

REDDITCH BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

7th November 2019

Redditch Town Centre Regeneration

Relevant Portfolio Holder	Cllr Matthew Dormer - Leader of the Council and Portfolio Holder for Planning, Economic Development, Commercialism and Partnerships
Portfolio Holder Consulted	Yes
Relevant Head of Service	Kevin Dicks
Ward(s) Affected	Central and Abbey Ward
Ward Councillor(s) Consulted	Yes
Key Decision / Non-Key Decision	Key Decision

1. SUMMARY OF PROPOSALS

This report provides members with an update on the delivery of the Town Centre Regeneration Programme.

Specifically this report sets out the updated position with regards to the concept of a Community Hub and masterplanning options for key sites within the Town Centre.

2. RECOMMENDATIONS

The Executive Committee will be asked to **RECOMMEND** that

- 1) The Council note the BDP Town Centre Sites report (appendix 4) and endorses the concept of a comprehensive regeneration scheme for the station quarter, Church Road sites, the Library site and the outdoor market site;
- 2) the Council agrees the content of the Dragongate Community Hub Business Case and BDP's Redditch Town Centre Development Sites Final Report be used as a basis for submitting a proposal to the Towns Fund; and
- 3) the Council agrees that the content of the Dragongate Community Hub Business Case and BDP's Redditch Town Centre Development Sites Final Report be used as a basis for submitting a bid to the Greater Birmingham and Solihull Local Enterprise Partnership's Strategic Economic Plan (SEP) Enabling Fund.

The Executive Committee will be asked to RESOLVE that:

- 4) the findings of the state of the area debate (appendix 1) are noted and officers are instructed to produce a future consultation plan related to the town centre regeneration programme;**
- 5) the content of the Dragongate Community Hub business case (appendix 2) be noted and the Executive Committee endorse the concept of a Community Hub within the Public Sector and Culture quarter (appendix 3);**
- 6) authority be delegated to the Chief Executive after consultation with the Leader of the Council and Portfolio Holder for Planning, Economic Development, Commercialism and Partnerships to commission an architect-led professional team to draw up feasible and deliverable design proposals supported by viability appraisals for a Community Hub, to include consideration of partners' requirements; and**
- 7) subject to the agreement of recommendation 1 above, authority be delegated to the Chief Executive after consultation with the Leader of the Council and Portfolio Holder for Planning, Economic Development, Commercialism and Partnerships to work with key partners on the wider initiatives.**

3. KEY ISSUES

3.1 Current Position

The concept plan outlined in the March 2018 Executive report set out a vision to create well defined quarters and a retail hub within the Town Centre which provide a complementary and exciting offer to residents and visitors. It also set out a vision for an uplift in the town centre public realm to provide a more pleasant and enjoyable environment for residents. As visioning and ambition for town centre regeneration has progressed this concept plan has been revised in recognition of the need to secure new investment. The Redditch Regeneration Board has overseen the new Quarters Plan (Appendix 3), detailed below, for the town centre's future development, building on its residual strengths and on the collective will to deliver positive change.

3.2 'Four Quarters'

The focus for activity is centred on four regeneration quarters:

- Station and Residential
- Education and Enterprise
- Retail and Leisure – Kingfisher Centre and surrounds
- Public Sector & Cultural Quarter

At the heart of these quarters is the old town, anchored by the church and its surrounds. Linking the quarters together will be the new place making strategy which will consider connectivity, design and integration of these quarters. Concept plans for Public Realm improvements are in place to complement the redevelopment sites and ensure areas remain attractive vibrant places where people want to visit shop and spend time. This report will consider the sites within the quarters individually.

3.3 Community Hub

The consideration of a shared hub for public services was a component of earlier town centre studies – One Public Estate Review. The Council and its public sector partners recognised the opportunity to enhance their position by consolidating public services, including those currently delivered outside the centre, within a new community services ‘hub’.

