future viability of these centres. However, some non-retail uses may be appropriate in the centres where this does not harm the mainly retail function.
- 5.30 In all local centres, the Council wants to retain local facilities and at the same time prevent changes to non-retail uses that would be more appropriate in larger centres or employment areas.
- 5.31 Where a vacant shop premises is subject to a proposed change of use, then documentary evidence will be necessary to show that all reasonable attempts to sell or let it for use as a shop for a year or more have failed. If there are other vacant units in the centre this will also be taken into account.
- 5.32 The Council may consider other non-retail uses, such as surgeries or other community and leisure uses appropriate, if it can be demonstrated that they would meet a local community need.

Policy ETC7: Local community shops and services in towns and villages

Planning permission for small-scale proposals providing new shops and services to serve the **day to day needs of the local community will be granted within existing settlements, (categories A, B and C of Policy SP2) subject to the sequential approach set out in Policy ETC3.**

Planning permission for the loss or change of use of any shops, services or facilities outside the defined retail hierarchy will be granted where:

- a. there is another shop, service or facility of a similar use available for customers within **an 800m** walking distance; and
- b. the proposed replacement use would complement the function and character of the area.

An exception to criterion (a) above will only be permitted if it can be demonstrated that the unit has remained vacant for a year or more, and documentary and viability evidence has been provided that all reasonable attempts to sell or let the premises for similar uses in that period have failed.

- 5.33 Scattered local shops, services and other facilities in towns and rural areas provide residents with access to important goods and services. They also minimise the need to travel. The less mobile are particularly reliant on these facilities which include shops, post offices, pubs and petrol filling stations⁶.
- 5.34 New facilities of an appropriate scale and location within Category A, **B and C** villages will generally be supported. ~~without the need for sequential testing of alternate locations.~~

⁶ This policy is generally directed at Policies for main town centre uses (as defined in the NPPF). Applications for relevant sui generis uses including petrol filling stations will also be considered against this policy. Policies for other community uses will be considered against Policy HC1.

- 5.35 However, given the high value of residential land in the rural area, there is often pressure from landowners to change the use of, or redevelop, existing facilities for residential purposes. This may be the case even where the business is thriving, if the return on an existing use is less than can be gained from residential development.
- 5.36 These facilities should be protected wherever possible and the policy seeks to prevent their loss. However, where it can be shown such facilities are no longer needed and not viable, then permission may be granted for a change of use.
- 5.37 Convenient walking distance, as set out in the policy, will be taken to be up to 800m for most existing users of the current facility, in line with Government guidance⁷.
- 5.38 Some local facilities, such as pubs, can be listed as an Asset of Community Value (ACV). This provides additional protections if the owners wish to change the use of, demolish and / or sell the facility. The fact that a facility is an ACV can be an additional material consideration in the determination of any planning applications. The Monitoring and Delivery section of this Plan provides additional information on ACVs.

Policy ETC8: Tourism

Planning permission for tourism-related development will be granted as an exception, **subject** to the sequential approach set out in Policy ETC3 where it:

- a. increases the attractiveness of the District as a tourist destination;
- b. improves visitor accommodation; or
- c. delivers sustainable tourist and visitor attractions in appropriate locations.

~~In the rural area outside settlement boundaries proposals will need to evidence why they can not be accommodated within existing settlements and how they will support the rural economy.~~

- 5.39 Tourism can bring benefits to an area both directly as a source of employment and income for the local tourism industry, and indirectly through tourism expenditure (e.g. retail, catering, and accommodation).
- 5.40 The three historic market towns of Hitchin, Baldock and Royston, along with Letchworth Garden City make North Hertfordshire attractive to visitors. Its rural area is also a place for people to visit, for tourism as well as leisure.
- 5.41 **The district of North Hertfordshire is itself not a major tourist destination. However, there are a wide range of attractions in the District, particularly those based on heritage and the countryside. Some, such as Letchworth, the world's first Garden City, Royston Cave and the British Schools and Museum in Hitchin are unique. Knebworth House and its grounds are a major day visitor destination in the region and unique nationally in their capacity for large music. The inclusion of a tourism policy reflects this sector's growing significance as a form of economic development, and its potential to diversify both urban and rural economies.**

⁷ *Manual for Streets* (Department for Transport, 2007). This will be measured as the distance from prospective customers' places of residence to the alternate facility.

- 5.42 Tourism fulfils some of the aims of sustainable development because its survival depends upon conserving and maintaining the quality of the resources upon which it depends. Tourism provides an incentive and income to protect the built and natural environment, promoting these features for the enjoyment of local people and visitors, and enhancing local diversity and cultural traditions.
- 5.43 The Council supports proposals for new or extended tourist developments as a means to strengthen the local economy and increase visitors to the area in line with policies in the NPPF. To encourage sustainable forms of tourism, Policy ETC3 prioritises the location of possible developments within town centres in line with the sequential approach. Here, passenger transport can best be utilised and so limit associated traffic congestion.
- 5.44 Hotels and guest houses provide for both business and tourist visitors. Additional hotel bed-spaces should be encouraged in sustainable locations. The preferred locations for large hotels will be in town centres. Where there are no suitable sites, edge of town centre or other locations easily accessible by public transport may be considered.
- 5.45 However, in controlled circumstances, it may be appropriate to allow exceptions to a strictly sequential approach. Small hotels and guest houses may be appropriate in residential areas of towns and in villages.
- 5.46 Tourism growth trends indicate that the demand for bed and breakfast accommodation will increase. It is likely that the regular use of even one or two rooms of a house for bed and breakfast accommodation will be a material change of use requiring planning permission.
- 5.47 The Council will consider all tourism-related development proposals that fall to be considered under this policy in terms of:
- the sustainability of the location, scale and extent of the development;
 - the expected level of activity;
 - the number of visitors;
 - the intensity of use; and
 - the impact on the highway network.

Appendix 1b – Proposed Main Modifications to Retail site allocations

The following changes are the result of Statement of Common Ground with Letchworth Garden City Heritage Foundation (12 January 2018) and the Matter 14 Hearing Session, 13 December 2017.

Deletions Additions.

Hitchin

- 13.129 Hitchin town centre is the District's largest town centre. It has a good range of shops, with the primary shopping area being largely around Market Place and along High Street and Bancroft, with secondary shopping areas along Hermitage Road, Bucklersbury and Sun Street.
- 13.130 The Churchgate Centre and its surrounds make an important contribution to the vitality of the town centre. It supports a significant amount of retail floorspace, provides the location of Hitchin Market and ensures a large quantity of surface level car-parking in easy access of the shops and facilities.
- 13.131 However, our evidence also recognises that this area lacks amenity value and is largely a negative contribution to the Hitchin Conservation Area and to the setting of individual listed buildings⁸.
- 13.132 A need for additional retail floorspace has been recognised **by the Council** and national guidance is clear that, where this is the case, sites should be allocated where this need can be met. **The retail capacity projections⁹ are district wide and can be met within the district. They are based on the projected additional spend on retail from an increased population and retaining market shares from competing centres. The capacity projections for Hitchin indicate the potential for growth of 11,100 gross sq.m to 2031. Whilst the retail projections go to 2031, national planning guidance warns that such projections are rarely reliable beyond five years. The council will monitor such projections over the plan period to help to inform decision making on any planning applications that include retail.**
- 13.133 **For allocation purposes, the capacity has been distributed between three of the four Town centres' in the district. Baldock does not have an allocation due to no sites being presented as available to the Council.**
- 13.134 Our evidence sees the Churchgate Centre and the surrounding area as a location where up to 4,000 **gross sq.m** of additional retail floorspace could be provided as part of a comprehensive mixed-use redevelopment **across the entire allocated site.** Redevelopment of this area at a suitable scale and reflecting the historic properties of Hitchin town centre has the potential to enhance the character, appearance and significance of this area.
- 13.135 **Paynes park could deliver up to 3,000 gross sq.m additional retail floorspace and overall the remaining potential retail capacity for Hitchin of 4,100 will need**

⁸ Heritage Assessment of Churchgate, Hitchin (Amec Foster Wheeler, 2016)

⁹ North Hertfordshire Retail Study Update (NLP, 2016); Retail Background Paper (NHDC, 2016)

to be met on a district wide basis. The retail study briefing note¹⁰ indicates in its summary table that by 2031 the district as a whole will have effectively met its current capacity projections.

