

Ramsgate Future High Street Fund update

Cabinet	13 October, 2022
Report Author	Louise Askew, Director of Regeneration
Portfolio Holder	Cllr Reece Pugh, Deputy Leader and Cabinet Member for Economic Development
Status	To note
Classification:	Unrestricted
Key Decision	No
Ward:	Central Harbour

Executive Summary:

The aim of the Future High Street Fund was to renew and reshape high streets with the inclusion of other uses to drive increases in footfall. Through a lengthy application process Thanet District Council was awarded funding from the Future High Street Fund for two schemes in Ramsgate - a Highway scheme and workspace provision.

The development of the creative workspace scheme was evidenced on the basis of its delivery against the Future High Street Fund objectives, demand for workspace and through soft market testing with operators and businesses.

Unfortunately, due to changing circumstances, the building originally identified to deliver the workspace project in, has been leased to a private business.

This report proposes a revised scheme for the Future High Street Fund programme in Ramsgate, its requirements for delivery and a proposal to safeguard the funding in Thanet, that can be delivered within the required timescales.

The economic case for the project has been updated in line with the new proposal, and demonstrates that the economic benefits of the scheme are in line with the original submission, and are therefore expected to be approved shortly by the DLUHC.

Recommendation(s):

1. Cabinet to note this report.

Corporate Implications

Financial and Value for Money

The Future High Street Fund project is externally funded by the Department for Levelling Up, Housing and Communities (DLUHC). Two schemes form part of the overall programme and this report relates to the Creative Workspace Scheme. The inclusion of a £2.7m FHSF scheme within the Capital Programme was approved by Council at its meeting on 14 October 2021.

The agreed projects (Creative Workspace and Highways) were developed in accordance with the DLUHC guidance, with clear and quantifiable business cases that tests the schemes' ability to deliver the government's requirements for Future High Street Funding, and deliver value for money for the public funds.

The Section 151 Officer is required to scrutinise and approve regular monitoring returns to DLUHC. These returns will cover actual and forecast spend, alongside output metrics. Should cost pressures arise as the scheme progresses will be scaled accordingly to ensure that the project's cost remains within the funding envelope that has been allocated; this is essential to ensure there that the council's own finances are not required to be called upon.

Legal

There are no legal implications from this report.

Risk Management

Through the development and delivery of previous regeneration projects, the Council has established the apparatus and experience for reviewing and managing the various key risks of delivering large capital programmes.

The Council is responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the major risks to which the High Street Funds are exposed. In the development of the project a register was produced and was updated.

The Risks identified in the Risk Register as "High" will be reviewed regularly, and those that provide a risk to the Council will be on the Councils corporate risk register.

Through the monitoring and evaluation process for the Future High Street Fund the risk register will be reviewed regularly, and the most significant risks are shared with the Department of Levelling Up, Housing and Communities on a six monthly basis in the monitoring and evaluation reports.

Corporate

The Ramsgate Future High Street Fund programme supports the Council's corporate priority for Growth, by encouraging the regeneration of Ramsgate Town Centre. It will also enhance the environment through bringing back long term vacant properties into use.

The project also supports the Council's corporate priority for Communities. With the size of the site being greater than that of the original building there is greater opportunity to work with community organisations in Ramsgate to foster a shared responsibility and increase our community engagement from the town centre.

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

An equality impact assessment will be completed on the appropriate operating model and fit out of the premises.

Corporate Priorities

This report relates to the following corporate priorities: -

- *Growth*
- *Communities*

1.0 Introduction and Background

1.1 In December 2018 the Future High Street Fund was announced, the objective was to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability. Local authorities were asked by central government to define the specific challenges faced by our high streets, setting out an overarching strategic ambition for what the high street should become and identifying what needs to be done to make this possible.

1.2 The programme had specific objectives which any investment needed to fall under. These were:

- Investment in physical infrastructure
- Acquisition and assembly of land including to support new housing, workspaces and public realm
- Improvements to transport access, traffic flow and circulation in the area
- Supporting change of use including (where appropriate) housing delivery and densification
- Supporting adaptation of the high street in response to changing technology

1.3 The Future High Street Fund had a two phase bidding process, stage 1 was an Expression of Interest (EOI) and Stage 2 was a full application. In February 2019 an informal members working group was set-up, who reviewed evidence and decided to submit an EOI for Ramsgate. In March 2019 following a series of meetings of the

Informal Members Working Group and a Ramsgate stakeholder group an EOI was submitted. A series of projects across Ramsgate were proposed including two highway/public realm schemes, a programme of land and site assembly, provision of creative workspace, outlets for the local fishing fleet, funding to bring forward residential sites and an incentive programme for refurbishment of poor quality residential in the town centre. Local authorities were asked to provide an amount of revenue that was required to develop the projects up, including business cases.

- 1.4 In August 2019 Thanet District Council was invited to submit a full application to the programme, and was provided with an allocation of £150,000 revenue funding to develop the project. Due to the allocation of revenue funding the Council was unable to submit a full application on the basis of the EOI. Further guidance was provided in October 2019, with a bid deadline of 30 July, 2020. Following further engagement with stakeholders the final projects included a Highways Scheme and a Workspace scheme with a value of £3,942,000.
- 1.5 In February 2021 the Council was required to submit a revised proposal on the basis of being offered 69% of the funding that had been bid for. This required value engineering of the two projects with some elements being removed, further revenue funding was provided in order to be able to rework the Green Book Business Case. In July 2021 a Memorandum of Understanding was signed with central government for the funding.

