

Hambleton District Council

Report To: Cabinet

Date: 9 February 2021

Subject: **Future High Street Fund**

Portfolio Holder: Leader
Councillor M S Robson

Wards Affected: All Wards

1.0 Purpose and Background

- 1.1 This report seeks approval for the submission of a revised Business Case for Future High Streets Fund to the Ministry of Housing, Communities and Local Government.
- 1.2 In July 2020 Cabinet approved the submission of the final Business Case to the Ministry of Housing, Communities and Local Government requesting a total of £8.803,082 FHSF funding towards the delivery of 4 schemes (Minute CA.61):
- Treadmills Phase 2 - £3,720,606
 - Town Centre Living - £ 120,000
 - Town Hall Square - £1,212,475
 - Art-i-zen Yard - £3,750,000
- 1.3 On 26th December 2020 the Council received an in-principle funding offer for £6,085,013. This represents 69.12% of the original ask and in order to secure the funding the Council must update and resubmit key elements of the Business Case by 26th February 2021 for final approval. Any changes must take into account the key principles of deliverability within the 3 year time period, economic benefit measured through Benefit Cost Ratio (BCR) and ensuring the strategic vision in the original Business Case is not undermined.
- 1.4 The difference between the original ask and the in-principle offer is £2.7m. The Council must now consider the options and submit a revised business case which secures the maximum Future High Streets Fund funding available. The Ministry of Housing, Communities and Local Government have made it clear that the introduction of new schemes is not an option at this stage, so the Council must either secure additional funding, scale back or eliminate existing schemes, or make 'other' changes.
- 1.5 Following consideration of all the options with our consultants the recommended approach is to eliminate the Art-i-zen Yard project and increase the allocation of Future High Streets Fund funding to Treadmills Phase 2. The case for increasing the Future High Streets Fund contribution to Treadmills Phase 2 is based on the increased costs associated with progressing the development due to market changes since the original Business Case was submitted. These increased costs were reported to Cabinet in December 2020. The strategic vision to ensure Treadmills brings wider transformational change to the High Street will remain central to the Business Case. The FHSF funding to the Town Centre Living project and the Town Hall Square project remains unchanged.

2.0 Link to Council Priorities

2.1 The Future High Street Fund Business Case supports the Council's priority of driving economic vitality; specifically supporting the development of Northallerton as a Vibrant Market Town supporting the short-term economic recovery and long term future sustainability of the High Street. Also the Central Northallerton Redevelopment is identified as a key project in the Council Plan 2019 – 23.

3.0 Risk Assessment

3.1 Risk in not approving the recommendations

Risk	Implication	Prob	Imp.	Total	Preventative Action	Net Prob	Net Impact	Net total
Reputational Risk to the Council	Council may be criticised if the opportunity to utilise significant investment is missed	5	4	20	Approve the Scheme	2	2	4

3.2 Risk in approving the recommendations

Risk	Implication	Prob	Imp.	Total	Preventative Action	Net Prob	Net Impact	Net total
The Council is unable to deliver the proposed schemes within the agreed timescales	Economic impacts and community benefits are not realised Negative publicity for the Council	3	4	12	Strong project management and effective engagement with key stakeholders from the beginning of the schemes Monitor project and spend closely	2	2	4

The risk of not agreeing with the recommendations outweighs the risk of agreeing with the recommendations. It is therefore considered acceptable to approve the recommendations.

4.0 Financial Implications

4.1 Since the last report to Cabinet in July 2020, further work has taken place and the financial profile of each scheme has been updated, including additional LEP funding which has been secured for the e-campus on Treadmills. The updated position also reflects the additional costs associated with changes to the market for the cinema and restaurant sectors.

4.2 The table below shows the position to be submitted for the FHSF project:

Total	FHSF	HDC	Other (LEP)	Private	Total
Treadmills phase 2	£4,752,538	£5,440,588	£760,504	£0	£10,953,630
Town Centre Living	£120,000	£0	£0	£473,461	£593,461
Art-I-Zen Yard	£0	£0	£0	£0	£0
Town Hall Square	£1,212,476	£137,524	£1,250,000	£0	£2,600,00
Total	£6,085,014	£5,578,112	£2,010,504	£473,461	£14,147,091

4.3 It should be noted that the scope of Treadmills Phase 2, for the purpose of the FHSF bid illustrated in the table above, excludes units C, D and E of the development. Therefore, in the capital programme expenditure of £16,924,130 is allocated for the projects above where council funding required is £7,046,848 this is a reduction in council funding previously approved in July 2020 due to the Art-i-zen yard scheme no longer progressing; however there is a new capital expenditure requirement of £830,042 to further support the Town Hall Square project and wider high street improvements which will be financed from Council funding. Total capital expenditure to be included in the capital programme is therefore £17,754,172 profiled over 3 years.

5.0 Legal Implications

5.1 Following approval of the revised Business Case by the Ministry of Housing, Communities and Local Government a formal offer letter and funding agreement will be issued to ensure that the grant is spent correctly and any legal, publicity and monitoring requirements are met. The funding will be paid through a Section 31 grant to the Council annually following receipt of acceptable monitoring information.

6.0 Equality/Diversity Issues

6.1 Equality and diversity issues have been considered however there are no issues associated with this report.

7.0 Recommendation

7.1 That Cabinet approves and recommends to Council that:-

- (1) the revised Business Case for Future High Streets Fund is approved and submitted;
- (2) the capital contribution of £7,046,848 to support the delivery of Northallerton Future High Streets Fund Business Case is approved;
- (3) the capital contribution of £830,042 to support the delivery of complimentary schemes in support of the Future High Streets Fund Business Case is approved; and

- (4) the total capital expenditure for these schemes of £17,754,172 is included in the Capital Programme which is detailed in paragraph 4.3 of the report.

Mick Jewitt
Deputy Chief Executive

Background papers: Future High Streets Fund Business Case – Northallerton

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