

Title: Future High Streets Fund update
Lead Officer: Martin O’Neill
Portfolio Holder: Councillor Ella Billiald
Wards of the District directly affected: Leamington Brunswick,
Clarendon, Willes

Approvals required	Date	Name
Portfolio Holder	6/11/2023	Ella Billiald
Finance	6/11/2023	Andrew Rollins
Legal Services	6/11/2023	Ross Chambers
Chief Executive	6/11/2023	Chris Elliott
Head of Service(s)	6/11/2023	Philip Clarke
Section 151 Officer	16/11/2023	Andrew Rollins
Monitoring Officer	6/11/2023	Graham Leach
Leadership Co-ordination Group	6/11/2023	Chris Elliott
Final decision by this Committee or rec to another Cttee / Council?	Yes and No	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	Yes – Confidential Appendices 1, 2 and 5	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

The report presents an update on the projects being funded by the Department for Levelling Up Housing and Communities (DLUHC) from the Future High Streets Fund (FHSF). It also seeks consent to apply for an extension of time for the use of the allocated funds. There are also confidential elements in respect of two of those project sites and decisions in principle are sought with further reports to follow if agreed.

Recommendation(s)

- (1) That Cabinet agree to make a request to DLUHC for the extension of time to spend the FHSF funds to September 2024.
- (2) That Cabinet notes the progress being made in respect of the projects being funded through the FHSF.
- (3) That Cabinet agrees to the principal of the proposed approach being progressed in respect of the Stoneleigh Arms project outlined in confidential Appendix 1.
- (4) That Cabinet supports officers to continue discussions and bring back a final proposal for Cabinet consideration in relation to the information set out in confidential Appendix 1.
- (5) That Cabinet supports the approach in respect of the confidential site outlined in confidential Appendix 2.
- (6) That authority is delegated to the Chief Executive, in consultation with Section 151 Officer, Group Leaders, the Arts and Economy Portfolio Holder to progress the proposals as set out in confidential Appendix 2 and to then provide a further report to approve the final details of the proposal.
- (7) Subject to recommendations 5 and 6 above being approved that Cabinet agrees to provide £287,000 as a contribution to the scheme outlined in confidential Appendix 2 to be funded from WDC reserves.

1 Reasons for the Recommendations

- 1.1 Warwick District Council (WDC) was successful in its bid to the FHSF in 2020. The total funding awarded amounted to £10.015million. The funding bid was awarded so that a few regeneration projects in the South of Leamington Spa could be delivered and, in doing so, realise a range of economic and social benefits to the town and to revitalise the High Street.
- 1.2 As required by the terms of the fund, for each project a degree of co-funding is required from the public and private sectors. As such, the Council's Creative Quarter Regeneration Development Partner, Complex Development Projects (CDP), has provided co-funding amounting to £7.8million (which includes £4.1million future funding for regeneration beyond the life of the FHSF). WDC have co-funded the programme amounting to £1.9million. This represents a total investment of almost £20million across the FHSF programme.
- 1.3 One of the primary reasons why the FHSF bid was successful was because the Council could demonstrate that the projects in the original bid could deliver a range of economic benefits. As part of this is a requirement that these economic benefits deliver a Benefit Cost Ratio (BCR) of above 1.5-2. The WDC BCR derived an overall BCR in excess of the minimum and officers are required

to report to DLHUC on a quarterly basis in respect of project progress and the BCR. There is a link to the most recent BCR calculation below under the Supporting Documents section.