13.136 A concept framework / masterplan will be initiated by the District council to address the requirements of Policies HT11 and HT12. It will consider existing and potential land uses, capacities for development and place-making. It will illustrate the disposition and connectivity of current and potential land uses including retail; employment/commercial; housing; community facilities; formal/informal public open space; the market; links to car parks, bus stops, key footpaths, cycle tracks and vehicular routes as well as guidance on how these routes will align through and around the framework / masterplan area connecting to surrounding neighbourhoods. The framework / masterplan will also consider the phasing and deliverability of any site-specific proposals.

13.137 The schemes will be **main town centre uses** retail-led. Consequently, no specific housing allocation or requirement is identified and any residential units here will contribute towards the ~~windfall~~ **other** allowances identified in Policy SP8, c of this Plan.

13.138 A number of high-level, site-specific criteria are identified below. Any scheme here will need to take these into account and take a comprehensive approach to the treatment of heritage assets to ensure an appropriate scheme.

Ref	Retail allocations and site-specific criteria	
Policy	Churchgate and its surrounding area	Mixed-use
HT11	<ul style="list-style-type: none"> • Redevelopment to provide up to 4,000 gross sq.m additional main town centre uses on ground level floorspace; with main town centre uses and / or residential on upper floorspace. • Provision of residential accommodation on upper floors; • Preparation of a concept framework / masterplan to enable: <ul style="list-style-type: none"> ○ Identification of suitable, long-term location(s) for Hitchin Market; ○ Ensure an appropriate level of car parking is retained and / or provided across the town centre as a whole; ○ Provision of high quality public realm including strengthened pedestrian links between Market Place, Queen Street, Portmill Lane, Bancroft and along the River Hiz; ○ Preservation and enhancement of heritage assets including Hitchin Conservation Area and listed buildings, including: ○ Protection of key views of Grade I listed St Mary's Church, including from Hollow Lane; ○ Consideration and sensitive treatment of key listed buildings and their settings including the Sun Hotel, the Biggin and various buildings in Market Place; 	

¹⁰ Retail Study Briefing Note (Lichfields, 2017)

	<ul style="list-style-type: none"> ○ Retention and enhancement of terracing to River Hiz; ○ Any replacement buildings required to: <ul style="list-style-type: none"> ▪ respect existing building frontage lines on Sun Street and Market Place; and ▪ provide architectural variation to reflect rhythm of historic building plots. ● Archaeological survey to be completed prior to development. 	
Policy	Paynes Park	Mixed use
HT12	<ul style="list-style-type: none"> ● Redevelopment to provide up to 4 3,000 gross sq.m of additional main town centre uses on ground level floorspace; with main town centre uses and / or residential on upper floorspace. ● Preparation of a concept framework / masterplan to enable: Preservation and enhancement of heritage assets including Hitchin Conservation Area and listed buildings, including: <ul style="list-style-type: none"> ○ Protection and enhancement of Paynes Park House and The Cock Public House which lie within the site boundary; ○ respect for the setting of the Green Hythe, Bank Flat and 3-4 High Street which are adjacent to the site; ○ Incorporating and maintaining alignment of PROW along West Alley (Hitchin 090); ○ Environmental improvements to the area and frontage along Paynes Park. 	

13.218 **The Hitchin Town Centre Strategy review will commence in advance of the second period of the Local Plan; being informed by the preceding Concept Framework.**

13.139 Policy SP4 identifies there are seven local centres in Hitchin, which will be encouraged to thrive and protected under policy ETC6. They are:

- Grove Road;
- Nightingale Road;
- Ninesprings;
- Redhill Road;
- Walsworth Road
- Walsworth (Cambridge Road); and
- Westmill (John Barker Place).

13.140 The extent of these centres is shown on the maps in Appendix 4.

Letchworth Garden City:

13.141 Letchworth has the second largest town centre in the District as identified on the Policies Map. The town centre contains both primary and secondary frontage located in the main retail area around Eastcheap, Leys Avenue, Station Road and the Garden Square shopping centre. These areas will be defined on the Policies Map.

13.142 A need for additional retail floorspace has been recognised **by the Council** and national guidance is clear that, where this is the case, sites should be allocated where this need can be met. **The retail capacity projections¹¹ are district wide and can be met within the district. They are based on the projected additional spend on retail from an increased population and retaining market shares from completing centres. The capacity projections for Letchworth indicate the potential for growth of 9,200 gross sq.m to 2031. Whilst the retail projections go to 2031, national planning guidance warns that such projections are rarely reliable beyond five years. The council will monitor such projections over the plan period to help to inform decision making on any planning applications that include retail.**

13.143 **For allocation purposes, the capacity has been distributed between three of the four Town centres’ in the district. Baldock does not have an allocation due to no sites being presented as available to the Council.**

13.219 There is no immediate identified need (up to 2021) for additional retail floorspace in Letchworth as existing permissions and filling vacant units help meet the town’s short- term requirement. However, beyond 2021 there is a need to identify sites to accommodate additional floorspace. This will be in the form of mixed use allocations.

13.220 Additionally, in the longer term Letchworth has the potential capacity to meet wider District needs, recapturing trade that is currently diverted to Hitchin. There are a number of opportunities within the town centre boundary that could accommodate this additional provision as detailed below.

Ref	Town Centre Uses allocations and site-specific criteria	
Policy	The Wynd, Openshaw Way	Mixed use
LG19	<ul style="list-style-type: none"> Redevelopment to provide up to 4,500 gross sq.m additional main town centre uses on ground level floorspace; with main town centre uses and / or residential on upper floorspace. No net loss of residential accommodation; Ensure an appropriate level of car parking is retained and / or provided across the town centre as a whole; A public pedestrian link should be provided through the site from Norton Way South and Howard Gardens; Sensitive design to respect Letchworth Conservation Area and the listed building at 52-58 Leys Avenue; Address existing surface water flood risk issues, including any run-off, through SUDs or other appropriate solution. 	

¹¹ North Hertfordshire Retail Study Update (NLP, 2016); Retail Background Paper (NHDC, 2016)

Policy	Gernon Road	Mixed use
LG20	<ul style="list-style-type: none"> • Redevelopment to provide up to 1,000 gross sq.m additional main town centre uses on ground level floorspace; with main town centre uses and / or residential on upper floorspace. • Development should seek to retain parts of the library that make a positive contribution to the appearance and street-scene; • Development should enhance the setting of Broadway Gardens; • Preservation or enhancement of the setting of the listed museum; • Sensitive design to respect Letchworth Conservation Area and Letchworth Museum, Vasant Hall and Town Hall listed buildings; • Address existing surface water flood risk issues, including any run-off, through SUDs or other appropriate solution. 	
Policy	Arena Parade	Mixed use
LG21	<ul style="list-style-type: none"> • Redevelopment to provide up to 5,000 gross sq.m additional main town centre uses on ground level floorspace; with main town centre uses and / or residential on upper floorspace. • No net loss of residential accommodation; • Ensure an appropriate level of car parking is retained and / or provided across the town centre as a whole; • Maintenance of building lines along Broadway and Eastcheap; • Improve east to west pedestrian links; • Vehicle access/egress and servicing should be from Broadway; • Sensitive design to respect Letchworth Conservation Area and the Town Hall and Broadway Chambers listed buildings; • Address existing surface water flood risk issues, including any run-off, through SUDs or other appropriate solution. 	

13.221 **The allocation of sites LG19, LG20 and LG21 will not prejudice other re-development proposals, which would be of benefit to the vibrancy and vitality of the town centre; taking into consideration of the Local plan as a whole.**

13.222 **The Letchworth Garden City Town Centre Strategy review will commence within twelve months of the adoption of this plan, which working with landowners, the local community, the Business Improvement District and other key stakeholders will consider up-to-date retail projections and if growth is still required, how to accommodate that growth.**

13.223 **The schemes will be main town centre uses retail-led. Consequently, no specific housing allocation or requirement is identified and any residential units here will contribute towards the windfall other allowances identified in Policy SP8, c of this Plan.**

13.224 Policy SP4: Town and Local Centres identifies two neighbourhood centres in Letchworth. Policies in these areas will be determined using our detailed policies. The centres are:

- Jackmans; and
- Grange.

