

Title: Future High Streets Fund Update
 Lead Officer: Martin O'Neill, martin.o'neill@warwickdc.gov.uk
 Portfolio Holder: Councillor Ella Billiald
 Wards of the District directly affected: Leamington Brunswick,
 Clarendon, Willes

Approvals required	Date	Name
Portfolio Holder	12/3/2024	Ella Billiald
Finance	12/23/2024	Andrew Rollins
Legal Services	12/3/2024	Kathryn Tebbey / Elisabeth Tomlinson
Chief Executive	12/3/2024	Chris Elliott
Director of Climate Change	12/3/2024	Dave Barber
Head of Service(s)	12/3/2024	Philip Clarke
Section 151 Officer	12/3/2024	Andrew Rollins
Monitoring Officer	12/3/2024	Graham Leach
Leadership Co-ordination Group	25/03/2024	All
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	Yes, confidential Appendix 1, confidential Appendix 2, confidential Appendix 3 and confidential Appendix 5	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1,411 – scheduled for 10 th April 2024	
Accessibility Checked?	Yes	

Summary

To provide Cabinet Committee with an update on the remaining projects being funded by the Future High Streets Fund (FHSF) following the previous report presented to the Cabinet meeting on 15th November 2023. Additionally, to update Cabinet on the request submitted to the Department for Levelling Up Housing and Communities (DLUHC) for an extension to the deadline to spend the FHSF money.

Recommendation(s)

- (1) That Cabinet notes the progress being made in respect of the FHSF Programme and also notes that the extension of time to utilise the remaining funds has been approved by DLHUC.
- (2) That Cabinet notes the progress being made in respect of the proposals for the Stoneleigh Arms Site as set out in Confidential Appendix 1.
- (3) That authority is delegated to the Arts and Economy Portfolio Holder and the Head of Place, Arts and Economy to progress and finalise the proposals for the Stoneleigh Arms Site as set out in confidential Appendix 1.
- (4) That Cabinet notes the progress being made in respect of the proposals for the Confidential site as set out in Confidential Appendix 2.
- (5) That authority is delegated to the Chief Executive, in consultation with Section 151 Officer, Group Leaders, the Arts and Economy Portfolio Holder and the Head of Place, Arts and Economy to progress and finalise the proposals as set out in confidential Appendix 2.
- (6) That Cabinet approves both the draft Heads of Terms in respect of the Stoneleigh Arms Site in respect of the Agreement for Lease and Headlease from WDC to CDP and the Underlease from CDP to WDC as set out in confidential Appendix 3.
- (7) Subject to recommendation 6, that authority is delegated to the Head of Arts and Economy Portfolio Holder and the Head of Place, Arts and Economy to finalise the details of the Heads of Terms and complete the Agreement for Lease and Lease on the Stoneleigh Arms Site from WDC to CDP and the subsequent Lease back from CDP to WDC.

1 Reasons for the Recommendations

- 1.1 The FHSF Programme consists of a total of four regeneration projects. An update on the individual elements is included below. At the time of the previous report to Cabinet on 15th November 2023, the deadline to spend the fund was set at 31st March 2024. Approval was given at that meeting to allow officers to submit a request for an extension of time.
- 1.2 Officers duly submitted the request for an extension of time as required by DLUHC to the revised available deadline of 30th September 2024. Confirmation has now been received that the extension has been granted and as a result there is an additional six months available to spend the FHSF money.
- 1.3 As stated in previous update reports, this revised deadline is only in respect of FHSF expenditure. It is not a deadline for all of the projects to be fully completed. Other co-funding can continue to be spent after 30th September 2024. The focus in terms of project spend will be on ensuring all of the FHSF money is utilised by the new deadline and WDC and private sector funding will be utilised once that has been achieved.

- 1.4 CDP are Warwick District Council Development Partner as established through a Collaboration Agreement.
- 1.5 **Spencer Yard**
- 1.5.1 All three of the buildings as part of the Spencer yard regeneration project have now reached practical completion. There are tenants occupying the former United Reform Church, now known as The Fold and the Old Nursery Building. The Old Dole Office is expected to become occupied by a series of tenants across the different floors. All of the FHSF money for these buildings has now been fully spent along with the WDC and private sector co-funding.
- 1.5.2 As set out in the Development Agreement that was put in place between WDC and Complex Development Projects (CDP) at the outset of this element of the FHSF Programme, the necessary valuation work is underway in order to calculate any Additional Consideration which may invoke the profit-sharing element of the scheme.
- 1.6 **Town Hall Creative Hub**
- 1.6.1 Following a successful tender process, the main contractor for the Town Hall Creative Hub is very close to being appointed. Works are aiming to commence on the 3rd June 2024.
- 1.6.2 The duration of the works is expected to be approximately 30 weeks and so completion of this phase of the regeneration of the Town Hall is expected to be complete by the end of December 2024 / early January 2025.
- 1.6.3 In order to avoid impacts on the breeding Peregrines and to also avoid the costs of mitigations if work had started during this breeding season, the decision has been made to start the work at the end of the season at the beginning of June.
- 1.6.4 A Tenants Working Group is continuing to be held through the development process to ensure any impacts of the work are being fully discussed, understood and minimised.
- 1.7 **Stoneleigh Arms and the Old Schoolhouse ("Stoneleigh Arms Site")**
- 1.7.1 Planning consent for the proposed development of the site was granted by the Planning Committee in December 2023.
- 1.7.2 Following the previous report to Cabinet on 15th November 2023, officers are progressing the proposals around the future use of the buildings that were outlined as part of the confidential element of that report.
- 1.7.3 The latest position regarding these proposals is contained in confidential Appendix 1.
- 1.7.4 Preliminary works to the Stoneleigh Arms Site in the form of demolition of the existing Stoneleigh Arms building and re-roofing the Old School have been carried out by CDP pursuant to access licences. A further access licence is currently being negotiated to enable CDP to carry out works to slab level. The more substantial redevelopment works to the Stoneleigh Arms Site cannot commence until the Agreement for Lease is completed. The Heads of Terms for an Agreement for Lease is attached at confidential Appendix 3. If approved at this meeting, the Agreement for Lease can be progressed in conjunction with Stratford on Avon District Council Legal Services, and the Council's Regeneration Development Partner CDP.

