

**CABINET
5 NOVEMBER 2019**

**DARLINGTON TOWN CENTRE
PROPERTY ACQUISITIONS AND DEVELOPMENT SITE OPPORTUNITIES**

**Responsible Cabinet Member – Councillor Alan Marshall
Economy and Regeneration Portfolio**

**Responsible Director – Ian Williams
Director of Economic Growth and Neighbourhood Services**

SUMMARY REPORT

Purpose of the Report

1. To gain Members' approval for the proposed developments identified in Darlington Town Centre and agree to the use of Compulsory Purchase Order (CPO) powers in order to complete land assembly.

Summary

2. In July 2019 Cabinet approved the release of the £10m funding from the Tees Valley Combined Authority Indigenous Growth Fund, which will be targeted in key intervention areas within the Town Centre which will have the greatest impact and aligned to the Town Centre Strategy. Interventions included:
 - (a) Strategic site assembly including purchase of land and buildings.
 - (b) Ensuring sites are 'development ready'.
 - (c) Public realm improvements and infrastructure investment.
3. Since July 2019 the Council has commenced negotiations with landowners on the acquiring of strategically placed sites to ensure the ambitions of the Town Centre Strategy can be realised.
4. The acquisition of buildings along Skinnergate has continued with the purchase of No 12 Skinnergate, 13/16 Skinnergate (the former Argos building) and the prospective purchase of 17/18 Skinnergate (the current Cash Converters building) approaching completion. The Council has been working closely with officials from Homes England to determine future funding opportunities for this potential residential site and a planning application for the development of 15 homes is expected to be submitted in January 2020.

5. The Town Centre Strategy identified the Commercial Street car park as a possible location for the development of a convenience store and the Council has continued negotiations with the owners of buildings adjacent to the Commercial Street car park. While several of these negotiations have proved positive, it is anticipated that acquiring some of the buildings may prove problematic. Therefore, it is proposed that the Council explores the use of its CPO powers to bring forward the necessary land assembly for the development of a convenience store in the immediate area.
6. Members will recall that at the Cabinet meeting held in July 2019 it was announced that Darlington Council's Expression of Interest to the Government's Future High Street Fund (FHSF) had been successful. Since that announcement the Council has been working closely with Government officials to develop a business case for projects and proposed interventions which will assist in the transforming of the town centre. The objective of the Fund is to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability. The Fund expects any identified need for investment to fall under the following themes:
 - (a) Investment in physical infrastructure.
 - (b) Acquisition and assembly of land including to support new housing, workspaces and public realm.
 - (c) Improvements to transport access, traffic flow and circulation in the area.
 - (d) Supporting change of use including (where appropriate) housing delivery and densification.
 - (e) Supporting adaptation of the high street in response to changing technology.
7. The Fund **will not** support the development of additional retail sites.
8. Following a review of the options available to meet the above criteria the Council are currently developing a business case which proposes the development of over 150 town centre homes which will greatly assist in reshaping the way the town centre operates. As detailed in the Town Centre Strategy the Council has focussed this residential development in the East Street and Crown Street area where there are several vacant buildings and a large amount of derelict land. The FHSF has allocated £150,000 of revenue funding to provide financial assistance in completing the business case.
9. In addition, the Council was encouraged by Government to submit a project that has the potential of being delivered in the very near future. The timetable for these 'shovel ready projects' was extremely tight and given this deadline the most advanced projects were identified as being:
 - (a) additional funding for the Victorian Market development; and
 - (b) improved leisure facilities within the Dolphin Centre which includes a 10-pin bowling alley.
10. These bids were submitted on 27 September 2019.

