

Report Public
Appendices – Confidential
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Future High Streets Fund

Meeting Date: Overview & Scrutiny (Performance & Growth) – 23rd February 2021
Cabinet – 23rd February 2021

Executive Portfolio: Leader and Executive Councillor for Housing and Economic Development

Report by: Strategic Growth Manager

Ward(s) affected: St. Neots and surrounding wards

Executive Summary:

By way of background a report (Item 60) was considered by Cabinet on 13th February 2020, detailing the work to date at that time on the draft Business Case submission to the Ministry of Housing, Communities and Local Government (MHCLG) for funding from the Future High Streets Fund (FHSF) for St Neots. This work was supported by £150,000 capacity funding awarded in August 2019 to appoint specialist advisors Mott MacDonald in the preparation of the bid.

Following a detailed study and active engagement with the Cambridgeshire and Peterborough Combined Authority (CPCA), Cambridgeshire County Council (CCC), St. Neots Town Council (SNTC) and the St. Neots Masterplan Steering Group (MPSG) a final scope of regeneration measures was proposed that was considered to meet the threshold required to demonstrate a commercially viable and deliverable business case that represents value for money for the regeneration of St. Neots.

On the 28th July 2020 the Cabinet endorsed a submission to the FHSF that comprised the regeneration measures to renew and reshape St. Neots town centre comprising the following projects:

- Regeneration of the Priory Quarter to enable a new and enhanced community space. This will include a riverside promenade opening up the eastern bank of the river to residents and visitors.
- To enable the regeneration of the Old Falcon Inn, an anchor building on the market square.
- Removal of car parking from the market square to enable a multi-functional space to be the economic and social centre of the town.
- A revisioning of the High Street to improve the streetscene and promote walking and cycling.
- Improvements to St. Neots Bridge to promote active travel and improve access to Riverside Car Park.

In addition to the scheme identified above the Cabinet also endorsed a contribution £3.1m of Community Infrastructure Levy funding (CIL), in addition to £445,000 of CIL money already committed to the Riverside Park Improvements. This is supplemented

by £3.1million contribution agreed by the CPCA. The cumulative costs are approximately £12,759,000 The ask of the FHSF was £5.48m and submitted by the 31st July 2020. Further details of the commercial case can be found in appendix 1.

A response was anticipated in August 2020, however, given the focus on a national response to the Pandemic a response was not received until the 26th December 2020.

On the 26th December the Ministry for Housing, Communities and Local Government (MHCLG) who are the responsible government body for the FHSF issued an 'in-principle' letter awarding HDC £3.7m to the overall scheme. This represents approximately 69% of the ask. This should not be interpreted as a negative view of the bid but rather MHCLG's approach to award as many successful bids as possible and for that reason, with the exception of bids from the most deprived areas across the country, all remaining successful bids were awarded between 67%-69% of their submission ask. The outcome represents a shortfall of approximately £1.7m.

Recognising the shortfall in award MHCLG have provided an extended timeline to the 26th February 2020 for Local Authorities to take into consideration the offer and present a revised programme which could include scaling back the programme as submitted, or to fund the shortfall.

Mott MacDonald have been re-engaged to review our original submission in light of the updated position, and having regard to MHCLG requirements, have developed a number of options for consideration.

- A. HDC to make up the shortfall in funding.
- B. To deliver both the Old Falcon and Priory Quarter; remove high street improvements and St. Neots Bridge
- C. Remove the Old Falcon Inn and St. Neots Road Bridge
- D. Remove the Priory Quarter Redevelopment.
- E. Not progress with the Future High Street Regeneration Programme.

As part of optioneering HDC officers have been actively seeking additional funding and at the time of drafting this report, while a number of options are live those processes will not be concluded by the 26th of February.

It is anticipated that the final offer from MHCLG will be issued in March 2021

Recommendation:

That the Cabinet agrees to :

- (a) Submit a final proposal to the FHSF by the 26th February 2021.
- (b) Option A is the preferred option.
- (c) Endorses an additional £1.7m CIL spend in support of item (b)
- (d) To develop a delivery plan to include an engagement and communication strategy.
- (e) Delegate authority to the Strategic Growth Manager, in consultation with the Executive Leader, Deputy Leader and Corporate Director (Place) to make adjustments to the final scheme, if required, based on feedback from MHCLG.

