

Ramsgate Future High Street Fund decision

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| Extraordinary Cabinet | 2 March, 2023 |
| Report Author | Louise Askew, Director of Regeneration |
| Portfolio Holder | Cllr Reece Pugh, Deputy Leader and Cabinet Member for Economic Development |
| Status | For Decision |
| Key Decision | Yes |
| Reasons for Key | An executive decision which involves the incurring of expenditure exceeding £250,000 |
| 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, a number of buildings that the Council has identified to deliver the workspace project in, have either been sold, or leased to a third party, or in relation to a previous decision on the 13 October, 2023, the landlord has become unresponsive.

The Council also has the opportunity to include the Levelling Up Programme Funding for the Access to Opportunities in the town centre project as part of this delivery. This allows for greater value to be added to both the Future High Street Fund project and the Levelling Up Fund project.

Recommendation(s):

1. Authorise the Director of Regeneration to include the Levelling Up Fund monies for the 'Access to Opportunities' (town centre) project to be included within the Future High Street Fund project for delivery. The funding allocated is approximately £250,000;
2. That Cabinet gives delegated authority to the Director of Regeneration, in consultation with the Interim Director of Property, to complete negotiations for the

purchase of a town centre property within the approximately £1.31m externally funded budget. The funding allocated will need to deliver the purchase of the asset, and refurbishment in order to meet the outputs of the Future High Street Fund and the Levelling Up Fund project.

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). 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.

Any changes to projects are required to be made in-line with DLUHC guidance, a review of the economic case and through a project adjustment process. Officers are in contact with the relevant department within DLUHC to ensure that the project change confirms with the original economic case submitted. It is expected that if a project adjustment is required it is minimal, and on the basis that the original bid was to lease a property, and in purchasing an asset it provides greater value for money.

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.

As per the Cabinet Report approved on 13 October, 2023 the costs of delivering the Future High Street Fund scheme have been considered, with a draft cash flow forecast developed.

Levelling Up Fund

The Levelling Up Fund for Ramsgate includes £840,000 for the Access to Connect to Opportunity project. For the Levelling Up Funded Projects an internal Management Board has been established and a Programme Scrutiny Panel to ensure the projects are being delivered in line with good project management principles - keeping to time, budget, quality and reviewing the risks.

Further to the previous Cabinet report, consideration has been given to the possibility of combining the delivery of the Future High Street Fund alongside one of the Levelling Up Fund Schemes, providing opportunities for efficiency through a combined operating model and capital delivery scheme.

The Access to Opportunities Levelling Up Fund project has two elements; the creation of a training kitchen facility in the Newington Community Centre, and a £250k capital funding allocation to deliver a town centre employment and skills hub. The town centre hub could be partly or wholly incorporated into the capital works of the Future High Street Fund, and this will be tested and explored during the design stages. Therefore, the maximum budget allocation for this scheme includes the £250k Access to Opportunities budget.

Legal

The legal implications from this report are that the Council will be purchasing an asset, which will require legal resources (financially covered by the project) and will have legal implications for the organisation.

These are all covered within the Council's Constitution for leasing/buying assets.

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 Council's 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.

- The Council is at risk of not delivering the project outcomes as agreed and approved by DLUHC. The report identifies a solution to the current challenges and risks, which have been created by the private acquisition of the project's originally proposed location.
- If the Council does nothing, it will need to return the funding to central government. A revised economic case in-line with the original outputs has been submitted to DLUHC for approval, mitigating the need to return the funding. Returning the grant monies would have a significant negative impact on the reputation of Thanet District Council as a delivery partner for grant-funded projects, and risks the loss of future funding opportunities across the District.
- Throughout the recent period of delay in delivering the scheme, the project team has continued with regular contact with DLUHC. The required project adjustment form has now been submitted, however it should be noted in the context of the programme; approximately half of the local authorities that have Future High Street Funding have submitted project adjustment forms due to changes within their projects.
- Not being able to deliver the preferred operating model would pose a risk to the project, however through engagement with specialists and delivery organisations the Council is confident the revised proposal can be delivered.

- The risk of overspending against the fixed grant funding that has been allocated will be mitigated by scaling the project accordingly as the schemes progress. The risk of overspending is also somewhat mitigated by the inclusion of modest income projections within the business case.

Corporate

The Ramsgate Future High Street Fund and Levelling Up Fund programmes support 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 by combining the two funded projects in Ramsgate town centre. The project will engage 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

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 Assets to Connect to Opportunity project as part of the Levelling Up Fund bid includes a proposition to invest in two community access points, one in Newington and one in Central Ramsgate. The aim of this investment is to provide the spaces for

people to access information and support as part of wider career development. This will include training kitchens, community teaching space, opportunities for intermediate labour markets and information exchange, as well as space for existing local charities to operate out of.