2.0 Ramsgate Future High Street Fund bid

- 2.1 In the development of the final Business Case the Council engaged a consultancy team to support the development of the two elements of the bid. The team who developed the project for the Creative Workspace carried out a lot of research and engagement with agents on properties in Ramsgate. A short list of preferred sites were identified - the Council's preference was that they should be in the high street, however following a lack of engagement from property owners the search was spread out.
- 2.2 Celandine Hall in Harbour Street was identified as a good site due to its size and scale. Discussions commenced with landlords by the then Interim Director of Property, and an initial offer price was agreed, subject to the Council's due diligence processes. As part of the Council's due diligence, a condition survey was carried out and issues were identified which led to a revised offer for the lease arrangements.

At the same time, we became aware that there was new private sector interest in the property. In June 2022, the landlords confirmed that they have subsequently accepted the offer from the private sector citing:

- The delays in progressing the Future High Street Fund;
- They received a higher financial offer which they deemed more appropriate.

- 2.3 The Council's bid for Future High Street Fund for Ramsgate's Creative Workspace was focused on market failure, however during the intervening period, the market has changed and Ramsgate town centre has experienced an increase in private sector investment, including in the historic Harbour Street area. However, investment has

not been consistent for the entirety of the High Street. A Ramsgate Town Centre study undertaken by Oneday Regen in May 2022, identified that:

“The exceptions [to Ramsgate's progress in lettings across the high street] being the largest units, in particular New Look and Argos. With the decline in the chain retail market and current leases in place with the former tenants these units are likely to remain vacant unless the Council intervenes... uses should be considered to address the shortage of alternative uses such as culture and leisure.”

2.4 Furthermore, a SWOT analysis undertaken as part of the Ramsgate Town Centre study identified that vacant buildings continue to impact on the town's vibrancy and highlight missed opportunities. This objective report and community engagement has highlighted the negative impact of large floorplate units in the town centre that have been empty for considerable periods of time, and have little or no commercial interest due to the short remaining terms on their leases with high street brands. These empty units dominate the streetscene with their empty windows and often vandalised facades, and present a negative and uninviting face to local and visiting users of the high street. These units are detrimental to the improvement of the High Street and take away valuable usable space from local use.

2.5 The Future High Street Fund Full Business Case sets out the overview for the Creative Workspace element of the scheme as follows:

- Create a multi-occupancy building comprising meeting rooms, offices and creative studios.
- Provide a cafe-bar, small gallery and arts-led retail space.
- Approximately 96 workspaces will be provided in total, designed specifically for use by individuals and businesses in the creative industries sector, for whom there is currently a lack of suitable, affordable accommodation within Ramsgate.
- The site will also provide a central focal point for creative and cultural enterprise, education, training and community engagement, helping to build confidence and resilience among Ramsgate's residential and business population and improving public perceptions and experiences of the local area.

The strategic objectives relevant to the Creative Workspace are:

- To re-develop vacant premises in Ramsgate Town Centre, leading to a direct and sustained uplift in land value, community pride and public perceptions of the area.
- To address a local market failure in the availability of affordable, flexible, managed workspace and facilities for use by creative SMEs and other sector stakeholders.
- To attract new talent, jobs, businesses and investment to support sustainable inclusive growth in the creative industries, visitor economy and wider economy of Thanet.

2.6 A revised proposal has been put together which will deliver the workspace provision of the Future High Street Fund and will be considered in a separate commercially sensitive report in order for officers to take forward the revised project.

3.0 Options

1. Do nothing - the Council could return the £1.06m funding to central government.
 - This comes with a significant reputational impact for Thanet District Council, the DLUHC and other funders may not consider bids for funding from the Council again.
 - This comes with local reputation impact, the Council would not be delivering on a regeneration project for Ramsgate.
 - The properties would continue to be vacant and blight the High Street.
2. Compete with the private sector for smaller units as these become available.
 - This would come with a significant risk that no properties are acquired.
 - The Council in this scenario would be competing with our own local businesses, and if successful would be preventing small businesses moving to, or growing within the town.
 - Smaller units are highly unlikely to achieve the outputs committed to in the Future High Street Fund Business Case.
 - The Future High Street Fund delivery period would necessitate a space being identified very quickly for this to be a viable option.
3. Review properties away from the High Street and apply to the government for a more significant project adjustment.
 - Acquisition of properties outside the High Street/Town Centre are unlikely to meet the objectives of the Future High Street Fund.
 - There is a significant risk with this approach, that Central Government would not accept this project change, as it deviates significantly from the original Business Case for the funding.
4. Review the revised project proposal and approve recommendations.

Contact Officer: *Louise Askew, Director of Regeneration*

Interim Reporting to: *Bob Porter, Acting Corporate Director of Place*

Background Papers

Corporate Consultation

Finance: Chris Blundell, Acting Deputy Chief Executive

Legal: Sameera Khan, Interim Head of Legal & Monitoring Officer