- 3.4 In August 2018, the Executive agreed in principle support to work with partners to develop a multi-agency Public Services Hub. In November 2018 Redditch Borough Council commissioned DragonGate Market Intelligence (DGMI) to develop a business case for moving forward with town centre public service hub with the local authority as anchor. The commission required DGMI to engage adjacent local partners in the public sector and establish the strength of the case for a project to meet the twin objectives of the regeneration of Redditch town centre and the Council-led transformation of public services delivered collaboratively in the town. The scope of the outline business case was to review all reasonable options including refurbishment of the existing Town Hall, the wholesale redevelopment of the existing site and relocation of a new build within the vicinity of the Public Sector and Cultural Quarter.
- 3.5 Dragongate engaged with a full range of local partners and public service organisations to assess the appetite for a facility of this type and secured in principle support from a number of tenants – see report. This information in addition to an assessment of the current working arrangements/space requirements at the town hall resulted in a preferred option emerging from the business case which is to build a new Community Hub and retain the existing Town Hall to be either sold or let.
- 3.6 There were clear benefits for pursuing the hub shown in the report which achieved both regeneration and transformational objectives;

- Increasing footfall arising from the co-location of a large number of public services in one space – public services which are in broad and increasing demand and which are generally complementary (e.g. Benefits, DWP (Jobcentre Plus), Citizens Advice, GPs in the longer term);
- Providing a catalyst for more attractive rent levels arising from those contingent upon a new BREEAM Excellent building; and
- Freeing up space for other development in the centre – housing and/or budget hotel.

- 3.7 Indicative space requirements at that time to include a new library facility, partner requirements and existing council services equated to the requirement for a building/2 buildings of around 92,000sqft (gross external floor area). Over the summer months Officers have met individually with all potential community hub partners to establish specific floor space requirements and has seen this figure decrease impacting on the suggestion by Dragongate to erect 1 or 2 new buildings within the vicinity of the Town Hall.
- 3.8 The appointment of an architect led team as a next stage will re-evaluate the need for a new building or whether the conversion of the Town Hall with possible extension and the use of the redundant market area can be pursued. As part of the design commission it is considered that we would need to ask the consultants to consider high level design options before providing detailed designs on the preferred option. In terms of funding the next stage of the process, in addition to monies previously ring fenced for town centre work, there will be the opportunity to bid for further revenue support from the GBSLEP SEP Enabling Fund. It is understood that a new bidding round for this fund would be launched shortly;
- 3.9 With the support of members the next steps in relation to the delivery of the Community Hub are as follows:
- Formulate MOUs with each partner
 - Appraise funding and cost model options with a view to identify the most appropriate model for the Council
 - Initial design options in conjunction with partners
 - Timeframes
 - Programme and strategy for delivery
- 3.10 Key Sites

In addition to the work in relation to the Community Hub, the Executive resolved in August 2018 to progress work on other town centre sites outlined in the Redditch Regeneration Prospectus. Following a competitive procurement exercise, the Redditch Town Centre

Development Sites Study was commissioned in November 2018 led by BDP, assisted by Highgate Land and Development and BE Group. The purpose of the study was to develop a master plan and implementation proposals for three key development sites within the town centre; the Railway Quarter, the Church Road site and the Library site. The objective behind the development of the sites was to promote the regeneration and growth of Redditch town centre, in support of the wider economic and development strategies of RBC and the Worcestershire and Greater Birmingham and Solihull Local Economic Partnerships (LEPs). The Preferred masterplan options presented below have evolved from a wider range of options and have been tested against the impact of key variables, such as the density of development, mix of uses and building typologies, and potential for phased implementation. Each option was subject to client review, viability testing and consideration of deliverability and fit with policy and wider town centre regeneration and growth objectives.

3.11 Railway Quarter

The Station area and Church Rd make up the new residential quarter and railway quarter and provide the most significant opportunity to provide new residential accommodation into the town centre. The preferred option for the railway quarter includes the following;

- Expansion of the rail station forming an elevated 'concourse' to provide pedestrian accessibility to Bromsgrove Road level. Hotel above the station is to incorporate a high level connection into Kingfisher Hub level.
- Improved crossing point between station and bus-station on Bromsgrove Rd, enhanced public realm and pedestrian crossing to reinforce connectivity
- New MSCP parking facility with increased capacity for the station and access from Hewell Road.
- Creation of high-quality public realm fronting the station reinforced by retail offers leading from Unicorn Hill to the station
- Creation of the 'Front Door' gateway into the Kingfisher Centre through the introduction of an enclosed glazed entrance hall, replacing the existing stairs with escalators.
- The delivery of the preferred option is not dependent on provision of a second track & platform at the train station, although the concept design shows a dual track. The intention was to illustrate that the preferred option could accommodate a second track, if necessary.