13.225 The extent of these neighbourhood centres is shown on the maps in Appendix 4.

Royston

- 13.292 The town centre contains a range of small independent shops and services as well as a small number of national retailers. There is also a wide range of eating and drinking establishments in the town centre.
- 13.293 The town centre contains both primary and secondary shopping frontages which will be defined on the Policies Map for the main retail area around the High Street, Market Hill, Lower King Street and Melbourn Street.
- 13.294 A need for additional retail floorspace has been recognised **by the Council** and national guidance is clear that, where this is the case, sites should be allocated where this need can be met. **The retail capacity projections¹² are district wide and can be met within the district. They are based on the projected additional spend on retail from an increased population and retaining market shares from completing centres. The capacity projections for Royston indicate the potential for growth of 7,100 gross sq.m to 2031. Whilst the retail projections go to 2031, national planning guidance warns that such projections are rarely reliable beyond five years. The council will monitor such projections over the plan period to help to inform decision making on any planning applications that include retail.**
- 13.295 **For allocation purposes, the capacity has been distributed between three of the four Town centres' in the district. Baldock does not have an allocation due to no sites being presented as available to the Council.**
- 13.296 There is no immediate identified need (up to 2021) for additional retail floorspace as a result of existing permissions and filling of vacant units, however, post 2021 additional floorspace will be needed, which should be accommodated at the Town Hall site.
- 13.297 This scheme will be **main town centre uses** retail-led. Consequently, no specific housing allocation or requirement is identified and any residential units here will contribute towards the ~~windfall~~ **other** allowances identified in Policy SP8, c of this Plan.

Ref	Retail allocations and site-specific criteria	Hectares
Policy RY12	Town Hall Site, Melbourn Street	1.4
	<ul style="list-style-type: none"> Redevelopment to provide up to 4,000 gross sq.m additional main town centre uses on ground level floorspace; with main town centre uses and / or residential on upper floorspace; Provision of residential accommodation on upper floors; Retention or re-provision of civic uses across the town or onsite; Retention of existing trees where possible; Ensure an appropriate level of car parking is retained and / or provided across the town centre as a whole; 	

¹² North Hertfordshire Retail Study Update (NLP, 2016); Retail Background Paper (NHDC, 2016)

	<ul style="list-style-type: none">• Consideration of retaining the Town Hall;• Sensitive high-quality design given the prominent location of the site as a gateway to the town centre and to respect the setting of Royston Conservation Area and Banyers Hotel and No18 Melbourn Street listed buildings.
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Briefing Note

Our ref 11907/03/PW/PW

Date 20 December 2017

Prepared by Lichfields.

Subject North Herts Local Plan Retail Capacity and Allocations

1.0 Retail Floorspace Capacity Projections

1.1 The floorspace capacity projections set out in Policy SP4 relate to class A1 comparison and convenience goods retail floorspace and class A3 to A5 food and beverage uses. The global, district wide projection for these uses is 38,100 sq.m gross by 2031. Floorspace projections for other main town centre uses e.g. class A2 and D2 leisure have not been calculated. However, the retail update quantifies the need for leisure uses i.e. a small independent cinema up to 449 seats, about 2-3 additional health and fitness clubs (217 fitness stations). The study identified no need for additional theatre facilities, tenpin bowling, bingo or nightclubs over the plan period.

1.2 The floorspace projections assume NH district will maintain its current market share of retail/food & beverage expenditure. Based on existing market shares the distribution of new floorspace (Class A1 and A3 to A5) is as follows (as now added to Policy SP4 at Appendix 1a):

Class A1, A3 to A5 Floorspace Projections (sq.m Gross)

Years	Baldock	Hitchin	Letchworth	Royston	Urban Extensions	Other	Total
2016 -2021	300	3,800	2,400	3,200	1,500	200	11,400
2021 - 2026	1,600	3,600	3,300	2,000	2,700	200	13,400
2026 - 2031	1,400	3,700	3,500	1,900	2,600	200	13,300
Total	3,300	11,100	9,200	7,100	6,800	600	38,100

1.3 Recognising that shopping catchment areas overlap, particularly Baldock, Hitchin and Letchworth, the strategy recognises that there may be potential to redistribute retail capacity from one centre to another, i.e. to redistribute capacity to centres where there are more vacant units/sites to accommodate growth.

2.0 Accommodating Growth

2.1 Vacant shop units (approximately 3,700 sq.m) and commitments (5,988 sq.m approved since the 2016 retail study was produced) are expected to accommodate a significant proportion (85%) of the short term capacity projection up to 2021 (11,400 sq.m).

2.2 In the longer term, plan allocations (potential for up to 27,800 sq.m) are expected to accommodate emerging capacity i.e. 26,700 sq.m between 2021 and 2031. A town by town breakdown is shown below.

Hitchin

- 2.3 The total projection for Hitchin is 11,100 sq.m by 2031. There is limited potential for vacant units to meet the short term projection to 2021. In the longer term the Churchgate and Paynes Park allocations could, if implemented and development maximises (up to 7,000 sq.m), accommodate most of the projection to 2026 (7,400 sq.m). However residual capacity that cannot be accommodated in Hitchin could be transferred to Letchworth and urban extensions (see below).

By Year	Cumulative Capacity Projection Sq.M Gross	Take up Vacant Space Sq.M Gross	Commitments Sq.M Gross	Allocations Sq.M Gross	Cumulative Residual shortfall / over-supply
2021	3,800	0	0	0	- 3,800
2026	7,400	0	0	7,000 (1)	- 400
2031	11,100	0	0	7,000 (1)	- 4,100

(1) HT11 and HT 12 – Churchgate and Paynes Park.

Letchworth

- 2.4 The total projection for Letchworth is 9,200 sq.m by 2031. There is significant potential for vacant units (2,600 sq.m) and commitments (2,745 sq.m) to meet and exceed the short term projection to 2021 (5,700 sq.m), and also some of Hitchin's and/or Baldock's residual capacity. In the longer term allocations are more than sufficient to meet projections up to 2031. Over 6,600 sq.m of residual capacity could be transferred from Hitchin and Baldock by 2031, if required.

By Year	Cumulative Capacity Projection Sq.M Gross	Take up Vacant Space Sq.M Gross	Commitments Sq.M Gross	Allocations Sq.M Gross	Cumulative Residual shortfall / over-supply
2021	2,400	2,600	2,745 (1)	0	2,945
2026	5,700	2,600	2,745 (1)	10,500 (2)	10,145
2031	9,200	2,600	2,745 (1)	10,500 (2)	6,645

(1) Garden Square Shopping centre entrance (499 sq.m) and Aldi/A3 use at Avenue One (2,246 sq.m).

(2) LG19, LG20 and LG21 – The Wynd, Gernon Road and Arena Parade.

Baldock

- 2.5 The total projection for Baldock is 3,300 sq.m by 2031. There is limited potential for vacant units to meet the short term projection to 2021. In the longer term previous proposals to extend the Tesco store (food and non-food space) could re-emerge, but this site has not been allocated in the Plan. Alternatively, residual capacity that cannot be accommodated in Baldock could be transferred to Letchworth.

By Year	Cumulative Capacity Projection Sq.M Gross	Take up Vacant Space Sq.M Gross	Commitments Sq.M Gross	Allocations Sq.M Gross	Cumulative Residual shortfall / over-supply
			(1)		

2021	300	0	0	0	- 300
2026	1,900	0	0	0	- 1,900
2031	3,300	0	0	0	- 3,300

(1) excludes potential for proposals to re-emerge to extend Tesco store at Baldock (2,600 sq.m gross).

Royston

2.6 The total projection for Royston is 7,100 sq.m by 2031. There is potential for vacant units and commitments to meet and exceed the short term projection to 2021. In the longer term the Town Hall site allocation is more than sufficient to meet projections up to 2031.

By Year	Cumulative Capacity Projection	Take up Vacant Space	Commitments	Allocations	Cumulative Residual shortfall / over-supply
2021	3,200	1,100	3,243 (1)		1,143
2026	5,200	1,100	3,243 (1)	4,000 (2)	3,143
2031	7,100	1,100	3,243 (1)	4,000 (2)	1,243

(1) M&S Aldi stores at Royston Business Park (3,243 sq.m gross)

(2) RY12 – Town Hall Site, Melbourn Street (up to 4,000 sq.m gross).

Urban Extensions

2.7 The total projection for urban extensions is 7,100 sq.m by 2031. There is potential for vacant units and commitments to meet and exceed the short term projection to 2021. In the longer term the Town Hall site allocation is more than sufficient to meet projections up to 2031.

