

APPENDIX 1

Name of Committee:	Overview and Scrutiny Committee		
Committee Date:	8 December 2023		
Report Title:	Report from the Meridian Centre Task Group to the Overview and Scrutiny Committee.		
Lead Councillor:	Councillor Munday, Chairman of the Meridian Task Group		
Cabinet Lead:	Councillor Fairhurst		
Status:	Non-Exempt		
Urgent Decision:	No	Key Decision:	No
Appendices:	Appendix 1 – Performance Dashboard Appendix 2 – Mall Events (redacted)		
Background Papers:	Responses from local resident association (open) Tenancy Schedule (Exempt) Mall Events (unredacted – Exempt)		
Contact:	Name: Councillor Munday Email: Phil.Munday@havant.gov.uk		
Report Number:	HBC/56/2023		

Corporate Priorities:

As part of the Corporate Strategy the Meridian Centre plays an important role in the regeneration of Havant Town Centre and supports the growth theme of the Corporate Strategy.

Executive Summary:

The Meridian Centre is clearly well run and quite successful. The management team are to be congratulated for their efforts to maintain it as a thriving shopping centre. It also acts as a central hub for the town shopping area. We suggest it should be kept as a Council asset. There were also a number of suggestions that came up during our discussions, which we think could enhance the Meridian Centre and encourage more use of town centre shops, including the Meridian Centre.

Recommendations:

O&S recommend to Cabinet to:

1. request Hampshire County Council, the Highway Authority to:
 - a. Improve the connection with Solent Road Retail Park to attract more shoppers to visit the town centre by waymarking the route more effectively and possible changing the position of the pedestrian crossing on Park Road South.
 - b. Make the area outside St Faiths Church into a pedestrian zone with demountable bollards, enabling the development of an outdoor café culture during summer months. This might also possibly attract someone to open a restaurant in this area.
2. focus on improvements to Market Parade, encouraging more shops to cluster around the Meridian Centre, reducing the footprint of the town centre shops to create a busier atmosphere, reducing the vacant shop sites; and
3. to form a group to take responsibility for the further development of the Meridian Centre and Havant Town Centre.

1.0 Introduction

- 1.1 The Meridian Centre was built in 1991. Along with the multi-storey car park in Bulbeck Road it was purchased by the Council in December 2019 for the sum of £4.1M. Since then, the Asset Manager has had an overview of the centre, which has been run on a day-to-day basis by a Centre Manager.
- 1.2 We were tasked by the Overview and Scrutiny Committee to review the working of the Meridian Centre. In Autumn 2022 when we started, a bid had been submitted by the Council to the Levelling Up Fund, which included plans to partly demolish and rebuild the Centre. This bid was unsuccessful. It was decided that there was little point in starting our work until the outcome of the bid had been decided in January 2023, so we started work then.
- 1.3 We decided to carry out the following actions to get a clearer picture:
 - a. Meet with Councillor Pike, as the portfolio holder, to discuss the scope of our report and gain background information.
 - b. Walk round the site, including the car parking decks to review occupancy.
 - c. Meet with the Centre manager, Rob Fryer to find information on the operation of the Centre and his thoughts on how to promote and develop the Centre.

- d. Meet with Havant Borough Council Asset Manager, Martyn Fenwick, to review the financial workings of the Centre
- e. Ask local residents associations for their views on the operation of the Centre and any improvements they would like

2.0 What we Found

- 2.1 **Occupancy of the Meridian Centre** is high and far higher than most comparable shopping centres. The Centre Manager reported to us a vacancy rate of 3.7% with 32 tenants and 3 empty units and explained that there was already interest in the vacant units. We carried out a separate review at a different time, which showed only four vacancies, including two small units upstairs.
- 2.2 **Parking** brings in a revenue of approximately £200,000 though this was closer to £300,000 pa before the pandemic when operated by Parking Eye, a third party parking operator. There are 365 parking spaces on the top two floors and a further 380 parking spaces in Bulbeck Road car park. We found that the car park was normally about half full, though higher at peak shopping periods. Use of the car park may well increase when Bulbeck Road car park is demolished.
- 2.3 **Footfall** has increased steadily since the pandemic, increasing by between 10 – 20% from 2022 to 2023. However, figures are still about 20% below pre pandemic levels. More detailed figures on traffic are attached. There is clear evidence of a positive trend.
- 2.4 **The Centre has a good range of shops and cafes** though the closure of Shoe zone means that the town centre no longer has any specialist shoe shops. The potential closure of Wilco's would also be a loss. However, there remains good interest in vacant shops and recent additions, including the Horizon Hub and the Play zone for pre-school children are proving popular and increasing footfall.
- 2.5 **All tenants pay a service charge.** This money is ringfenced and for year-end 31.3.2024 the estimated Service Charge currently in the region of £842,957 pa. After the costs of running the Centre (including landlord shortfalls) are deducted, the Net Operating Income is approximately £400,000 pa resulting in a surplus to HBC of approx. £162,000. The service charge has been kept at the same level for 3-4 years at approx. £730k pa however it is planned to increase the service charge by less than 15.00 % this financial year to reflect the increased costs of utilities and staffing costs.