11. The business case for the residential development in the Crown Street and East Street area is still in the early stages of development and Government officials have updated the timetable for business case submissions which is detailed below:

Requirement	Current Deadline	New Deadline
Shovel-ready business case submission	27 September 2019 (bid deposited)	Unchanged
Early first draft business case submission	15 November 2019	15 January 2020
Full business case submission	28 February 2020	30 April 2020
Announcement of successful places	Spring/Summer 2020	Summer/Autumn 2020

Recommendations

12. It is recommended that: -

- (a) Members approve the continued acquiring of properties to deliver the objectives of the Town Centre Strategy.
- (b) Members support the Future High Street Fund bid for the development of a residential quarter in the Crown Street/East Street area of the town centre.
- (c) Members agree in principle to the use of CPO powers for the site assembly requirements for the delivery of a convenience store on Commercial Street car park. A further report will be presented to Members on the next steps once negotiations with landowners has been completed and whether CPO is required.

Reasons

13. The recommendations are supported by the following reasons: -

- (a) To ensure that the Council delivers on the ambitions of the Darlington Town Centre Strategy.
- (b) To contribute to the further economic wellbeing and vitality of the Town Centre.

Ian Williams
Director of Economic Growth and Neighbourhood Services

Background Papers

- (i) Draft Town Centre Strategy 2019-2030
- (ii) Masterplan – Darlington Town Centre – IDP -2019
- (iii) Future High Streets Fund Prospectus

S17 Crime and Disorder	This paper supports and complements the actions detailed in the Darlington Purple Flag submission to reduce ASB in the Town Centre and improve the safety of residents and visitors
Health and Well Being	No direct impacts
Carbon Impact and Climate Change	No direct impacts
Diversity	No direct impacts
Wards Affected	Park East
Groups Affected	All
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework. Any works highlighted in the report will be met through existing agreed budgets.
Key Decision	No
Urgent Decision	No
One Darlington: Perfectly Placed	The actions detailed in the report aim to improve the attractiveness of the Town Centre therefore directly impacting on Perfectly Placed.
Efficiency	The report aims to utilise the Councils and partner resources in a collective more efficient manner.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

The Development of Darlington Town Centre

13. Darlington Town Centre is a key element of the economic, social and environmental fabric of the town. It needs to be at the core of community and economic life, offering spaces in which to live, meet and interact, do business, and access facilities and services. The Council, together with partners, needs to take collective responsibility to help the town centre thrive sustainably, reinvent its function, and meet the needs of residents, businesses, and visitors.
14. Given the changes in both the environment of the high street and changes in peoples shopping habits there is a need for all towns to develop plans that have business investment at their heart and are focused on transforming the place into a complete community hub incorporating health, housing, arts, education, entertainment, leisure, business/office space, as well as retail. Councils together with business and the communities needs to develop a compelling proposition both for residents, stakeholders and visitors, a proposition that embraces the heritage, culture and social context of the town.
15. Members will recall in January 2019 Cabinet approved the development of several proposals that aimed to encourage the delivery of key strategic sites in Darlington Town Centre. The report also complemented and supported the work and actions

outlined in the Town Centre Footfall Strategy report agreed by Cabinet in July 2018. The sites identified in the report included:

- (a) Victorian Indoor Market
- (b) Skinnergate and the Yards and Wynds
- (c) Northgate area
- (d) Crown Street area

16. This report will update Members on progress on actions and interventions relating to the above sites.

Skinnergate and the Yards

17. Skinnergate and the Yards are at the heart of the heritage centre of the town and in the past were prominent retail thoroughfares. More recently the area has suffered from several years of persistent voids and a high turnover of retail units and while the emerging Local Plan identifies the area as being within the primary shopping zone given that the patterns of retail use it is likely that the amount of retail frontage currently available will not be required. This change in requirements therefore provides an opportunity for other uses to be considered for several of the buildings along Skinnergate.

18. The Town Centre Strategy has identified proposals for the re-development of Skinnergate and the Yards which includes:

- (a) Re-use of buildings into mixed development use i.e. maintaining a degree of retail space but predominantly delivering additional residential homes which will assist in enhancing the visual attributes of Skinnergate and achieve a marked increase in vibrancy and footfall.
- (b) General improvements to the physical appearance through shop front improvements, public realm including the Yards and Wynds, which will include improved lighting and access together with appropriate animation which will make the areas more attractive as places to visit and participate in events.

