

AGENDA ITEM 8

RURAL, ECONOMIC AND ENVIRONMENTAL AFFAIRS COMMITTEE

9th MARCH 2016

REPORT OF HEAD OF COMMUNITIES AND NEIGHBOURHOODS

TOWN CENTRE INVESTMENT MANAGEMENT (TCIM) PILOT

1.0 PURPOSE OF REPORT

- 1.1 To update members on the completion of the Town Centre Investment (TCIM) pilot, to review its findings and to consider the feasibility of progressing the TCIM model.

2.0 RECOMMENDATIONS

- 2.1 **It is recommended that members review and give consideration to the findings of the TCIM pilot outlined in sections 3.7, 3.8 and 3.9 of this report and detailed in Appendix A.**
- 2.2 **It is recommended that members endorse and approve the next steps provided in section 3.12 of this report.**

3.0 BACKGROUND AND KEY ISSUES

- 3.1 On 29th October 2014 members approved and supported the work of the Town Centre Investment Management (Pilot) to look at developing an asset based approach to managing our “high street”. The pilot programme was supported by the Department of Communities and Local Government (DCLG) and undertook a partnership approach with local stakeholders including Melton Borough Council, Melton Business Improvement District (BID), Melton Town Estate and Leicestershire County Council (LCC).
- 3.2 The national pilot programme involved Dartford and Weston-Super-Mare as well as other centres located in Wales and London. The programme was managed by a team of Project Consultants including John Parmiter from Peter Brett Associates as well as advisors from Bond Dickinson and Citicentric. The programme was overseen by a Steering Group with Liz Peace CBE, former Chief Executive of the British Property Federation (BPF) acting as chair and advisor to the Group.
- 3.3 After a deferred start due to the election period and appointment of a new Minister for High Streets, Marcus Jones MP the pilot programme concluded in January 2016 with the publication of Town Centre Investment Zones Summary Report included as Appendix A.
- 3.4 The pilot was a response to the significant macro and micro economic forces including changes in consumer behaviour, growth in internet sales, restructuring of retail portfolios and fluctuations in business rates, which continue to put pressure on town centres to deliver space suited to demand, to secure the right occupier line-up, and enhance customer experiences in order to improve sub-optimal performance.
- 3.5 Although the Melton Mowbray is performing satisfactorily against many of the key performance indicators (e.g. vacant unit counts, footfall, car park occupancy etc)

and despite having a high level of independent retailers (68% in 2014) the town centre lacks key attractors and anchor retailers that drive footfall, increase dwell time and spend levels, whilst preventing leakage from primary and secondary catchment areas, so that people choose to visit and shop in Melton Mowbray over other centres located outside of the Borough. As part of a district wide household survey undertaken to inform the Retail Study (2015) the top 3 areas of town centre improvement included: better choice of shops in general (36%), more national multiple retailers (29%) and more independent shops (16%). In addition the town's Venuescore ranking indicates that the town centre has experienced a slight fall in the period 2006 to 2015, from 291 to 293. Given the economic climate over this period, this is not considered to indicate any significant concerns. It is notable, however, that some surrounding centres including Grantham and Oakham have managed to improve their ranking over the same period. Venuescore ranks 3,000 shopping venues in the UK, providing retailers and developers, owners and brands with an up to date tool for understanding differences between shopping venues in relation to scale of offer, fashionability and market positioning.

