

Individual Executive Decision Notice Cabinet (Resources) Panel

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| Report title | Future High Street Fund City Centre Public Realm Victoria Street and Civic Halls projects - Supplementary Capital Budgets | |
| Decision designation | GREEN | |
| Cabinet member with lead responsibility | Councillor Steve Evans, Cabinet Member for City Environment | |
| Wards affected | St Peters | |
| Accountable Director | Ross Cook, Director of City Environment | |
| Originating service | Transportation | |
| Accountable employee | Author name | Ruth Taylor, Professional Lead - Placemaking |
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| Report to be/has been considered by | City Environment Leadership Team | 11 May 2021 |

Summary

At the Cabinet meeting on 17 February 2021 delegated authority was granted to the Cabinet Members for Resources, City Environment and City Economy in consultation with the Directors of Finance, City Environment and Regeneration to approve the creation of supplementary capital budgets for the Future High Street Fund (FHSF) programme.

Recommendation for decision:

That the Cabinet Members for Resources, City Environment and City Economy in consultation with the Directors of Finance, City Environment and Regeneration approve the creation of supplementary Capital Budgets for the City Centre Public Realm Victoria Street and Civic Halls project phases of the FHSF programme.

Signature
Name of Cabinet Member

Date:

Signature
Name of Director

Date:

Signature
Name of Cabinet Member

Date:

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Name of Director

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Signature
Name of Director

Date:

1.0 Background

- 1.1 On 26 December 2020 the Ministry of Housing, Communities and Local Government's (MHCLG) announced the outcome of the Future High Street Fund (FHSF) bidding process which resulted in the Council being awarded an in principle funding offer of £15.76 million for the City Centre West Programme.
- 1.2 This grant award will allow the Council to implement and fully fund the programme of large-scale transformation and improvements to the public realm that will positively impact the City Centre West area. Delivery of the Victoria Street and Civic Halls Public Realm Zones will enhance activity, footfall, land values, and bring about significant wider economic, social and environmental benefits through improved resident, visitor and worker experience. In addition, this will enable the Council to deliver the Box Park scheme and a new public car park at Cleveland Street. This scheme will provide an anchor destination and car parking infrastructure support at the southern end of the public realm improvements, aiding Victoria Street's transition to more of a mixed -use, evening economy and an events destination.
- 1.3 The table below identifies the approved FHSF across the projects;

Table 1 ; FHSF grant funding

| Projects | Description and Status | FHSF (£ million) |
|---------------------------------------|--|-----------------------------|
| Victoria Street Public Realm | To create a public event square at Bell Street / Victoria Street and improve pedestrian and cycling access and environment. | 10.85 |
| Civic Halls Public Realm | To provide an enhanced setting to the Civic Halls by creating an extended shared space, upgrading pedestrian and cycling facilities and creating a safe and attractive destination for visitors. | 4.063 |
| Bell Street Phases 1 and Phase 2 only | To enable development of the Box Park style development to consist of a mix of street food and beverage and events space. <u>Phase 1</u> – Demolition of 1-7a Cleveland Street and the provision of a new 68 space car park <u>Phase 2</u> – Development of Box Park style scheme on the Bell Street Car Park site | 0.847 |

| | | |
|-----------------------|--|--------------|
| | | |
| TOTAL FHSF Ask | | 15.76 |

- 1.4 In order to satisfy the grant approval and support the FHSF grant 'The Capital Programme 2020-2021 to 2024-2025 Quarter Two Review' report sought a contribution of £5 million from the Council's Corporate Contingency budget to provide the co-funding to support the FHSF bid, this was approved by Full Council on the 18 November 2020.
- 1.5 However, following further business case development and to ensure sufficient leverage the Council's co-funding requirement increased from the £5 million approved budget, to £5.6 million to deliver the proposals. This is largely due to the requirement for the Council to contribute further funding to the public realm schemes, to avoid breaching criteria set by the MHCLG and in order to ensure delivery.
- 1.6 The additional virement of £600,000 from Corporate Contingency to the Future High Street Capital budget was sought in the Capital Programme 2020-2021 to 2024-2025 Quarter Three Review and 2021-2022 to 2025-2026 Budget Strategy report which was approved by Cabinet on 17 February 2021.
- 1.7 The table below details the funding split for the proposed projects between the FHSF and the Council's co-funding.

Table 2: Project Funding:

| | FHSF £'000 | Council £'000 | Total £'000 |
|------------------------------|-----------------------|--------------------------|------------------------|
| Victoria Street Public Realm | 10,850 | 487 | 11,337 |
| Civic Halls Public Realm | 4,063 | 137 | 4,200 |
| Bell Street Phase 1 | 97 | 1,977 | 2,074 |
| Bell Street Phase 2 | 750 | 2,999 | 3,749 |
| Total | 15,760 | 5,600 | 21,360 |

2.0 Progress

2.1 City Centre Public Realm - Victoria Street and Civic Halls phases

- 2.2 In July 2020 a Joint Cabinet and Cabinet (Resources) Panel granted delegated authority to the Cabinet Member for City Environment to approve the award of main works contract for these phases subject to grant funding being secured.