19. The redevelopment of vacant buildings and derelict plots along Skinnergate continues to progress. The overall objective is that the Council would deliver a modest amount of housing and still retain a small element of retail units which will be in keeping with the past and current uses of the area. The Council has been successful in acquiring 12 Skinnergate and 13-16 Skinnergate (former Argos building) and is finalising the completion of the purchase 17-18 Skinnergate (currently Cash Convertors), once acquired the vacant possession of the building will be agreed with the current tenant.

20. Work has already commenced in developing the necessary plans to deliver new residential properties on the above site. It is anticipated that the Council will lead on the development for the provision of 15 Council owned properties. Homes England have indicated they would be willing to financially support the development. The design and layout of the scheme is being finalised and it is expected a planning application will be submitted in January 2020.

21. Given that Skinnergate is within a conservation area any development would need to reflect and consider the heritage and historical significance of the area. The Council is working with Historic England to ensure this objective is achieved. Any agreed development will acknowledge these important constraints and greatly improve the general appearance of the area and enhance the vibrancy of the town with the increase in the residential population of the town centre.
22. In addition to the above and following Cabinet agreement in July 2019, the Council has launched its Shop Fronts and Business Improvement Scheme. Shop fronts make a big impact on the appearance of a town centre and the character of the conservation area and their condition affects a town's image. High quality shop fronts make a town feel more welcoming to locals and visitors and builds a stronger sense of identity. In addition, they encourage a greater number of shopping visits.
23. The objectives of this scheme are:
 - (a) to improve business frontages including shops, commercial businesses and social enterprises;
 - (b) to enhance the appearance and appeal of the town to visitors, customers and the local population;
 - (c) to preserve and enhance the special characters of the conservation area it's listed buildings and other buildings of public importance;
 - (d) and to assist towards encouraging further inward investment and stimulate business and consumer confidence.
24. The schemes £5,000 limit with a requirement of 10% match funding has been established having regard to experience of take up of different grant schemes elsewhere in the country. The intention is to allow for grants sufficient in size and match funding requirements sufficiently low to be attractive to shop owners and occupiers, whilst not so large as to unnecessarily limit the number of potential properties which could be improved, with a view to maximising benefits for the Town Centre environment. Due to officer capacity and to ensure a smooth introduction, the scheme is currently available for the retailers/businesses along Post House Wynd but will be expanded in due course to include businesses within the Skinnergate and Yards area and ultimately available to all independent retailers and businesses in the Town Centre Heritage Zone.
25. To safeguard that the shop front improvement design meets the expectations of the scheme the Council will:
 - (a) Employ a qualified designer who will liaise and agree with the retailer on the proposed shop front design.
 - (b) Work with the landlord of the building to ensure that the necessary approval is obtained.
 - (c) Apply for and complete any statutory requirements including planning permission and Listed Building Consent. These costs will form part of the total grant agreement.
 - (d) Carry out the agreed improvements to the agreed design and standard.
 - (e) Pay the grant directly to the nominated approved contractor.
 - (f) Inspect the quality of the work once completed.
 - (g) Invoice the retailer for the agreed amount of match funding.

26. The retailer will:

- (a) Agree with the design proposals prior to the commencement of any improvement works.
- (b) Agree to pay 10% of the overall costs of the work to be carried out.
- (c) Agree to An A6 vinyl to be displayed within the window of your premises for a period of 12 months, stating that the works have been part funded by Darlington Borough Council's Shop Front Improvement Scheme.