3.12 Church Road

The preferred option for the Church Rd site includes the following:

- Preserve and enhance setting of listed buildings by creating high quality garden and public squares
- Work with the established plateaux of the site to define development plots incorporating HE land ownership
- Create new green streets and spaces as a natural extension of the neighbourhood context.
- Mix of residential typologies including town houses and apartments to serve the local community and meet the wider demand.
- Commercial uses proposed fronting the Church Green West and Church Road.
- A large food store offer with associated parking to serve the local residents as well as a wider area.

These sites are existing brownfield sites and hold prominent locations within the town centre. The initial concept plans produced through this work identify that the sites could deliver circa 400 new residential units, commercial office space/convenience retailing and café pavilion. The proposal seeks to address a number of the challenges resulting in increased footfall, natural surveillance and increased dwell time. Enhanced pedestrian links provide improved connectivity with the kingfisher Shopping Centre and Unicorn Hill.

3.13 Library

The BDP report shows a preferred option for the library site to include;

- Demolition of existing building and creation of a new public square.
- New pavilion building provided to east of to create focus and activation for the square.
- Permeable definition to the historic street boundary frames the square
- Existing retail units within the Kingfisher Centre present an opportunity to be reconfigured to front on to the new Square.

- Alcester Walk benefits from secondary frontage of pavilion.
- Promote connection to and from Kingfisher Shopping Centre. Signage very poor and hard to see where routes to Town Centre exist.
- Capitalise on the quality of the square and surroundings of St Stephens Church. Potential for stronger commercial and community uses.
- Possible reconfiguration of no. 11 & 12 fronting Church Green to promote foot fall through Market Walk

It's important to note here that there are clear interdependencies between the wider community hub project and the library site. Any preferred option for the library site can only start to be implemented once the community hub project has been finalised allowing the library services to relocate.

3.14 Redundant Market Area

The objectives of the masterplan option are to bring this area, which is largely owned by the Council, back into use as part of the town centre. In doing so, consideration must be given to the uses that will contribute to the vibrancy and success of the town centre without competing with existing developments. In addition, the urban design solution should encourage footfall and activity in areas and along routes that facilitate wider connectivity and overall town centre activity and safety. Three masterplan options have been developed to test alternative approaches to the redevelopment of the site. The key drivers for the options are as follows:

Option 1: Do Minimum

The first option takes away the canopy structures to open up the space and encourage more use of the space, encouraged by remodelling of the Kingfisher Centre to present retail and food & drink uses as the market square level and the terrace level above (which is the ground floor level of the Kingfisher Centre). The use of the voids underneath the service access ramp is also proposed, to maximise the potential for active uses around the square.

Option 2: Market Square

The second option proposes the removal of the service access ramp to open up the square and create the possibility of remodelling the various buildings around the new space to allow for ground floor businesses,

leisure and food & drink uses to enliven the square and create a new, attractive town centre destination that is also a much improved entrance into the Kingfisher Centre.

Option 3: New Development

The third option uses the removal of the service access ramp as per Option 2, as an opportunity to introduce new buildings on the former site of the outdoor market. The new building would serve to reduce the current open area to a street sized space, with a remodelled Kingfisher Centre facing the new buildings. Servicing of Threadneedle House and the new buildings would be contained between the buildings.

This site will play a key part in the Public Sector and Cultural area and will interlink with the implementation of the Community Hub therefore will be included in the boundary plan for any architect led commission work going forward.

3.15 Retail and Leisure Quarter

The main focus for the Council on Improving the Town Centre retail and leisure offer and dwell time is through supporting the existing retailers and the wider business community in the creation of a business improvement district, which could raise funds for consolidating and promoting the town centre. The process of developing a BID presents opportunities to promote the town centre retail offer and to communicate with the wider stakeholder community our plans and the integrated investment strategy. The BID ballot was a positive result.

- 3.16 Officers will continue to work with the Kingfisher Management team and the Capital & Regional asset team to look at opportunities for development that complement the wider regeneration initiative and ensure vibrancy and vitality across the town centre.

