

Report sponsor: Strategic Director of
Communities and Place
Report author: Principal Regeneration Officer

Future High Street Fund

Purpose

- 1.1 To obtain Cabinet approval to the submission of draft and final Business Cases to bid for funding from the Future High Street Fund to meet the required deadlines.

Recommendations

- 2.1 To approve the submission of both the draft and the final Future High Street Fund Business Case bid for capital funding for the intervention areas at paragraph 4.7 and 4.8.
- 2.2 To delegate authority to the Strategic Director of Communities and Place, following consultation with the Strategic Director of Corporate Resources and Cabinet Member for Regeneration, Planning and Transportation to agree the detail, submit both the draft and final Future High Street Fund Business Cases and if successful accept the funding agreement conditions.
- 2.3 To note that reports will be brought back to Cabinet with details of schemes to be funded from successful Future High Street Fund bids, and seek approval of the additions to the capital programme, subject to obtaining approval through the Gateway Process.

Reasons

- 3.1 The Future High Street Fund provides an opportunity to bid for funding to help tackle the issues and challenges in Derby's high street.
- 3.2 A successful bid will support the delivery of key priority projects within the City Centre Masterplan.

Supporting information

- 4.1 The Future High Street Fund (FHSF), the £675m national funding pot to help reinvigorate struggling high streets and town centres, was launched by the Government in December 2018. The fund aims to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability. In March 2019, Cabinet approved the submission of an Expression of Interest to the FHSF.

- 4.2 The Council submitted an Expression of Interest focused on the 'St Peters Cross' area of the city centre; the Expression of Interest was successful and the Council's bid is now progressing to the second stage of the Future High Street Fund bid process (announced in July 2019).
- 4.3 The next stage in the process is to prepare a HMRC Green Book compliant Business Case for the St Peters Cross FHSF programme area. The business case will need to clearly set out:
- Strategic Case - How the programme is aligned to the objectives of the FHSF, other key national and local strategies and demonstrate a strong strategy for change in the area.
 - Financial Case – Cost of the programme and how it will be funded, identifying match funding and investment.
 - Economic Case - Economic costs and benefits to determine value for money. This section of the business case has the greatest weighting in the assessment process.
 - Commercial Case – Market demand and need for the identified interventions.
 - Management Case – How will the programme be delivered and benefits monitored and measured.

A number of key documents have now been issued by the Government which provide guidance on the structure and format of the Business Case as well as the assessment criteria.

Geographical focus of the bid

- 4.4 The Derby 'St Peters Cross' Future High Street Fund bid will focus on an area incorporating St Peters Street, Victoria Street, Albert Street and East Street. These streets provide the key connections from the main eastern gateway to the city centre from the bus station to intu, the independent retail core (Cathedral Quarter) and key regeneration sites (Becketwell, Market Hall and Assembly Rooms). A plan of the area is attached.
- 4.5 The area of the bid has been amended (with the agreement of MHCLG) following the EOI to include the Market Hall and Osnabruk Square, in recognition of this important regeneration project and key link between intu, the Market Place and Assembly Rooms.

Bid structure

- 4.6 The FHSF Programme will deliver the crucial link in the City Centre Masterplan to create a vibrant city centre that retains more of the wealth we create by giving St Peters Cross new purpose, focusing on reconfiguring uses, improving experience and making it a destination of choice that connects key parts of the city. The vision aims to directly tackle the void between intu and the Historic Independent Cathedral Quarter to complete the 'Derby Circuit', strengthening the links between the city's existing and planned anchor destinations; intu, Becketwell, Cathedral Quarter and Cultural Hub.

- 4.7 The programme consists of four key interventions:

Eastern Gateway - Transform the entrance to the Eagle Market, creating a welcoming arrival from the bus station which strengthens the city's sense of identity and creates a public space at this key gateway. The project will be led by intu with support from the Council.

St Peters Street – City Living - Targeted intervention on St Peters Street to redevelop a prominent retail pitch, transforming the use of this key space and deliver city centre homes. To be developed in conjunction with the site owners.

Northern Gateway (Market Hall) - Transformation to a new food, leisure and flexible niche market; incl's revitalising the 'Friendship Square' entrance and create a new link (Northern Gateway) between Cathedral Quarter and Intu. The project will also incorporate a Make & Trade Zone pilot. The project is being delivered by the Council.