- 1.4 The original Government deadline to utilise this funding was set at 31 March 2024. However, DLHUC has recently recognised that several local authorities with FHSF funding may not be able to meet the current deadline. As a result, all local authorities with FHSF funding are now formally permitted to apply for an extension up to the 30 September 2024. It is proposed that officers request the extension which will allow more time to deliver the projects and avoid any risk of returning funding to Government. The request has to be made by 17th November 2023. The process to request the extension will take place later in November as part of the quarterly Monitoring and Evaluation process. If projects are still being implemented beyond that 30 September 2024 deadline, the co-funding can still be utilised as it is only the FHSF that must be spent by that date.
- 1.5 This report updates members on further progress on all the FHSF projects since the last report to Cabinet in February 2023 and to the Overview and Scrutiny Committee in July 2023.
- 1.6 **The FHSF projects**
 - 1.6.1 **Sustainable Movement** – this project was designed to deliver a new East/West cycle route through Leamington Spa town centre, but this has not been able to progress within the FHSF timescales. A Project Adjustment Request (PAR) was therefore prepared and submitted to DLUHC asking for approval to reallocate the £506,000 FHSF to be split between two other FHSF projects at the Town Hall Creative Hub (£256K) and the former Stoneleigh Arms/Old School (£250K). Both projects are progressing well and have undergone extensive Value Engineering exercises to ensure the costs of the projects are kept within the available budgets. The availability of reallocated funds will allow some of those items that were subject to Value Engineering to be brought back into the projects and delivered. This business case, including a recalculation of the required BCR as part of the original award of the funding, was presented to DLUHC to consider the PAR. Officers are pleased to report that this was approved by DLUHC on the 5 September 2023, enabling this money to be reallocated.
 - 1.6.2 However, Warwickshire County Council (WCC) and WDC officers will be working to achieve the original cycle scheme via other means including seeking Section 106 contributions from development schemes in the broad corridor of the proposed east/west cycle route. This will then be unconstrained by Government timeline restrictions.
 - 1.6.3 **Spencer Yard** – works have now completed on this site with the launch of The Fold (former URC building) which took place on 12 October 2023. Tenants are also in place at The Fold (Cogent) and the former Nursery (SAE). The Old Dole Office is being marketed with strong interest being shown. The vibrancy of Spencer Yard, and this part of the Old Town should now increase, and a range of events are being arranged to be held in the public space in due course.
 - 1.6.4 **Town Hall Creative Hub** – The Invitation to Tender (ITT) for the Main Contractor procurement was published on 22 September 2023. This is a two-stage tender through a Framework which was selected by the WDC Procurement team to yield the best possible chances of a successful response from the market. The Stage 1 returns are due 6 weeks after publishing, i.e., 3 November 2023. A further 3 weeks is then allocated for the evaluation process

which is expected to be finalised by 24 November 2023. At this point, the contract will be awarded to a contractor. The Stage 2 process is a negotiation period with the contractor on the detailed financials. This is anticipated to last for 3-6 weeks but could be flexed as needed. Completion of Stage 2 is anticipated by mid-January 2024. Mobilisation then can start to take place by the end of January with the objective of starting on-site by February 2024.

- 1.6.5 **Stoneleigh Arms** – A planning application was submitted in July 2023 for the redevelopment of the former Stoneleigh Arms and the Old School buildings. It is anticipated that the application will go before the December Planning Committee for determination. Discussions have been held with Planning and Conservation Officers to work through any outstanding planning and conservation issues prior to consideration by the Planning Committee. In the meantime, CDP have procured at risk a main contractor to be ready to start on-site as soon as the planning process is concluded. Discussions are also underway with local artist organisations as potential occupiers of the completed Stoneleigh Arms building. An outline of the current proposals being considered is included in confidential Appendix 1.
- 1.6.6 Subject to planning permission being granted, a start on site could be in January. The development works are expected to take around 12 months with an anticipated completion towards the end of 2024/early 2025. FHSF money will be utilised first so that this is spent by the revised deadline of 30th September 2024.
- 1.6.7 **Confidential site** – an update on progress is contained in confidential Appendix 2.

2. Alternative Options

- 2.1 Members could choose not to seek an extension of time to spend the FHSF funds, but this would be a decision to hand a very significant sum of money back to the Government and to abandon a few of the projects currently in train. This alternative is not recommended.
- 2.2 Members could choose not to approve the proposal being explored for the Stoneleigh Arms as set out in confidential appendix 1. This alternative option is not recommended as the proposal presents a significant opportunity to contribute to the vibrancy of the South of the town centre with creative spaces being provided for the use of the creative sector and would be a true reflection of the aspirations of the Creative Quarter.
- 2.3 Members may choose not to support the proposed approach outlined in confidential Appendix 2. This alternative option is not recommended as this approach is only realistic option available to deliver this element of the FHSF programme.