Northgate Area

27. Members will recall that the Town Centre Strategy identified the Commercial Street area as an appropriate development site for a convenience store. The draft Local Plan has highlighted a lack of convenience food shopping in the town centre and a development of this type would meet the requirements of the 'Town Centre First' policy within the National Planning Policy Framework.
28. Recent evidence shows that despite their modest size, these stores have rapidly assumed significant and documented trip generation and 'anchor' roles essential to the sustainability of town centres. Moreover, they have facilitated trends towards increased local food shopping, reduction in car dependency and higher than expected levels of linked trips to other retailers and facilities within the town.
29. The Council has commenced negotiations with land and building owners in the immediate vicinity and has progressed discussions with a potential developer in relation to the design and location of a convenience store. The scheme would be located on the Commercial Street car park which would obviously reduce the number of car parking spaces. However, with the successful acquiring of adjacent buildings together with an appropriate agreement with the convenience store operator this impact could be minimised and add much needed flexibility to the car parking regime in this area of the town centre.
30. The initial phase of the proposals has been focussed on site assembly addressing the acquiring of the derelict Trinity Church and empty night club on Commercial Street and several properties along King Street. While there have been some positive developments with some of the acquisitions an impasse with the owners of the derelict night club has occurred, which may require an alternative approach for acquiring this property. While the Council will continue to pursue a negotiated settlement with the owner the use of CPOs may be necessary to acquire the building, this will ensure the availability of the land and demolish a long-standing blight in the Commercial Street area.
31. The prominent former Marks and Spencer building once acted as an important anchor for retail in the Northgate area. Given the objective of developing a convenience store within the area together with the current type of retailers operating in the immediate area it may be more practical and deliverable for the Council to work with the current owners to attract an additional discount retailer to create a hub of similar operators.

Crown Street and East Street Area

32. In early 2019 the Council submitted an Expression of Interest to the Governments Future High Street Fund. In July 2019 the Council were informed that they were one of 50 successful Councils in the first tranche of the Fund. Since July there have been number of conversations and meetings between the Council and officials for the Ministry of Housing, Communities and Local Government (MHCLG) to explore the most appropriate scheme within the town centre to submit for Government funding. Following a series of option appraisals, it is proposed to submit the development of a residential quarter in the Crown Street and East Street area of the town centre. While the development work is in its very early stages the overall ambition of the scheme will be to deliver approximately 150 new homes in the identified area which will address a number of derelict or empty properties, reuse former retail units and reshape the way in which the town centre works with a large increase in the number of people who will live within the town centre.
33. If successful the regeneration of this area would have wider positive implications on the performance of the town centre: residents and visitors will spend longer in the centre, undertake 'linked trips' between retail, leisure and other uses, and increase their dwell-time in the centre. The development of a residential offer can also help to increase footfall outside of retail hours, for example in early evenings.
34. To assist in the development of a robust business case the Council has been allocated £150,000 to procure additional support in finalising the business case. The Ministry of Housing, Communities and Local Government (MHCLG) have recently updated the timetable for the submission of the business case and final bid document. It is proposed that Cabinet is updated on the development of the business case.

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Financial Considerations

35. Some early stage feasibility work and business case development is being initiated and is funded through the Governments Future High Street Fund. A funding mix for the large-scale residential development in the Crown Street and East Street area will be presented to Cabinet on the submission of the final business case to Government.
36. Proposed acquisitions and developments in the Skinnergate area will be funded through the TVCA Indigenous Growth Fund and funding from Homes England.
37. The acquisition of property in the Commercial Street area will be met from the TVCA Indigenous Growth Fund.

Legal Implications

38. Property acquisitions will be carried out with appropriate legal due diligence and in accordance with valuation advice and funding will be committed based on confirmation of funding from TVCA.
39. The application of funding through the Shop Front Scheme will not give rise to State Aid issues as the funding amounts may be expected to be below the *de minimis* level. Where appropriate applicants may be required to certify they are not in receipt of public aid which would accumulate over the *de minimis* threshold.
40. In carrying out shop front works Council will ensure consistency of delivery; appropriate warranties will be obtained from the procured contractor(s) to ensure they assume any liability to third party landowners arising from the works, and appropriate consents will be sought in advance of works.
41. Externally procured contractors will be engaged in accordance with the Council Contract Procedure Rules.