- 3.6 However, this pilot was also about a change of role for town centres from being purely retail focused to becoming social, cultural and experience led centres, engines of economic growth and the location for new and exciting residential living.
- 3.7 In some areas fragmented ownership is a real barrier to this type of growth and development; it can encourage short-termism through a focus on immediate returns and investment outcomes, without regard for wider impacts or longer term implications linked to the profile and reputation of a town. Ultimately it can impede or even disable joined up thinking and action. Most importantly it can prevent adaptation being delivered and can pose risks to maintaining a vibrant town centre.
- 3.8 At the heart of this pilot scheme was the design of a model and process to overcome the barrier of fragmented ownership and at the same time create a basis for growth and attracting investment into town centres. The programme proposed that this could be achieved by actively managing a critical mass of around 40 property interests located in a town centre by purchasing and/or pooling assets into an investment entity or joint venture vehicle such as a Real Estate Investment Trust (REIT) that allows the stock to be adapted, the mix of occupiers to be curated and the destination to be more effectively marketed.
- 3.9 The advice provided in the pilot indicated that more active and proactive asset management would ensure that an appropriate occupier line up was achieved both in terms of the mix of retailers, leisure as well as employment and residential uses. The investment would provide commercial returns and as an income producing vehicle it could attract fresh funds and reinvest in the public realm as well as ensuring other public assets and services are maintained in keeping with the desired offer. Furthermore by providing greater investment and incentive into the tenant mix the area would help to grow and expand the portfolio of local independent businesses whilst also attracting appropriate national brands. Occupation costs can also be influenced to ensure that businesses are given the best opportunity to thrive in the short, medium and long term.
- 3.10 In conclusion the key findings of the pilot programme include:
 - Localism, Business Improvement Districts (BIDs) and Neighbourhood Plans are important in building consensus around the need for development and significant structural change in the town centre;

- Single or collective ownership and management of a critical mass of properties that can be adapted to meet demand is undoubtedly effective, as evidenced in over twenty case study locations presented including Old High Street Folkestone and Ropewalks in Liverpool;
- The principles of collective or single ownership can be applied to commercially smaller or less favourable locations as in the pilot study areas, where commercial returns were found to be feasible;
- From consultations with investment funds, property companies and asset managers the TCIM model was seen as attractive to institutional investors such as M&G Real Estate as well as local funding partnerships;
- The recognition that an asset managed approach can add to the value and viability of peripheral areas, including housing and businesses around it.
- Specialist asset management skills are critical to delivering performance;
- The need for focus and alignment – the creation and designation of Town Centre Investment Zone (TCIZ), for example, was recommended as a way to signal to investors that local leadership, services and initiatives are aligned with a clear strategy and vision for development, underpinned by a master plan, area action plan or Business Neighbourhood Plan that is endorsed by local communities and businesses.

3.11 The Department of Communities and Local Government (DCLG) remains keen to understand how a Town Centre Investment Zone could be implemented and whether it would be a feasible approach in dealing with the structural issues facing many high streets across the UK.

3.12 In terms of next steps it is proposed that officers:

- a. Stay in contact with the British Property Federation and DCLG regarding moving forward the findings of the report including recommendations to Government to establish a TCIZ or alternative incentives that encourage investment into town centres.
- b. Disseminate the findings of this pilot programme and share our learning with other towns in Leicestershire and beyond, including presentations to the Leicester and Leicestershire Enterprise Partnership, including alignment and development of their Market Towns Programme and participation in a National Conference on 23rd March in London regarding the TCIM programme.
- c. Test the opportunity and appetite to adopt a TCIM model in Melton Mowbray through structured engagement and discussions with local businesses and partners such as Melton BID, Leicestershire County Council and the Town Estate as well as key property owners and property agents, whilst respecting any commercial confidentiality and sensitivities that may exist.
- d. Explore the opportunities available to develop a detailed discussion document that explores the TCIM model and other potential options open to the Council, with a view of bringing it to members of REEA and PFA.

The purpose would be to deliver on our agenda to generate additional income and derive a greater return on investment (ROI) from its land and

property portfolio whilst building on our ambition to improve the vitality and prosperity of the local area including the town centre.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 The Town Centre is an important Corporate Priority for the Council. This pilot has clear links with the Corporate Plan including:

- Promoting a vibrant and sustainable economy, focused on growth and prosperity.
- Developing a thriving Melton Mowbray town centre that is at the heart of the Borough.
- Helping to provide homes and environments that meet local needs.
- Creating a well-connected Borough.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 Funding for the pilot project was provided by DCLG with contributions from the Council met from existing budgets and in partnership with other key stakeholders such as the BID, LCC and Melton Town Estate.