By Year	Cumulative Capacity Projection Sq.M Gross	Take up Vacant Space Sq.M Gross	Commitments Sq.M Gross	Allocations Sq.M Gross	Cumulative Residual shortfall / over-supply
2021	1,500	n/a	0	0	- 1,500
2026	4,200	n/a	0	6,300 (1)	2,100
2031	6,800	n/a	0	6,300 (1)	- 500

(1) urban extension allocations:

Policy SP14: North Baldock – 1,900 sq.m net (2,500 sq.m gross)
 Policy SP15: North Letchworth – 900 sq.m net (1,200 sq.m gross)
 Policy SP17: Highover Farm, Hitchin – 500 sq.m net (700 sq.m gross)
 Policy SP18: Great Ashby – 500 sq.m net (700 sq.m gross)
 Policy SP19: East of Luton – 250 sq.m net (350 sq.m gross) plus 850 sq.m gross other Class A.

Summary

2.8 The combined figures for all locations is shown below. The maximum potential for vacant space, commitments and allocations is estimated to be 37,488 sq.m gross, which exceeds the 2026 projection (24,800 sq.m gross) by 12,688 sq.m gross. If developed all allocations, with vacant units and commitments could meet 98% of the 2031 projection

(38,100 sq.m gross). Note – an allowance for 600 sq.m to be provided in other specified locations has been assumed e.g. local shops.

By Year	Cumulative Capacity Projection Sq.M Gross	Take up Vacant Space Sq.M Gross	Commitments Sq.M Gross	Allocations Sq.M Gross	Residual Capacity Sq.M Gross
2021	11,400	3,700	5,988	0	- 1,712
2026	24,800	3,700	5,988	27,800	12,688
2031	38,100	3,700	5,988	27,800	- 612

3.0 Evaluation of Potential Town Centre Sites

3.1 Potential development sites within the four main town centres were originally assessed by Lichfield’s in the 2009 Town Centre and Retail Study. The physical capacity of each site to accommodate an uplift (net additional) in retail and leisure floorspace was estimated. In total 20 sites were considered i.e. 4 in Hitchin, 7 in Letchworth, 5 in Baldock and 4 in Royston. These sites included the proposed allocated sites:

- HT11 - Churchgate and surrounding area;
- HT12 - Paynes Park;
- LG19 - The Wynd, Openshaw Way;
- LG20 – Gernon Road;
- LG21 – Arena Parade;
- RY12 – Town Hall Site, Melbourne.

3.2 The extracts of 2009 report assessing these 6 sites are shown at the end of this paper. The site boundaries are consistent with the proposed Local Plan allocations.

3.3 All six allocated sites were identified as having “reasonable” to “good” overall development prospects. The scale and type of retail, leisure, community and cultural uses was considered. A summary setting out the current position is set out below. The scale of additional floorspace that could be provided at ground floor level was quantified, and these estimates have been carried forward within the wording of the allocations, with the exception of the typographical error for Paynes Park, which should be 3,000 sq.m not 4,000 sq.m.

HT11 - Churchgate and surrounding area (Site H1 in the 2009 study)

3.4 An extension to the Churchgate Centre on the Biggin Land car park and the market area was expected to deliver an increase of up to 2,000 sq.m. This was expected to increase to 4,000 sq.m if the Portmill and St Mary’s Square car parks were included in the development area. This additional floorspace was expected to be occupied by high street comparison shops and other Class A uses at ground floor level. The additional scope to accommodate leisure uses, residential or office uses on upper floors was also identified but not quantified i.e. it was not included within the 4,000 sq.m estimate.

3.5 The proposed allocation in the Local Plan is more flexible in not prescribing what should go on upper floors and these could suit retail, residential and other town centre uses.

HT12 – Paynes Park (Site H2 in the 2009 study)

- 3.6 If developed comprehensively, this site was expected to accommodate up to 3,000 sq.m of retail and leisure uses, with residential uses on upper floors. The site area excluded new residential to the south.
- 3.7 The proposed allocation in the Local Plan is more flexible in not prescribing what should go on upper floors as these could suit retail, residential and other town centre uses.

LG19 - The Wynd, Openshaw Way (Site L2 in the 2009 study)

- 3.8 Comprehensive development was expected to accommodate about 4,500 sq.m of additional town centre uses floorspace within a high density mixed use development.
- 3.9 The proposed allocation in the Local Plan is more flexible in not prescribing what should go on upper floors as these could suit retail, residential and other town centre uses.

LG20 - Gernon Road (Site L4 in the 2009 study)

- 3.10 Scope for 1,000 sq.m of town centre uses at ground floor with residential or office uses on upper floors.
- 3.11 The proposed allocation in the Local Plan is more flexible in not prescribing what should go on upper floors as these could suit retail, residential and other town centre uses.

LG21 - Arena Parade (Site L1 in the 2009 study)

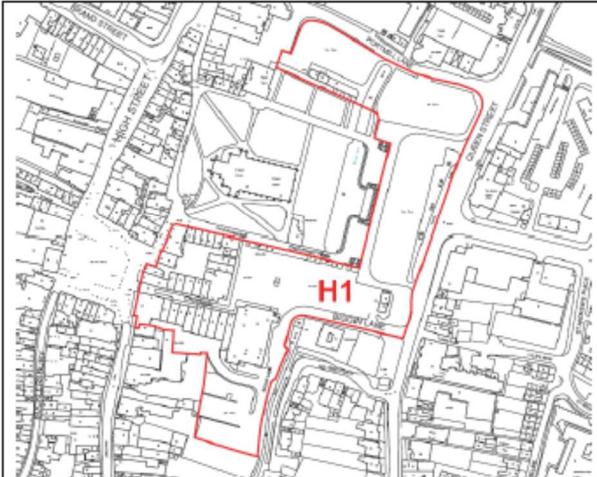
- 3.12 Scope for 5,000 sq.m of additional high street comparison shopping or other Class A uses at ground floor level. The additional scope to accommodate leisure uses, residential or office uses on upper floors was also identified but not quantified i.e. it was not included within the 5,000 sq.m estimate.
- 3.13 The proposed allocation in the Local Plan is more flexible in not prescribing what should go on upper floors as these could suit retail, residential and other town centre uses.

RY12 - Town Hall Site, Melbourne (Site R2 in the 2009 study)

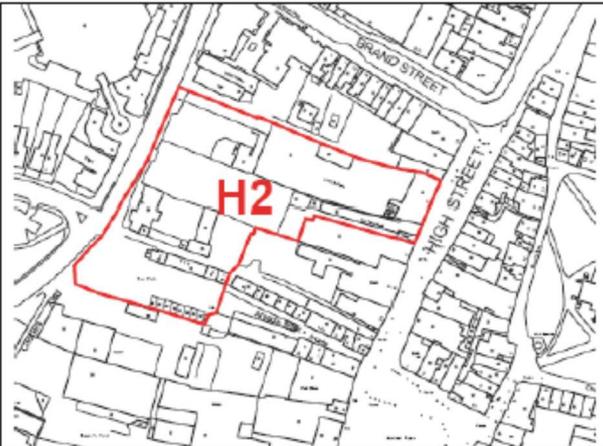
- 3.14 Scope for large format retail or leisure uses up to 4,000 sq.m at ground floor level with customer car parking.
- 3.15 The proposed allocation in the Local Plan is more flexible in not prescribing what should go on upper floors as these could suit retail, residential and other town centre uses.

Extract from the 2009 Town Centre and Retail Study Report

SITE H1 – Churchgate Development Area, Hitchin

	<p>A development brief was produced in November 2005 which includes the Churchgate Centre, which is an unattractive late 1960's shopping centre. The development area also the market area to the rear of the Churchgate centre, the Biggin Lane, Portmill Lane East and West car parks. The development brief proposes the redevelopment of Churchgate with residential on upper floor, the market retained in current position but enhanced, improved undercroft car parking at St. Mary's Square and Portmill Lane East. Residential is proposed on the Biggin Lane car park.</p>
<p><i>Evaluation Criteria</i></p>	<p><i>Comment</i></p>
<p>Availability</p>	<p>Short to Medium term</p>
<p>Scale of Development (retail/leisure/community/cultural)</p>	<p>Development Brief proposals - small scale (less than 500 sq m in crease in retail use). A more comprehensive extension to the Churchgate Centre onto the Biggin Lane Car Park and/or the market area – medium scale up to 2,000 sq m. However If development can also be secured on the Portmill and St. Mary's Square car parks then up to 4,000 sq m could be provided.</p>
<p>Commercial Potential</p>	<p>Prime site located in the heart of the town centre.</p>
<p>Likely type of development</p>	<p>High street comparison shopping and other Class A uses at ground level. Other leisure uses, residential or office uses could be provided on upper floors. The Churchgate Centre could be extended to the south if the market was relocated e.g. to the Market Square or the Portmill car park (if replacement under-croft car parking is provided).</p>
<p>Development Constraints</p>	<p>The River Hiz dissects the site. The market stalls would need to be relocated to an alternative site if the centre was extended or redeveloped on a larger footprint. Visual impact in the vicinity of St Mary's Church, particularly if a multi-level development. Disruption for existing occupiers if the existing centre is refurbished. Loss of car parking spaces (69 spaces) at Biggin Lane – need to maintain existing levels of public car parking in the town centre subject to outcomes of a Car Parking Strategy. Need to find alternative location for market traders vehicles in close proximity to the market. Flood risk.</p>
<p>Possible Alternative uses</p>	<p>Retention of existing market stalls and surface car parks.</p>
<p>Access</p>	<p>Existing vehicular access from Queen Street Biggin Lane.</p>
<p>Overall Development Prospects</p>	<p>Good</p>