3.17 Education and Enterprise Quarter

The release of the existing police station and related onsite parking is a site that could be redeveloped to create incubator units to support new businesses and improve links between businesses and HoW College. Initial dialogue with Worcestershire LEP has indicated the potential for this site being used for Betaden North – a dynamic launch pad for tech entrepreneurs. The existing Betaden located in the south of Worcestershire has access to a 5G test bed and this could be replicated in this enterprise quarter. Discussions with partners are ongoing however this is intrinsically linked with the Community Hub and the police being able to relocate.

3.18 Next Steps

Subject to the support of members, the next steps associated with the above projects are as follows:

- Establish MOUs with Partners and confirm they have the necessary outline approvals to commit to relocating to the Community Services Hub and to dispose of their existing land assets;
- Commission an architect-led professional team to draw up feasible and deliverable design proposals supported by viability appraisals for a Community Hub
- Carry out further soft market testing of the development proposals to ensure that there is sufficient market interest in bringing them forward;
- Progress several funding proposals including under the Town Fund and Greater Birmingham and Solihull LEP to secure funding for the next project stages
- Consider likely phasing of development where required and potential Delivery Mechanisms/routes to market, including strategic partnering and joint ventures
- Formulate land assembly strategies, where required, to enable development to be brought forward
- Consultation with planners and other statutory bodies regarding the redevelopment proposals;

3.19 Funding

To ensure the progression of the town centre vision the council has already submitted and had approved funding bids through the Greater Birmingham and Solihull LEP SEP Programme which has provided revenue funding for the Railway Quarter Area and the One Public Estate Partnership to further the regeneration plans.

3.20 Conclusion

- 3.21 The regeneration programme will be overseen by the 'Redditch Town Centre Regeneration Board' led by the Chief Executive and key strategic partners. The Regeneration Board will be responsible for driving forward delivery of the overall regeneration programme and

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internally a project management team has been formed to ensure cohesion across the council.

3.22 In summary, the Council remains committed to delivering an ambitious and credible regeneration programme which has the potential to create an exciting new future for Redditch and crucially unlock significant levels of public and private sector investment and unlock the potential of Redditch Town Centre. The proposals included in this report and accompanying documents set out the overall framework and parameters for the town centre regeneration and provide the foundation for developing specific schemes, which will be subject to extensive stakeholder and public engagement.

4.0 Financial Implications

4.1 Following procurement a detailed financial model for the project was developed by Dragongate and is predicated on a number of assumptions. The key 3 assumptions were:

- a capital receipt of £1.5 million would be achieved by selling the town hall based on valuation for a housing development .
- a rent per square foot of £21.43 would be achieved
- that the borrowing rates from PWLB would be as at 8 March 2019.

4.2 These assumptions were assessed by the finance department at the council, and based on market data and advice from an independent property advisor Savills, they have now been amended as follows:

- The capital receipt has been adjusted to £1 million
- The rent per square foot for tenants has been reduced to £15 per square foot in line with a high, but achievable rent for Redditch for good quality office space.
- The borrowing has been adjusted to take into account the recent 1% increase in PWLB borrowing.

4.3 The changes in these three assumptions, coupled with the rest of the Dragongate model has resulted in the below outcomes based on a 35 year Net Present Value basis. The column titled “RBC Cost/Benefit p.a” compares each option to the ‘as is’ position to determine if it is a net cost/benefit when compared to doing nothing:

Option	Details	NIA Building size m2	NIA Building size ft2	Total 35 Year NPV costs £'000	(Income) / Cost per annum £'000	RBC (Cost) / Benefit p.a. £'000
As Is	No change - current running costs + maintenance backlog + future maintenance	7,250	78,040	15,215	435	0

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Option 1	New Town Hall only, current usage, Agile working	2,304	24,800	12,269	351	84
Option 2	Option 1 + capital receipt for old property	2,304	24,800	11,303	323	112
Option 3	Option 2 + Tenant space + profit rents	7,433	80,010	15,641	447	(12)
Option 4	Option 3 + grant aid	7,433	80,010	13,708	392	43
Option 3a	Capital receipt at 50% value - 100% projected third party space, no grant	7,433	80,010	16,124	461	(26)
Option 3b	Capital receipt & 100% of third party space - profit rent at 60% of nominal value, no grant	7,433	80,010	24,952	713	(278)
Option 3c	Capital receipt at full value + 50% of projected third party space, no grant	4,868	52,400	13,432	384	51
Option 3d	Capital receipt at 50% and 50% of third party space, no grant	4,868	52,400	13,915	398	37
Option 3e	Option 3 with no capital receipt	7,433	80,010	£16,607	474	(39)

4.5 The above table demonstrates that from a purely financial perspective, only options 1, 2, 4, 3c and 3d are viable. Of these options, option 2 offers the greatest financial return to the council when compared to the current position of remaining as is. The other options offer marginal returns on such significant outlays of capital expenditure. The potential grant aid source or amount has not been confirmed at this stage.