The service charge includes the cost of all Daily and long-term PPM to the building, especially aimed at meeting compliance under H&S which is audited annually by an independent company, service charge costs also cover the daily management of the centre along with cleaning staff and security guards, who are valued by the tenants because they help to keep down levels of theft and deal with unruly behaviour. This budget is also utilised to run the ongoing positive marketing of the centre via website, social media and other digital and media avenues, Centre mall events during school holidays and key holiday dates with special attention given to the centres Christmas Grotto a loss leader but a specific focal point for the community and catchment who cannot afford expensive grottos such as Gunwharf, this has always been well received by our customers and all monies collected are donated to local charities .

The Centre opens its doors at 08.00 and fully closes its doors at 6.00 pm Monday to Saturday and 10.00 – 16.30 Sundays and Bank holidays and this provides good security for tenants. However, it does mean that the Centre cannot be used in the evenings so precludes restaurants. During the year the centre only currently fully closes Easter Sunday, Christmas Day and New Years Day.

- 2.6 **Comments by residents.** We only received one written feedback from the Residents Association from Hayling Island but from that, and verbal comments by others, there is an acknowledgement of the value of the Meridian centre to the town. Comments also suggested specific shops and services that could be offered.

4.0 Options

4.1 We considered the following options:

- a. selling the centre on the open Market to raise revenue;
- b. partial or full demolition of the centre to reduce costs and to provide an opportunity for town centre redevelopment;
- c. maintaining the centre using the current management model.

5.0 Relationship to the Corporate Strategy

- 5.1 The Council has a duty to ensure that maximises its returns from its assets. The Meridian Centre plays an important part in the delivery of the Council's initiative" to delivering improvements to Havant town centre"

6.0 Conclusion

- 6.1 The Meridian Centre is clearly well run and quite successful. The management team are to be congratulated for their efforts to maintain it as a thriving shopping centre. It also acts as a central hub for the town shopping area. We suggest it should be kept as a Council asset. There were also a number of suggestions that came up during our discussions, which we think could enhance the Meridian Centre and encourage more use of town centre shops, including the Meridian Centre. These include:
- a) Improve the connection with Solent Road Retail Park to attract more shoppers to visit the town centre by waymarking the route more effectively and possibly changing the position of the pedestrian crossing on Park Road South.
 - b) Make the area outside St Faiths Church into a pedestrian zone with demountable bollards, enabling the development of an outdoor café culture during summer months. This might also possibly attract someone to open a restaurant in this area.
 - c) Focus on improvements to Market Parade, encouraging more shops to cluster around the Meridian Centre, reducing the footprint of the town centre shops to create a busier atmosphere, reducing the vacant shop sites.
 - d) The High Street Task Force visited the town centre in March of this year and produced a short but insightful report. They were positive about much that they saw but identified 'the lack of an organisation or group to take responsibility for the town centre as the main barrier to transformation in Havant.' This would be a valuable way to further support the development of the Meridian Centre and also Havant Town.

7.0 Implications and Comments

7.1 Executive Head's Comments

Not applicable

7.2 S151 Comments

7.3 The Meridian Centre Task and Finish Group is a member lead group. Whilst its contribution is extremely valuable, any recommendations leading to financial expenditure should be referred to the relevant Executive Officer for a business case and/or financial appraisal before the Cabinet has enough comfort to agree to any such recommendations.

7.4 The recommendations in this report do not result directly in any financial expenditure, so I am happy to support them, although it will be important to ensure any new group from recommendation 3 is considered in how it integrates with the existing property management team and the regeneration team to avoid duplication of work and commitment of internal resources.

7.5 Monitoring Officer Comments

This report was received from the Meridian Centre Task Group to the Overview and Scrutiny Committee. Task Group's play an important role in the Council's scrutiny function and contribute towards the good governance of the Council.

7.6 Legal Implications

None arising from this report.

7.7 Equality and Diversity

The response from residents was limited with only 1 response and it would have been helpful if more feedback from the users could have been incorporated into the report to better understand the footfall of the centre.

7.8 Human Resources

None arising from this report.

7.9 Information Governance

None arising from this report.

7.10 Climate and Environment

None arising from this report.

8.0 Risks

8.1 There are no immediate risks arising this report.

9.0 Consultation

9.1 The group:

- a. Meet with the centre manager, Rob Fryer to find information on the operation of the centre and his thoughts on how to promote and develop the centre.
- b. Meet with Havant Borough Council Asset Manager, Martyn Fenwick, to review the financial workings of the Centre
- c. Ask local residents associations for their views on the operation of the Centre and any improvements they would like

10.0 Communications

10.1 Not applicable