3. Legal Implications

- 3.1 Officers are currently working in close collaboration with colleagues from the shared Legal Services across all the FHSF projects. This will ensure that all relevant legislation regarding subsidy control and best value, lease and disposal arrangements and all other statutory requirements are being met and the interests of the Council are foremost in the decision-making process.
- 3.2 Parts of this report are confidential because of the Information relating to the financial or business affairs of any particular person (including the authority holding that information) by virtue of the commercially sensitive negotiations,

would place the Council at a disadvantage for commercially sensitive discussions and may impact on future confidential discussions with other parties if the Council were to be seen as “not to be trusted” with confidential information if it was included in the public domain.

4 Financial

- 4.1 The entirety of the WDC co-funding of £1.9million required to deliver the FHSF projects has previously been agreed by Cabinet and through the award of the FHSF funding. There is also an element of private co-funding from the WDC’s development partner CDP amounting to a total of £7.9million. The proposed additional £287,000 can be provided from reserves.
- 4.2 **Spend Profile** - a summary of the current spend profile against the FHSF allocation is shown at Appendix 3.

5 Environmental/Climate Change Implications

- 5.1 The developments and projects that are being delivered as part of the FHSF programme will be undertaken using sustainable construction methods and these will be agreed as part of the Development Agreements that are required in respect of each project.
- 5.2 With regards to Spencer Yard a comprehensive energy and sustainability strategy was submitted as part of the planning application. CO2 emissions are proposed to be reduced through a combination of enhanced building fabric standards, low energy LED lighting, mechanical ventilation with heat recovery, low carbon heating via air source heat pumps and on-site electricity generation from roof mounted photovoltaic panels. Sustainable modes of transport are also being encouraged by providing covered cycle storage with showering and changing facilities on-site, improved public realm works including lighting and planting to improve the pedestrian experience, and reducing the number of car parking spaces on site.
- 5.3 The EPC ratings on the Old Dole Office and the Nursery are A, and C on the URC which is an achievement for a Listed Building. The Stoneleigh Arms and Old School are also anticipated to achieve A rating EPC. Town Hall ratings are currently being assessed as part of the tender process.

6 Analysis of the effects on Equality

- 6.1 Throughout the stakeholder consultation processes held to date on the FHSF projects, the interests of a diverse range of representatives have been sought to ensure the projects are inclusive and take account of equality and the diverse range of future users of these developments.

7 Data Protection

- 7.1 Not applicable to this report and the FHSF programme.

8 Health and Wellbeing

- 8.1 The FHSF programme and the projects being delivered as part of this allocation of funding are designed to achieve the regeneration of currently unused and to a large extent dilapidated buildings in the south of Leamington Spa town centre. One of the primary objectives of the programme is to improve the health and well-being of residents and visitors as well as those who work in the town centre by providing usable, modern, sustainable, and attractive places in a location that is currently run down and underutilised. As well as the obvious economic benefits these projects will bring to the town centre, it is of prime importance that the health and well-being of all those who utilise them will be

improved through the rejuvenation of the built environment in this area of the town centre.

9 Risk Assessment

- 9.1 As part of the FHSF bid, officers put forward a robust risk management process. This process centres around a comprehensive risk register which is maintained and updated throughout the life of the programme. This is shown in Appendix 4.
- 9.2 The risks associated with the project in confidential Appendix 2 are contained in confidential Appendix 5.

10 Consultation

- 10.1 All of the individual projects that form the overall FHSF programme have or will undertake stakeholder consultation to inform decisions being made on these developments. In particular, the consultation is designed and tailored to each individual development site with a view to gaining an informed and inclusive future use of the buildings having due regard to residents, visitors, businesses, and other local stakeholders.

Background papers:

None

Supporting documents:

Most recent BCR evaluation [Here](#)