SITE H2 – Paynes Park, Hitchin

	<p>The development brief (February 2005) for this area suggest retail, leisure and community facilities will be appropriate with residential use on upper floors. The southern part of the site has now been developed for residential, but the vacant Woolworth unit could now be including in the development area to the north. The underutilised back land area behind Woolworth and Arcade Walk could be assembled to provide a site of about 0.5 ha.</p>
<p><i>Evaluation Criteria</i></p>	<p><i>Comment</i></p>
<p>Availability</p>	<p>Medium term</p>
<p>Scale of Development (retail/leisure/community/cultural)</p>	<p>Small scale extension to Arcade Walk (200 sq m) or large scale if included with adjoining sites (up to 3,000 sq m)</p>
<p>Commercial Potential</p>	<p>Off-prime location with limited shopping frontage, but there is potential to improve linkages with the High Street. Could provide additional small units as a small extension to Arcade Walk. Potential for retail/leisure development may be increased if included as part of a major redevelopment with the adjacent McCarthy & Stone, Jackson Yard Car Park and the Woolworth store.</p>
<p>Likely type of development</p>	<p>Limited potential for retail/leisure if developed in isolation. An arcade of small specialist shops uses could be provided as an extension to the Arcade Walk. Alternatively a larger scale retail/leisure development could be provided on an enlarged site with residential on upper floors. There may be potential to redevelop the Woolworth unit to provide a shopping parade through the back land area linking into Arcade Walk.</p>
<p>Development Constraints</p>	<p>The site is within at least four ownerships and would need to be assembled. Development would result in the loss of public and private car parking. The site has two listed buildings and the impact on the conservation area - high quality design will be required. There is a public right of way running east west through the middle of the site.</p>
<p>Possible Alternative uses</p>	<p>Residential or office development.</p>
<p>Access</p>	<p>Existing vehicular access from Paynes Park.</p>
<p>Overall Development Prospects</p>	<p>Reasonable</p>

SITE L1 – Arena Parade, Eastcheap/Broadway/Town Hall and Post Office, Letchworth Garden City (LTC1)

	<p>The site is identified as an opportunity site (LTC1 – 1.7 ha) within the Letchworth Town Centre Strategy 2007 and is identified for new retail, town centres uses and residential.</p> <p>This area is relatively low density with surface car parks and services yards. There is significant potential to increase the amount of commercial floorspace.</p>
<p><i>Evaluation Criteria</i></p>	<p><i>Comment</i></p>
<p>Availability</p>	<p>Short to Medium Term</p>
<p>Scale of Development (retail/leisure/community/cultural)</p>	<p>Large scale (5,000 sq m of additional floorspace at ground floor level).</p>
<p>Commercial Potential</p>	<p>Prime site located in the heart of the town centre with good links to Morrison’s food store, Eastcheap and Garden Square Shopping Centre.</p>
<p>Likely type of development</p>	<p>A major redevelopment to provide additional high street comparison shopping floorspace and other Class A uses at ground level. Other leisure uses, residential or office uses could be provided on upper floors.</p>
<p>Development Constraints</p>	<p>Major redevelopment will involve major disruption, including the displacement of up to existing occupiers. Loss of public parking at Arena Parade may need to be replaced.</p>
<p>Possible Alternative uses</p>	<p>Retention of the existing uses.</p>
<p>Access</p>	<p>Existing vehicular access from Eastcheap and Broadway to the two car parks.</p>
<p>Overall Development Prospects</p>	<p>Reasonable</p>

SITE L2 - The Wynd, Openshaw Way, St. Michael's House and Norton Way South, Letchworth Garden City (LTC2)

	<p>The site is identified as an opportunity site (LT2 – 1.7ha) within the Letchworth Town Centre Strategy 2007 and is identified for new retail, town centres uses and residential. There are current application proposals to comprehensively redevelop the area. The development is expected to include a food store and an increase in high street comparison shopping floorspace.</p>
<p><i>Evaluation Criteria</i></p>	<p><i>Comment</i></p>
<p>Availability</p>	<p>Short to Medium term</p>
<p>Scale of Development (retail/leisure/community/cultural)</p>	<p>Large scale - comprehensive redevelopment expected to provide about 4,500 sq m gross of additional floorspace.</p>
<p>Commercial Potential</p>	<p>Located in town centre with potential to provide a link between Station Road and Leys Avenue.</p>
<p>Likely type of development</p>	<p>Provision of a high density mixed use development,</p>
<p>Development Constraints</p>	<p>Impact on residential amenity of uses on Norton Way South. Disruption and removal of existing occupiers.</p>
<p>Possible Alternative uses</p>	<p>Retention of existing uses or residential development.</p>
<p>Access</p>	<p>Service and car park access via Openshaws Way.</p>
<p>Overall Development Prospects</p>	<p>Good</p>

SITE L4 –Junction of Gernon Road/Broadway, Letchworth Garden City (LTC4)

	<p>The site is identified as an opportunity site (LT4 – 0.54ha) within the Letchworth Town Centre Strategy 2007 and is identified for town centre uses with residential above.</p>
<p><i>Evaluation Criteria</i></p>	<p><i>Comment</i></p>
<p>Availability</p>	<p>Medium term</p>
<p>Scale of Development (retail/leisure/community/cultural)</p>	<p>Medium (1,000 sq m)</p>
<p>Commercial Potential</p>	<p>Prime site located at the edge of the town centre with good road frontage onto Gernon Road.</p>
<p>Likely type of development</p>	<p>Town centre uses with residential or office use on upper floors.</p>
<p>Development Constraints</p>	<p>Land assembly and relocation of existing uses. High quality design required to minimise visual impact on nearby gardens. The museum building is listed.</p>
<p>Possible Alternative uses</p>	<p>Retention of existing uses or residential/office development.</p>
<p>Access</p>	<p>Service access via Gernon Road or Broadway</p>
<p>Overall Development Prospects</p>	<p>Reasonable</p>

SITE R2 – Civic Centre, Royston

	<p>The Civic Centre is identified as an opportunity site within the Royston Town Centre Strategy RTC1, where mixed use with a predominance of civic and community uses, as existing. In total a development site of 1.3ha could be available.</p>
<i>Evaluation Criteria</i>	<i>Comment</i>
Availability	Medium to long term. Availability of site for development is uncertain and elements of the site are likely to come forward in a piecemeal fashion if at all.
Scale of Development (retail/leisure/community/cultural)	Large scale – up to 4,000 sq m gross at ground floor level with customer car parking (surface or decked)
Commercial Potential	Excellent road frontage on the sides.
Likely type of development	Large format retail or leisure uses.
Development Constraints	<p>The site is about 120 metres from the town centre at it nearest point and is edge of centre. Any retail or leisure uses will be subject to the key tests within PPS6, i.e. need, impact and the sequential approach. The impact on the highway network will also need to be considered.</p> <p>Existing civic uses will need to be relocated or accommodated on the site. The town hall is a building of local interest and would need to be retained. Large format uses may not be compatible with the conservation area.</p>
Possible Alternative uses	Retention of civic uses or residential development.
Access	Access from King James Way and Melbourne Street.
Overall Development Prospects	Reasonable (subject to PPS6 tests)

Appendix 3 – Copy of Full Council Report

COUNCIL 8 FEBRUARY 2018
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*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 6
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TITLE OF REPORT: REGENERATION OF CHURCHGATE SHOPPING CENTRE

REPORT OF THE DEPUTY CHIEF EXECUTIVE

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

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING / PROSPER AND PROTECT

1.	EXECUTIVE SUMMARY
1.1	The purpose of the report is to inform Full Council of a potential joint venture opportunity with Shearer Property Group (SPG) for the regeneration of the Churchgate Centre in Hitchin and to seek approval to progress negotiations further to establish whether agreement can be reached on the terms of any potential investment by the Council.
2.	RECOMMENDATIONS
2.1	That Full Council support the principle of a joint venture regeneration of the Churchgate Centre with the Council as funder of the regeneration.
2.2	That Full Council authorise the Deputy Chief Executive, in consultation with the Chief

Finance Officer, the Leader of the Council and Executive Member for Finance and IT, to progress negotiations with Shearer Property Group on the terms of a potential joint venture regeneration of the Churchgate Centre, subject to Full Council's final approval of the terms of any proposal.