- 2.3 Final design work is currently being completed and an IEDN is being prepared to formally agree costs and contracts within the grant approval levels. It is anticipated that works can begin on site in June 2021 or as soon as the grant agreement has been signed.
- 2.4 In advance of this a supplementary Capital Budget needs to be approved in order to award the contract and to be in a position to begin works on site as soon as possible.
- 2.5 Both phases of the City Centre Public Realm works are under significant pressure to deliver within a tight and defined timeline particularly in respect of the Civic Halls which requires the works in North Street to be completed prior to the official opening date of the Halls in 2022.
- 2.6 Bell Street Scheme Phases 1 and 2 (Delivering the Box Park style facility and Cleveland Street car park)
- 2.7 The Box park and Cleveland Street car park project is not the subject of this IEDN as the project is not sufficiently progressed at this time to understand the exact programme of the works and hence delivery timeline for the budget creation.

3.0 Evaluation of alternative options

- 3.1 The option to 'do nothing' is not recommended because if the grant is not spent or spent as per the agreed drawdown schedule then all or part of the £15.76 million offer will be withdrawn, and the opportunity to deliver key priority projects and create conditions to stimulate further investment will be lost or deferred indefinitely.

4.0 Reasons for decision

- 4.1 The projects listed above directly support the relighting our city strategy as part of the Council plan. In particular, they will "Stimulate vibrant high streets and communities" by re-purposing the City Centre through widening the offer and supporting the evening economy. It will also "grow our vital local businesses" by supporting existing city centre businesses and delivering new space for entrepreneurial growth. Finally, "Creating more opportunities for young people" by delivering accessible new job opportunities in the leisure and cultural sectors.
- 4.2 These projects can be fully funded from FHSF and Council sources therefore any dependencies have been either removed or materially reduced, which should provide the FHSF the confidence that the Council is able to deliver the revised FHSF programme by 31 March 2024.

5.0 Financial implications

- 5.1 This report seeks approval to set up supplementary capital budgets for the Future High Streets Fund City Centre Public Realm Victoria Street and Civic Halls projects in line with the Grant Funding Agreement.

- 5.2 Approval is required for the creation of a capital budget totalling £15.537m, made up of £14.913m grant and £0.624m council resources.

| | FHSF £'000 | Council £'000 | Total £'000 |
|------------------------------|-----------------------|--------------------------|------------------------|
| Victoria Street Public Realm | 10,850 | 487 | 11,337 |
| Civic Halls Public Realm | 4,063 | 137 | 4,200 |
| Total | 14,913 | 624 | 15,537 |

- 5.3 It should be noted that the council are in receipt of a grant offer letter detailing the value of the grant as in this report. However, at this point in time the grant agreement has not been received or signed. This is expected in May with the first payment due in June. It is anticipated the risk of clawback on this grant will be limited.

[SB/07052021/J]

6.0 Legal implications

- 6.1 The “in principle” offer of £15.7 million from the FHSF was confirmed on 1 April 2021. The Council is expected to receive the formal grant offer letter which will outline Government’s expectations on the physical and financial reporting for FHSF projects and the ongoing working relationship through the lifetime of the programme in May. The FHSF award is likely to be paid as a grant under section 31 Local Government Act 2003.
- 6.2 The Council is under a duty to protect public funds; accordingly, where appropriate, all necessary warranties and indemnities must be in place to mitigate against any potential risk of financial loss.
- 6.3 The Council’s decisions are subject to scrutiny via Judicial Review and Freedom of Information requests. Therefore, it is essential that the project accords with, where appropriate, State Aid rules and that proper governance is in place to ensure transparency in all decision-making.
- 6.4 Subject to the recommendations being approved, the Council will enter into all necessary legal agreements to minimise any risks of financial or reputational harm.

[JB/06052021/K]

7.0 Equalities implications

- 7.1 As part of the detailed business cases for individual FHSF, an equality analysis has been undertaken to identify the likely impacts on certain protected groups and the actions that will be taken to address or mitigate against any negative impact identified in the

assessment. In respect of the public realm projects this is being continuously informed by ongoing consultation with individual interest groups to ensure that the design and implementation proposals provide appropriate measures to ensure accessibility for all.

8.0 Climate Change and Environmental Implications

8.1 The City Centre Public Realm projects more so than ever, offer a clear and targeted response to the challenges the high street will face by creating the environment for change brought about by changes in consumer and visitor behaviour to enjoy activities around events rather than high street shopping and more particularly walking and cycling over car borne travel as we have become to appreciate the benefits for the environment, health and climate change.

9.0 Health and Wellbeing implications

9.1 The Connected Places Strategy, which identified the FHSF City Centre Public Realm Projects as early projects for delivery, plays an important role in the delivery of the Council's Health and wellbeing agenda.

10.0 Covid 19 Implications

10.1 The delivery of certain temporary elements of the public realm projects have already had significant positive implications to the City's emergency transport response to the Covid 19 measures introduced by Central Government. Going forward the delivery of the full permanent scheme for Victoria Street and Civic Halls public realm will further strengthen these positive outcomes of increased walking, cycling and public safety.

10.0 Human Resources Implications

11.1 There are no human resources implications

11.0 Corporate Landlord Implications

11.1 There are no Corporate Landlord implications

12.0 Schedule of background papers

Cabinet 11 November 2020 - Future High Streets Fund, City Centre West – Bid Update and Funding Strategy

Cabinet 10 April 2019 – Westside Link Public Realm Proposals – Outcome of Consultation for phases 1 and 2 and potential delivery programme for phase 1

Joint Cabinet and Cabinet (Resources) Panel – 29 July 2020 – City Centre Public Realm phases 1 and 3 progress and approvals for project delivery

Cabinet 17 February 2021 – Future High Street Fund – Funding award update