- 1.3 Delivering the Future High Street Fund and Levelling Up Fund activities together provides value for money through a joint model of management, single building overheads and costs, and single asset refurbishment costs. The Council delivering Levelling Up Fund directly, rather than through a third party also allows for greater control of the required outputs, by ensuring the right organisations form part of the offer from the space.
- 1.4 The Background papers link to the Cabinet report that was approved on 13 October, 2013, which outlines information on the Future High Street Fund, in Section 1.0 'Introduction and Background'.
- 1.5 Section 3.0 'Ramsgate Future High Street Fund bid' in the previous report (13 October, 2022) outlines the Project delivery that was submitted in the bid. This report highlighted the challenges the Council faced in leasing the original building identified for the project, and through the exempt report two further sites were identified to lease, and purchase.
- 1.6 The Council's attempts to acquire (lease and purchase) these properties in Ramsgate's town centre have been frustrated, with the property owners citing unacceptable rental and purchase offers for one, and the landlord becoming unresponsive on the other asset. Officers have completed a through search for properties that would be able to deliver both the Future High Street Fund, and the Levelling Up Fund project in order to secure the right type of premises, in the right location, within budget for purchase and fit out, and that will deliver the outputs and outcomes for the schemes.

2.0 Revised project proposal

- 2.1 The Future High Street Fund Full Business Case set 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.

- 2.2 As part of the FHSF project, the Council has attempted to acquire three properties, and been unsuccessful on the basis of valuations that the property owners deem to be below market value. RICS valuations are based on available data, a lot of the data in recent reports relates to sold prices from 2019 and 2020; arguably a very different property market than is seen in Ramsgate today. There have also been challenges around comparable units at that time, with limited similar properties selling at that time, and the ones that did tended to be in a very poor condition (e.g. Trade Station in Harbour Street).

In order to make an offer acceptable to property owners, it is therefore necessary to assess the value on wider metrics, such as rental income or residential development potential, in order to make an offer in line with the open market.

- 2.3 The Regeneration team has now identified an asset within the funding envelope set out above, that has the capacity to deliver the outputs of the Future High Street Fund, and also potentially the Access to Opportunities Levelling Up Fund scheme.
- 2.4 A valuation has been undertaken noting the potential value of the property, and it is considered that the project is deliverable within the available funding.
- 2.5 The next steps now consist of making a formal offer, subject to a structural survey and instructing the Council's legal team.
- 2.6 A design team has been commissioned to develop a scheme for the building, in anticipation of an acquisition, and the team has confirmed that they are able to meet the tight deadlines for delivery by March 2024 if the purchase is approved imminently.

3.0 Options

- 3.1 Do nothing - the Council could return the £1.06m of the Future High Street 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.
- 3.2 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 in the town.
 - Smaller units are highly unlikely to achieve the outputs committed to in the Future High Street Fund Business Case and Levelling Up Fund project.
 - The Future High Street Fund delivery period would necessitate a space being identified very quickly for this to be a viable option.

- 3.3 Review properties away from the town centre and apply to the government for a project adjustment.
- Acquisition of properties outside the town centre are unlikely to meet the objectives of the Future High Street Fund.
 - There is a significant risk with this approach, central government would not accept this project change, as it deviates significantly from the original Business Case.
- 3.4 Approve the recommendations as outlined at the front end of this report, allowing the Regeneration Team to deliver the Future High Street Fund and Levelling Up Fund project:
1. Authorise the Director of Regeneration to include the Levelling Up Fund minutes for the 'Access to Opportunities' (town centre) project to be included within the Future High Street Fund project for delivery. The funding allocated is £250,000.
 2. That Cabinet gives delegated authority to the Director of Regeneration, in consultation with the Interim Director of Property, to complete negotiations for the purchase of a town centre property within the £1.31m externally funded budget. The funding allocated will need to deliver the purchase of the asset, and refurbishment in order to meet the outputs of the Future High Street Fund and the Levelling Up Fund project.

Contact Officer: *Louise Askew, Director of Regeneration*

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

Background Papers

[Future High Street Fund update report - 13 October, 2022](#)

Future High Street Fund - Creative Workspace Project update and decision - Confidential
Part - 13 October, 2022

Corporate Consultation

Finance: Chris Blundell, Acting Deputy Chief Executive

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