5.2 Any future financial implications will be appraised and brought back to members of REEA as part of a detailed discussion document.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 At this stage no major legal implications have been identified. However, legal advice will be sought where necessary and any specific legal matters brought to members attention as required.

7.0 COMMUNITY SAFETY

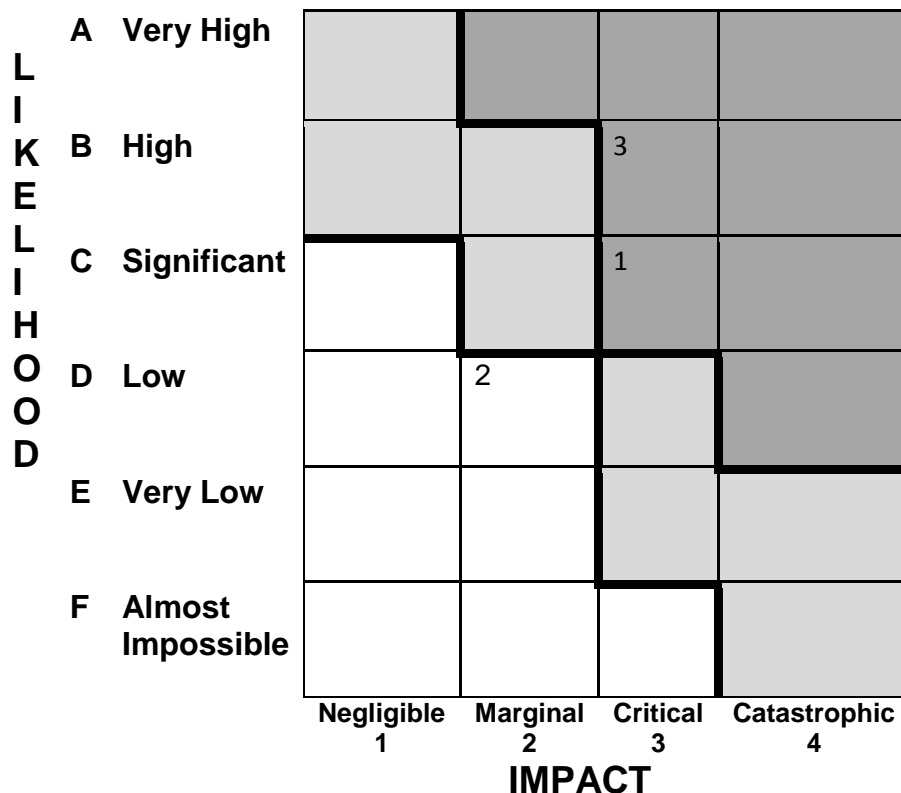
7.1 No safety issues have been identified, should any significant issues arise these will be escalated as appropriate.

8.0 EQUALITIES

8.1 No equalities issues have been identified at this stage, should proposals advance then a detailed EIA will be completed.

9.0 RISKS

9.1



Risk No	Risk Description
1	The Town Centre is subject to changes in the macro and micro economy including restructuring of retail portfolios, business rate fluctuations and internet sales, the town centre's ability to adapt to meet these challenges could result in high vacancy rates, declining footfall and degeneration within the town centre.
2	Failure to take forward the findings results in negative public perceptions forming regarding investment in the town centre.
3	The lost opportunity of not taking advantage and realising the full potential of a scheme to significantly enhance and promote the town centre.

10.0 CLIMATE CHANGE

10.1 No major negative impacts regarding climate change have been identified.

11.0 CONSULTATION

11.1 As part of the pilot phase consultation was undertaken with national partners as well as local stakeholders, which informed the findings of the report as detailed in Appendix A.

12.0 WARDS AFFECTED

12.1 All including the town centre.

Contact Officer Harry Rai, Head of Communities and Neighbourhoods / Sarah Stannage, Corporate Policy Manager

Date: 10/02/2016

Appendices : Town Centre Investment Zones: Getting Investment Back into the High Street

Background Papers:

Reference : X : Committees\?