Becketwell Public Square - To transform Becketwell creating a new destination involving comprehensive mixed use development anchored by a new square that opens the area up to the city centre. Delivered through the existing contractual arrangements between St James Securities and the Council. This is in addition to the £1.4m already in the approved capital programme for Becketwell Regeneration to deliver the public square, to enable an enhanced public realm offering.

Complementary programme of public realm works - A number of smaller interventions to create greener, safer and inclusive streets and improve the quality of the environment, help to link and to underpin the key transformational projects.

- 4.8 With the exception of the Market Hall all of the above projects are dependent upon third parties. If the third parties withdraw from the project or fail to deliver on their commitments it is probable that project will fail.
- 4.9 The expression of interest had included a proposal for a Diversification Fund providing grants and loans to enable testing of different uses on the High Street to appeal to new visitors, tackle vacancy rates and increase footfall. Unfortunately, the feedback on the Diversification Fund has been the project does not fit with the fund objectives and cannot be taken forward through FHSF. This proposal is not being progressed given the advice from Ministry for Housing Communities and Local Government. Other options are being explored for inclusion within the business case linked to the development of the Make and Trade Zone.

4.10 The timeline for the submission of the FHSF business case is as follows:

15 January 2020	Submit draft business case
February 2020	Feedback on the draft business case from MHCLG
30 April 2020	Deadline to submit final business case
Summer/Autumn 2020	FHSF decisions announced

4.11 If successful a funding agreement for FHSF will be issued and delegated approval is sought to accept the funding conditions.

Public/stakeholder engagement

- 5.1 A FHSF Board will be established and include Lead Member and Senior Officers from the Council as well as representatives from Vibrant City Partnership, members include the two Business Improvement Districts, Marketing Derby and city centre businesses. As well as representation on the partnership Board, Vibrant City Partnership will be engaged in the development of the Business Case through progress reports at regular meetings and dedicated focus group discussions on specific issues such as the targeting of smaller works programme. Derby Renaissance Board will continue to be regularly briefed on the development of the business case. Key city centre stakeholders will be asked to provide letters of support for the final bid.
- 5.2 The Business Case will also be shared with D2N2 and a request will be made for a letter of support.

Other options

- 6.1 As Derby has been successful to the next stage in the FHSF process, there are limited options available to ensure the Council makes the most of this funding opportunity. A robust business case will need to be prepared within the required deadlines to access funding.
- 6.2 If the Council does not submit a Business Case, the city will lose out on the opportunity to bid for significant funding to regenerate the city centre.

Financial and value for money issues

- 7.1 The Council has received £150,000 of revenue funding from FHSF to support the development of the business case. In March 2019, Cabinet delegated authority to accept the funding conditions in relation to the revenue grant support to progress the FHSF business case. The funding is being used to dedicate officer time within the Regeneration and Major Projects Team, commission specialist economic and financial consultants and commercial property consultants to support the preparation of the Business Case with a particular focus on the Economic Case.

- 7.2 The business case will set out a detailed financial case and will need to identify match funding committed to projects. In addition to significant levels of private funding this will include contributions the Council has already committed from its own resources and via the LEP to the Market Hall Transformation and Becketwell Regeneration projects. The match funding contributions will not create any new unbudgeted requirement from the Council. Contributions from other delivery partners will also need to be confirmed as part of the final business case.
- 7.3 The final bid to the FHSF is expected to be in the region of £15m - £23m. A future reports will be brought back to Cabinet, should the final bid be supported, setting out the financial and service implications before of the above projects commence. At that stage approval will be sought to add new schemes or additions to existing schemes, to the capital programme, subject to first obtaining the required approvals through the Gateway Process.

Legal implications

- 8.1 If bids are successful, Legal Service's input will be sought to review the terms and conditions of funding agreements or contracts.

Other significant implications

- 9.1 The programme would help improve and enhance Council assets and land/property in our ownership. Property implications of individual projects will be considered as part of project development and governance arrangements.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan	22/11/2019
Finance	Toni Nash	22/11/2019
Service Director(s)	Greg Jennings	21/11/2019
Report sponsor	Rachel North	22/11/2019
Other(s)	Catherine Williams	21/11/2019

Background papers:

List of appendices: Plan of the Future High Street Fund bid area