- 2.3 That Full Council notes the proposal to allow the contract for the management of Hitchin Market to expire and for the market to be managed in-house, subject to Cabinet's approval.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The Council has been seeking to regenerate the Churchgate Centre for a number of years and a number of different proposals have been considered during that time, with none of those proposals progressing to a successful conclusion. The proposal currently being considered finds a solution to a number of the problems faced by previous proposals and would appear to be achievable in the short term. The proposals would also see significant investment in Hitchin Market and the public realm. The Council's potential investment in this regeneration opportunity is also expected to provide a reasonable financial return.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Full Council has received a number of reports on the subject of Churchgate historically (see Background section below) and those reports explored a number of different alternative options for the site. At the current time the alternative options can best be summarised as any combination of the following:-

- i) do nothing; and/or
- ii) await Local Plan adoption and subsequent town centre strategy work; and/or
- iii) allow SPG option to purchase to expire and seek to acquire on the open market; and/or
- iv) extend/ re-let the contract for the management of Hitchin Market in the short term, pending further consideration of the operation of the market.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Leader of the Council and Executive Member for Finance and IT have been kept informed of the discussions with SPG and consulted as appropriate. The Chair of Hitchin Committee was briefed on the proposal on 9 January 2018 and an all-Member briefing was held on 31 January 2018. The Council has submitted a bid for funding for the market and public realm proposals to the Hertfordshire Local Enterprise Partnership (see section 8 below).

5.2 Officers met with Hitchin Market Ltd on 25 January 2018 and informed them of the proposals for the

6. FORWARD PLAN

6.1 This report does not contain a recommendation on a key decision and therefore there is no requirement that it be referred to in the Forward Plan. Nonetheless it was added to the Forward Plan on 19 January 2018 for reasons of transparency.

7. BACKGROUND

History of the Council's aspirations and recent decisions

7.1 The Council has been seeking to regenerate this area of Hitchin town centre for a number of years. It was first identified as an area for development in the Council's Local Plan No.2 adopted on 20 July 1993, and again identified for development in the Local Plan No.2 with alterations adopted on 23 April 1996 and the draft (unadopted) Local Plan No.3 in December 1999. A Hitchin Town Centre Strategy adopted in November 2004 and a Churchgate Area Planning Brief adopted in November 2005 formed the basis of seeking a suitable development partner. The site identified included the Churchgate Centre, the market area and four adjacent car parks. An OJEU procurement process led to Simons Developments having a contract between 2010 and 2013 for the redevelopment opportunity, but they were unable to make sufficient progress towards a viable scheme that was acceptable in design terms and the Council ended the contract in March 2013. Subsequent discussions with the existing leaseholder as to whether a joint approach to redevelopment might achieve a viable scheme ended in February 2016 after the leaseholder accepted their proposals for their Churchgate Extension Scheme were not viable.

7.2 A number of challenges have defeated previous attempts to produce a viable scheme for a regeneration, including:–

- the cost of buying, knocking down and rebuilding the existing shopping centre as part of a wider regeneration;
- the cost of replacing car parking that would be lost with a wider regeneration;
- the scale and massing of development required to achieve a viable wider regeneration scheme, in particular with reference to the historic buildings nearby;
- finding a suitable alternative provision for the market;
- the public response to a wider regeneration;
- the limitations of the configuration of the land available;
- achieving viability in a challenging economic market where tenants are not committing to schemes and commercial lending rates remain challenging.

7.3 Since 2008 the Council has had contact with eight different developers, all of whom have been unable to propose a viable regeneration of the wider site. It should be noted that none of these schemes failed for reasons of lack of demand from potential tenants. Hitchin remains an attractive location for retailers and advice provided by

lettings agents as part of the investigations of the current proposals shows strong demand, provided the right environment is created. Additionally the previous unsuccessful attempts at regeneration followed the traditional model of being developer led, with the Council not taking a proactive role after developing the planning policy and procuring a developer to lead a scheme. It is clear a different approach is required.

- 7.4 A fuller history of the project can be found in the reports to NHDC Full Council on 31 January 2013 and 11 February 2016 (links below)

<http://web.north->

[herts.gov.uk/aksnherts/users/public/admin/kab12.pl?cmte=COU&meet=30&arc=71](http://web.north-herts.gov.uk/aksnherts/users/public/admin/kab12.pl?cmte=COU&meet=30&arc=71)

<http://web.north->

[herts.gov.uk/aksnherts/users/public/admin/kab12.pl?cmte=COU&meet=93&arc=71](http://web.north-herts.gov.uk/aksnherts/users/public/admin/kab12.pl?cmte=COU&meet=93&arc=71)

The decisions in the last three years most relevant to the matters in this report are set out below at paragraphs 7.5 and 7.6.

- 7.5 On 27 November 2014 Full Council:-

“RESOLVED:

(1) That the legal advice set out at Appendix A to the report be noted;

(2) That, having considered its aspirations for the future of the Churchgate site and its surrounding area, the Council discontinues the current approach based on the Churchgate Planning Brief and considers alternative approaches for a smaller scheme in the short term; and

(3) That Officers be instructed to investigate the Council’s preferred approach, as agreed in (2) above, and report back to Council setting out the options and points for consideration to progress the project.

REASON FOR DECISION: *To allow the Council to clearly state its current aspirations for the Churchgate area of Hitchin in the light of the history of the project to date and provide clarity on its preferred approach going forward.”*

- 7.6 Full Council’s most recent decision in respect of Churchgate was on 11 February 2016 where it was:-

“RESOLVED:

(1) That work on the Churchgate Project cease; and

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

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

Involvement of Shearer Property Group

7.7 On 5 April 2016 the Council was approached by Shearer Property Group (SPG) (see <http://www.spglondon.com/>) who explained that they had agreed a binding option to purchase the Churchgate Centre from the existing owner, Hammersmatch. SPG requested to meet with the Council in order to explain its aspirations for the Churchgate Centre. Since an initial meeting on 13 April 2016, a number of different options have been put forward by SPG and discussed with the Council, including developer led regeneration and joint venture opportunities with the Council. Throughout those discussions SPG have stressed the importance of investment by the Council in the public realm and market in order to complement a regenerated shopping centre.

7.8 After working on possible solutions for twelve months SPG concluded that a developer led regeneration of the shopping centre was not financially viable at that time. This was due to the rates that they could borrow at and the returns that they would require from an investment. However, SPG put forward that a regeneration funded by the Council could still be viable. This would be due to the wider regeneration benefits of the investment and the ability to access cheaper funding. Due to the budgetary pressures on the Council and the need to identify new investment opportunities, officers and the Leader of the Council and Executive Member for Finance and IT felt that further work should be undertaken in order to establish whether there was a sufficiently attractive proposition for the Council to invest in, that both provided much needed regeneration of the shopping centre and also provided an acceptable financial return to the Council. The outcome of those further discussions with SPG is being presented to Full Council to seek agreement in principle to the proposals, before then undertaking the further detailed work that would be needed in order to finalise and formalise a joint venture arrangement. If Council is unable to support the principle of the proposals then it would not be an effective use of Council resources to undertake that more detailed work.

8. RELEVANT CONSIDERATIONS

Proposals for Churchgate Centre

- 8.1 The proposal being investigated is a regeneration of the Churchgate Centre on its existing footprint. In broad terms a new frontage would replace the existing and the centre re-roofed, with some re-configuration of the existing units as required in order to make them suitable for the targeted tenants. In particular the frontage onto Market Place would be completely redesigned and reworked. This transformative “face-lift” of the Centre is intended to create a step change in the quality of the units available, thereby making them more attractive to retailers. The significant advantage of the approach being proposed is that it addresses all of the issues listed in paragraph 7.2 which have affected previous attempts to regenerate the site.
- 8.2 With regard to potential tenants, a mix of food and beverage operators and aspirational/lifestyle retailers would be targeted, with some smaller units currently remaining earmarked for existing tenants. On the proposals currently being investigated there would not be any one single large operator anchoring the centre. Feedback received from agents to SPG is that there is good demand from operators for the right type of units in Hitchin. This has also been confirmed by the Council’s consultant. As with any shopping centre key elements in reaching agreement with potential tenants are the incentives they would demand as part of any lease negotiations (for example rent free periods, or contributions to fit out costs) and ensuring an attractive environment from which they operate.