5.0 Legal Implications

5.1 There are a number of proposals in the Regeneration Prospectus that relate to land which is largely outside of the Council's ownership and control. Although there may be at the current time an agreement in principle with other public authorities to work together to achieve the objectives, the priorities of other authorities may change and there is no legal commitment for any other parties to commit land in their ownership to the objectives (at any or at an agreed price).

5.2 The Council has powers to purchase interests in land from (public or private sector) landowners compulsorily. Compulsory purchase powers are only available to the Council for a set range of purposes and may only be used if necessary for the delivery of a fully funded and deliverable scheme (which fits within one of the purposes). Even if such a scheme were in place, before purchasing compulsorily the Council would be required to demonstrate that the objectives of the scheme could not be achieved in any other way and that the benefit to the public interest outweighed the interference with private property rights. The threshold for justification of compulsory purchase is high as

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interference with property rights represents an infringement of human rights.

- 5.3 If compulsory purchase is necessary the process may take several years to complete and with the potential for protracted negotiations with landowners and a public inquiry, the costs would not be insignificant. Landowners may expect to sell their property by agreement at an inflated price so as to “save” on the costs of compulsory purchase. Landowners whose property is purchased compulsorily may be entitled to compensation above and beyond the value of the land itself.
- 5.4 The proposed developments / redevelopments would be subject to planning consent. The Council as the local planning authority would have to deal with all planning applications strictly on their planning merits.

Service / Operational Implications

- 5.5 To progress the ambitious proposals set out in this report, there will be a need for the Council and its partners to allocate additional resources.

Customer / Equalities and Diversity Implications

- 5.6 The delivery of the overall Redditch regeneration programme will improve the Town Centre of Redditch. The implementation of a Community Hub will seek to improve services from a customer perspective.

6. RISK MANAGEMENT

A detailed ‘Risk Log’ will need to be produced as part of the detailed business case. However an initial risk register has been produced as follows:

RISK REGISTER	Impact (H/M/L)	Likelihood (H/M/L)	Risk Rating (R/A/G)	Risk Mitigation
Lack of stakeholder buy in and support	H	M	A	Continue to work closely with key stakeholders and ensure collaborative thinking is at the heart of decision making.
Each land owner disposes of land assets individually	H	L	A	As above

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rather than as part of a cohesive regeneration programme				
Financial risks associated with proposed development	H	L	A	Full business case will include detailed assessment of financial inputs i.e. build costs, sales prices, rental levels, demand, occupancy levels. No financial decisions will be made without a robust business case.
Reputational risk to Council and partners	M	M	A	Strong project management controls will be put into place to ensure that projects deliver on time and to budget. Additional resource will be sought to supplement project capacity.
Inability to secure funding and investment	H	M	A	The Council will seek funding from the Worcestershire LEP, West Midlands Combined Authority, Great Birmingham and Solihull LEP and relevant central government funding programmes and initiatives. It is anticipated that investment from the public sector will create the confidence for the private sector to invest in Redditch Town Centre.
Negative perception and image of Redditch	H	M	A	As part of the regeneration programme, the Council will work

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				with key partners such as the Kingfisher Shopping Centre to look at how it can re-position Redditch and counter negative perceptions.
Market does not respond to the Council's vision	H	M	A	Market analysis will be commissioned to underpin the development of business cases for key projects including an assessment of demand for office uses, the residential market and retail and leisure opportunities.

7. APPENDICES

Appendix 1	State of the area debate summary
Appendix 2	Dragongate Community Hub Business Case
Appendix 3	Town Centre Quarters Plan
Appendix 4	BDP Town Centre Sites report

8. BACKGROUND PAPERS

9. KEY

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