1.8 **Confidential Site**

1.7.1 A progress update on the confidential site is included in confidential Appendix 2.

2 Alternative Options

2.1 Members could choose not to approve the proposal being explored for the Stoneleigh Arms Site 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.

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.

4 Legal Implications

4.1 Officers have instructed Stratford on Avon District Council Legal Services to act on behalf of all of the draft Heads of Terms, Agreements for Lease and the Leases as set out in the confidential Appendices to this report.

4.2 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.

4.3 The heads of terms for the Stoneleigh Arms Site relates to a disposal of Council owned land to CDP. Prior to reaching its decision and, in making its decision the Council will need to be satisfied that the proposed disposal complies with legislation concerning best value and subsidy control. Pursuant to s123 (1) Local Government Act 1972, a Council has a statutory duty to obtain the best consideration reasonably obtainable for the disposal of its land. The General Disposal Consent 2003 sets out an exception to this duty and permits a disposal to be at an undervalue if it will contribute to the promotion or improvement of the economic, social or environmental wellbeing of the area and the undervalue does not exceed £2 million.

4.4 The Council is receiving advice from a qualified surveyor on whether all of the heads of terms for the Stoneleigh Arms Site will satisfy the legislation concerning best value. Furthermore, where the qualified surveyor has advised the proposed disposal will be at an undervalue the Council should record the amount of the undervalue and the reasons why the disposal falls within the scope of the General Disposal Consent. Disposals at an undervalue also require advice on whether such disposal will be a permissible subsidy requiring registration on the national transparency database and/or a referral to the national Subsidy Control Unit for advice.

4.5 As at the date of this report, the final consideration payable by CDP for the Lease has yet to be determined.

5 Financial Services

- 5.1 The funding for the FHSF Programme is a mixture of WDC, private sector and Government investment. The WDC investment amounts to a total of £1.9 million which has previously been agreed as part of the initial FHSF bid.
- 5.2 A set out in the previous report to Cabinet in November 2023, as part of the details included in confidential Appendix 2, a further contribution amounting to £287,000 is being recommended in respect of this site. This is to be funded from WDC reserves.

6 Corporate Strategy

- 6.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.
- 6.2 Delivering valued, sustainable services
Delivery of the programme of projects plays its part to improve the climate response and sustainability within our District. The commitment to 'place' in the third of these strategic aims ensures that place-based services, such as regeneration, are at the heart of a sustainable future. This is ensuring the best use of the Council's assets and resources to deliver the Council's wider corporate aims and support the circular economy.
- 6.3 Low cost, low carbon energy across the district - (add response to this area here)
The projects described are seeking to take steps to improve the energy efficiency of Council buildings including where possible within the constraints of Listed Buildings such as at the Town Hall. We are also introducing renewable energy generation capacity where possible especially in new builds such as at Stoneleigh Arms / Old School and ensuring the EPC rating is above C.
- 6.4 Creating vibrant, safe and healthy communities of the future
The Future High Street Fund and Creative Quarter programme and projects are at the heart of the wider Transforming Leamington initiative which is supporting the community in Leamington and the also wider community who utilise the town centre. These projects are part of enhancing the town centre by working with businesses and others in place making initiatives to support the daytime and nighttime economy. This also crucially supports our important creative community, including local artists, dancers, actors, musicians and history and heritage organisations.

7 Environmental/Climate Change Implications

- 7.1 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.
- 7.2 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.

- 7.3 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 anticipated to reach EPC level C due to the nature of the works and the restrictions in terms of the Listed Building.

8 Analysis of the effects on Equality

- 8.1 Throughout this FHSF Programme, the stakeholder consultation processes have sought the views and interests of a diverse range of businesses and community representatives to ensure the projects are inclusive and take account of equality and the diverse range of potential future users of these developments.

9 Data Protection

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

10 Health and Wellbeing

- 10.1 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.

11 Risk Assessment

- 11.1 Each of the potential risks to the projects being funded by the FHSF are being monitored on a comprehensive Risk Register. A copy of the risk register is included at Appendix 4 for the non-confidential sites and confidential Appendix 5 for the confidential site.

12 Consultation

- 12.1 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:

Not applicable.

Supporting documents:

5 appendices.