Proposals for Hitchin Market and the Public Realm

- 8.3 Hitchin is an historic market town. The market rights are owned by the Council and it is currently managed by Hitchin Markets Limited, with the contract expiring on 31 July 2018. This arrangement started in 2008 and the management contract includes a break clause that allows the Council to terminate the arrangement (with no liability for costs) for reason of development of the Churchgate Shopping Centre, provided at least three months prior written notice is provided.
- 8.4 As stated at 8.2 above one of the key challenges in attracting retailers is ensuring the surrounding environment is attractive and a vibrant space which supports the investment being made in the shopping centre. The market has been without significant investment for a number of years and there now exists an opportunity to invest in it in order to re-invigorate it and ensure it continues to meet the needs of the community going forward. The

proposals being considered include investment in the market and surrounding public realm, with a new public space being created adjacent to the shopping centre and the market broadly in its current location, but with the core of it being at the Queen Street end of the current space. The proposal would include a mix of new stalls, both permanent and demountable, which could spread across the terrace below the St Mary's car park towards Portmill Lane, and could include a covered area over the permanent stalls. Please note the indicative plan at Appendix A shows a potential layout for stalls, but should not be taken as any indication of the potential number of stalls.

- 8.5 In order to most efficiently and effectively facilitate and manage the investment in the market the current thinking is that the contract for the management of the market would be allowed to expire, with the Council managing in-house the operation of the market in the short term both before and after the regeneration of it. Consideration will be given to the future management of the market as part of the ongoing assessment of the proposals and any in-house management would not preclude an outsourced arrangement, or other alternative arrangement, at any time in the future. In-house management of the market would of course mean that any direct surplus generated would be retained by the Council. Any surplus would provide a contribution towards the management and regeneration of the market. If Full Council agrees to the principle of the regeneration investment a separate report will be taken to the March meeting of Cabinet for a decision on the Hitchin Market contract.
- 8.6 With regard to the public realm, resurfacing of the 'mall' down the middle of the Churchgate Centre, the new public space, the market area and terrace and steps in front of St Mary's car park would transform the look and feel of the area. Removal of the walls between the current market and the Church would open up the space and provide enhanced views of the Church from the new public space. Additionally consideration can be given to relocation of the electricity sub-station and refurbishment of the toilet block. The level of investment in the public realm and market is dependent on the cost and funding available.

Funding

- 8.7 As stated at paragraph 7.7, the proposal being put forward is that the Council fund the regeneration, with SPG providing specialist expertise and knowledge. In return the Council would receive the lion's share of the revenue generated and SPG a much smaller share, subject to agreement on that split. In light of the proposed capital programme (see elsewhere on agenda), which has allocated substantially all of the Council's current and forecast capital reserves, officers have been working on the prudent basis that the Council would need to borrow from the Public Works Loan Board (PWL) all sums required for the regeneration of the Churchgate Centre. Local authorities are able to borrow provided that it

is in accordance with the Prudential Code, as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). Meeting these requirements needs to be confirmed by the Council's Chief Finance Officer. The Council's Chief Finance Officer is satisfied that the principle of borrowing to fund the regeneration of the shopping centre would meet the requirements of the Prudential Code.

8.8 The interest rates charged by PWLB are published twice daily and are not fixed until you draw down the loan. Additionally the rates vary according to the length of loan taken out. Where the Council borrows money to fund capital investment it is a requirement of local government finance rules to make provision for the repayment of the lump sum at the end of the loan period. This is known as the Minimum Revenue Payment (MRP). Based on the current financial projections, a potential investment in regenerating the shopping centre would cover the revenue cost of borrowing (both interest and MRP) and provide the Council with a reasonable return on its investment over and above the income currently generated from the ground rent paid by the current leaseholder to the Council.

8.9 The Council has also submitted a bid to the Hertfordshire Local Enterprise Partnership (LEP) for grant funding to cover the cost of the investment in the market and public realm. On 13 November 2017 the LEP launched an open call for applications from economic development projects in Hertfordshire with £12.5m of capital grant funding available. Bids were required to be submitted by Monday 18 December 2017. Due to the timing of the LEP bidding process it was necessary to submit this bid before seeking approval from Full Council for the principles of the regeneration. Within the LEP bid it was made clear that Full Council's approval had still to be obtained, but that it was being sought. It is believed that the Council's bid meets all the LEP's requirements; however it is known that there are eighteen other bids that have been submitted. Outcomes of this bidding process will be known by the end of March 2018. If this application to the LEP is successful, the level of investment in the public realm and market requested would be transformative creating a vibrant space and would support the delivery of the shopping centre regeneration. If the bid is unsuccessful, or only partially successful, further work would need to be undertaken to consider potential alternative approaches.

Potential Community Benefits

8.10 As Members will be aware the Council has long held aspirations for improvement of the Churchgate Shopping Centre. A brief history is provided in paragraph 7.1 above, however the starting point for those aspirations was even earlier. On 17 November 1986 the Economic Development Sub-Committee received a report titled North Herts Town Centres and their role in the Economy. The report stated "The Churchgate shopping mall is showing its age in many respects and its bland characterless form combines with a need for

refurbishment that results in it being considerably less attractive than it could or, indeed, should be.” This is therefore an issue that is still not resolved more than thirty years later.

- 8.11 The proposals being explored, if able to be successfully delivered, would finally bring a resolution to the issue of the Churchgate Centre. Additionally the surrounding public realm would be transformed, a new public space created and much needed investment made in Hitchin Market. This investment in the town centre would increase the current offer within the town centre and should provide an economic benefit to the rest of the town.
- 8.12 As noted above in paragraph 8.10, previous reports on the Churchgate Centre have found the existing building to be of a poor quality, to be of bland design and which has not aged well. The existing building does not contribute to and is at odds with the overall character of Hitchin town centre. The regeneration of the Churchgate Centre together with the proposed works to the market and the public realm would provide a welcome opportunity to significantly enhance and improve upon the character and appearance of this part of Hitchin Town Centre and which would also be to the benefit of the wider Hitchin Conservation Area.
- 8.13 In addition to the potential benefits set out above, this proposal also provides a commercial investment opportunity for the Council, which is anticipated to provide a reasonable return on investment. This increased revenue stream, which would have potential to increase over time as rents increase (as the interest costs remain fixed over the lifetime of the loan), would therefore help to support the provision of Council services generally.

The Future of Hitchin Town Centre

- 8.14 The Council’s emerging Local Plan (currently at Examination in Public stage) identifies the potential for regeneration of the Churchgate area and the need for additional retail floorspace (paragraphs 13.130 to 13.135 refers – see <https://www.north-herts.gov.uk/files/lp1-proposed-submission-local-planpdf>). The wider site is allocated for mixed use, retail led, schemes as site HT11. The supporting retail studies which underpin that element of the proposed Local Plan (see <https://www.north-herts.gov.uk/files/e2-retail-and-town-centres-background-paperpdf>) show a need for retail space in Hitchin, which supports the information provided by lettings agents that there remains strong interest in Hitchin from potential operators. The proposed regeneration of the existing Churchgate shopping centre does not create much additional floorspace (approximately 3,350 sq ft), however there will be a step change in the quality of retail and food and beverage operators who are tenants.

- 8.15 As noted above the amount of additional floor space proposed does not meet the requirements in the emerging Local Plan (and nor is it intended to). It is important to stress that the proposals currently being explored only relate to the Churchgate Centre and market area and does not include any of the wider area identified in the Local Plan. However the proposed regeneration of the Churchgate Centre, Hitchin Market and the public realm would not preclude other incremental development in the future and would in the meantime provide solutions to issues that have previously posed problematic in unlocking the development potential of the wider site.

Key Challenges to Overcome

- 8.16 As stressed throughout this report Full Council is being asked whether or not it supports the principle of these proposals, prior to more detailed work being undertaken. Whilst a lot of work has been undertaken to inform the proposals there are still a number of issues that require more work prior to seeking a formal final decision from Council, including (but not limited to):-

- Negotiating and agreeing the final terms of any potential joint venture between the Council and SPG
- Identifying the most appropriate ownership structure, with particular reference to the most tax efficient way for the Council to invest and receive its return
- Further work on the financial viability appraisal to ensure that it reflects any changes to the design proposals and changing market conditions for both costs and potential income
- Reviewing the financial and non-financial risks including the potential ways that they can be managed
- Ensuring sufficient tenant demand
- Obtaining high quality CGI images of the proposed regeneration, to support formal approaches to retailers
- Investigating the ways in which financing costs can be minimised
- The outcome of the LEP bid (see paragraph 8.9) and any adjustments to proposals required as a result
- Ensuring final proposals comply with all statutory requirements
- Consideration of appropriate exit strategies and 'Plan B' options if the Centre is purchased but the regeneration does not proceed

- 8.17 In the event that the above challenges are overcome and Full Council decides to enter into an agreement for the delivery of the regeneration it is anticipated that it would then take, from that point of final decision, approximately twelve months to conclude all issues prior to getting on site (including planning, procurement etc) and a further approximately twelve months of on site construction works.

Management of the Project

- 8.18 As stated in paragraph 8.16 above the ownership/investment structure is yet to be determined. From the point of view of the Council's future governance arrangements this means that it could in future be the responsibility of the Cabinet Sub-Committee (Local Authority Trading Companies' Shareholder) or Cabinet or Council itself to deliver. Therefore it is proposed to provide further detail on the future project management arrangements in the next report, once that proposed responsibility is known. In the interim it is therefore recommended that the Deputy Chief Executive be authorised (in consultation with the Chief Finance Officer, the Leader of the Council and Executive Member for Finance and IT) to continue to progress negotiations with SPG, subject to Full Council's final approval of the terms of any proposal.

Conclusions

- 8.19 The proposals being considered would, on the basis of the information currently available, seem to provide the best opportunity the Council has had for finding a solution to the Churchgate issue. In addition, investment in Hitchin Market and the public realm would create opportunities to transform and reinvigorate the area. This investment, if successful, would create jobs and improve this part of Hitchin town centre, whilst providing a reasonable financial return to the Council. The Council's consultant has confirmed that, in his view, *"The initial work carried out on both the value and cost side of the equation point towards a regeneration that has sufficient financial viability and benefits to the town as a whole to progress to the next level of detail"*. It is therefore recommended to Full Council that this proposal be supported in principle and that further work be undertaken on the details needed in order to report back to Full Council for a final decision on whether to proceed or not.

9. LEGAL IMPLICATIONS

- 9.1 Full Council's terms of reference include at 4.4.1(v) "to authorise the acquisition of land or buildings where the purchase price, premium or initial rent (after the expiry of any rent free period) exceeds £2,500,000" and at 4.4.1(b) "approving or adopting the budget", which includes the capital programme. The responsibility for the decision on the arrangements for the management of Hitchin Market lies with Cabinet. On 8 April 2008 Cabinet made the decision to outsource the market operations, subject to negotiating suitable agreements with interested operators. The report to Cabinet will need to include the TUPE implications of the proposed change of approach to the management of the market.

- 9.2 If the Council agrees to support the principle of the proposals being delivered via a joint venture, the legal implications will need to be considered in the light of the specific proposals. The legal implications would likely include procurement, contract, governance and property considerations. If required specific external legal advice will be obtained.
- 9.3 In accordance with previous reports to Full Council, Members are advised that taking part in Council decisions on the strategy to adopt for the Churchgate Area was unlikely to create a valid perception of predetermination in relation to a Member of the Planning Committee who takes part in the decision relating to any future planning application.

10. FINANCIAL IMPLICATIONS

10.1 A budget of £52,500 previously allocated by Full Council for investigating alternative proposals for the Churchgate Centre has been carried forward from previous years. Up to £15,000 of this has been allocated for development consultancy support for the current proposals and it is proposed that the remainder be used for any further specialist advice required, for example legal or tax advice. At the moment, therefore, no additional budget is being sought to progress these proposals. Any underspend on this budget in 2017/18 will need to be carried forward to 2018/19. This will be reported to Cabinet in due course as part of the regular budget monitoring process.

10.2 The Council is able to fund capital projects from the follow sources:

- Capital reserves
- Grants and other contributions
- Revenue funding
- Prudential borrowing

The funding received from the housing stock transfer in 2003 has meant that for a number of years the Council has funded its capital programme from capital reserves, and any grants and contributions that have been available. The proposed capital programme (see elsewhere on agenda) shows that to fund the current capital programme there will be a need to top up capital reserves from the sale of surplus land and buildings. If taken forward it is expected that the majority of the potential investment in the Churchgate Centre will need to be funded by borrowing.

10.3 When borrowing for capital expenditure, the Prudential Code (published by CIPFA) determines that the Council must consider whether it is Affordable and Prudent. The

consideration of affordability relates to whether the Council can meet the revenue costs of the borrowing, which will be made up of interest and Minimum Revenue Provision (MRP). The expectation is that these will be more than covered by the income from the investment, although they may need to be partly covered from the General Fund during the first few years (i.e. during construction and the early years of operation). Prudence relates to an assessment of the risk, both individually and in the context of the wider treasury position of the Council. As the Council only has a small amount of historic borrowing, this is not a significant factor. The risks in relation to this project will be assessed during the next phase (subject to agreement from Full Council to continue) and will consider variability and sustainability of returns, as well as the security and liquidity of the underlying asset.

- 10.4 When the Council borrows money to fund a capital investment, it is required to set aside an annual provision for the repayment of the debt. This is known as a Minimum Revenue Provision (MRP) and is a cost to the general fund. There is some discretion as to the phasing of when this is set aside, but it should be linked to the life of the asset it is funding and the benefits that accrue from that asset. This will be determined as part of the next phase of the project (if agreed) and will be reflected in the financial appraisal.
- 10.5 The returns from this investment are expected to be through a Joint Venture company. They will therefore be subject to Corporation Tax before they are received by the Council. Advice will be obtained on legitimate ways in which the tax liability can be minimised.

11. RISK IMPLICATIONS

- 11.1 Some of the key risks to the progress of these proposals are set out in paragraph 8.16 above. As part of the LEP bidding process an initial risk log has been created, which identifies 22 potential risks, their consequences and mitigating action required. This risk log will be developed as formal project management arrangements are considered. If the proposals move forward then the project is likely to be proposed as a Top Risk which is then monitored and updated regularly as part of the Council's risk management procedures.
- 11.2 The Council's Risk and Opportunities Management Strategy refers to Contractors and Partners as follows: *"Contractors and Partners are included in the Risk & Opportunities Management Strategy for NHDC. The risk appetite for both contractors and partners should be considered prior to engaging into contracts or partnerships. Ideally a joint Risk Register should be in place for significant contracts and partnerships. In order to achieve the Council's objectives, Client Officers/relationship managers should implement an ongoing review of risks jointly with appropriate contractors and partners."*

- 11.3 In accordance with this Strategy the Churchgate Development Project with Simons Developments between 2010 and 2013 had its own Risk Register. Such a document would also be considered should the Council decide to proceed with the joint venture regeneration.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 Any regeneration proposals for the site will need to consider proposals for thoroughfares, access, surface treatments etc and the needs of the users of the resulting development. These will be considered and recorded under separate equality analysis at the relevant time.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and “go local” policy do not apply to this report due to the nature of the decisions Full Council is being asked to make.
- 13.2 However, any decision Council may make in the future with regard to the regeneration of Churchgate which could, either in whole or part, constitute a public service contract would need to report on the social value implications of each/any option at the time of consideration. This would, in brief, consider how every £1 spent could best be spent to benefit the local community, which may include award of some aspects of redevelopment or management of the centre etc. by local social enterprises, a contractor offering an apprentice scheme or similar.

14. HUMAN RESOURCE IMPLICATIONS

14.1 The current work undertaken to this point has been met from existing resources, with additional external development consultancy expertise sought to support internal skills and knowledge. An internal team of officers including financial, legal, planning and technical expertise has been identified to support the Deputy Chief Executive. The ongoing resourcing requirements will be considered as part of the next phase of work, if Council supports the principle of the proposals, and can be factored into service plans for 2018/19. Additionally the internal resourcing will be considered in the light of any changing responsibilities as a result of the senior management restructure.

15. APPENDICES

15.1 Appendix A – Indicative Site Plan.

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17. BACKGROUND PAPERS

17.1 Reports on previous Churchgate proposals to Full Council dated 31 January 2013 and 11 February 2016.

17.2 Draft Local Plan.