1. PURPOSE OF THE REPORT

- 1.1 Having regard to the offer from the Ministry of Housing, Communities and Local Government (MHCLG) for 69% of the overall ask from the Future High Streets Fund (FHSF), to agree the Council's position and preferred option in progressing the regeneration vision for St. Neots. The award of 69% of the ask does not indicate negative feedback on our proposal but rather MHCLG's approach to be equitable in its award. Of the bids submitted 72 towns received grant funding offers meaning 29 towns received no funding at all through the business case development process. With the exception of 15 towns that received full funding, the remaining towns received between 67%-69% of their ask. Those that received full funding were primarily in areas of the country that experience of greater deprivation than that of St. Neots.
- 1.2 MHCLG have made an in-principle offer of £3,748,815 in respect of the FHSF. That is 69% of the original ask and therefore there is a shortfall of £1,729,943.
- 1.3 Mott MacDonald have been re-engaged to review options for consideration while ensuring the final option meets the threshold of continued MHCLG support.
- 1.4 The final position must be submitted to MHCLG no later than the 26th February 2021.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 Full details of the Future High Streets Fund is available [here](#)
- 2.2 The projects identified were carefully developed to ensure the regeneration programme is commercially viable and deliverable.
- 2.3 Previous reports are set out as background papers. The paper presented to cabinet on the 28th of July 2020 is considered to be commercially sensitive and therefore not publicly accessible.

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 All options must meet the minimum threshold of MHCLG expectation and scoring, applying HM treasury business case guidance known as the 'Green Book', namely:
 - **TO BE SUPPORTED BY A ROBUST CASE FOR CHANGE THAT FITS WITH WIDER PUBLIC POLICY OBJECTIVES – THE 'STRATEGIC CASE';**
 - To demonstrate value for money – the 'economic case';
 - To be commercially viable – the 'commercial case';
 - To be financially affordable – the 'financial case'; and
 - To be achievable – the 'management case'
- 3.2 Mott MacDonald have been re-engaged to work with HDC in developing options in response to the MHCLG revised offer, while ensuring the minimum threshold of Benefit Cost Ratio (BCR) of 1.5- 2 is met. The options proposed are:
 1. HDC to make up the shortfall in funding and no changes to the programme, as submitted in July 2020

2. Remove the Old Falcon Inn and St. Neots Road Bridge
3. Remove the Priory Quarter Redevelopment.
4. Not to progress with the Future High Streets Fund

Option A: (preferred option):

- 3.3 The scheme as submitted represents a strong strategic case for the transformative regeneration of St. Neots Town Centre. Recognising St. Neots' strong position with the Cambridge-Oxford Arc the business case is for the regeneration of several sites in St Neots that together will open up enhanced development opportunities, improve the public realm, return the market square to the economic and social hub of the town encouraging new opportunities in the high street. An improved experience of the high street and public spaces will increase footfall and opportunities to bring other sites back into use in the longer term. The inclusion of the riverfront as a place for leisure and recreational activities will open up the eastern bank offering improved accessibility for residents and tourists. This collective vision is a major opportunity to help respond and adapt to broader retail trends but also support the post Covid-19 recovery and renewal of St. Neots High Street.
- 3.4 In order for option 1 to be delivered, HDC will be required to fund the shortfall of £1,729,943. It is proposed that this is funded from the Community Infrastructure Levy meaning a cumulative contribution from HDC of £5,245,000 (inclusive of funds already allocated to St. Neots Riverside Park) to the regeneration of St. Neots. For the reasons and benefits set out in paragraph 3.3, this remains the preferred option.

Option B:

- 3.5 This option would look to deliver both the Old Falcon and the Priory Quarter. To do this the high street improvements and improvements to St. Neots Road Bridge would need to be removed. This option would reduce the BCR, meaning value for money is lower. Initial analysis is that the BCR would be below 1.5 and below the acceptable threshold for MHCLG. It is therefore recommended that this option be disregarded.

Option C:

- 3.6 The removal of the Old Falcon from this scheme would be a missed opportunity having regard to the proposed enhancement of the Market Square to re-establish the square as the traditional, heritage core of the town. The square lies within the St. Neots Conservation Area and is surrounded by historic buildings, many of which are listed buildings including the Old Falcon Inn (Grade II). The Inn ceased trading as a public house in 2004 and not been in any meaningful use since. HDC Planning officers have actively sought to work with the owner to bring forward a sensitive development that would respect the intrinsic historic character, appearance and fabric of the building. In 2016 applications for planning permission and associated listed building consent were refused, and those decisions were upheld on appeal. No additional planning applications have been received in the interim, and the building is in poor condition, occupying a key position within the wider regeneration ambition of the town centre. With that in mind, and while continued hope remains for an acceptable scheme to come forward, in order to enable the redevelopment of the Old Falcon alongside the market square improvements it is considered prudent that a Compulsory Purchase Order (CPO) of the Old Falcon remains within the programme of works. For that reason it is recommended that this option be excluded.

Option D:

- 3.7 The priory centre and surrounding buildings are of their time and do not exploit the tranquil setting adjacent to the river. There is limited footfall leading to the perception of dormancy for a location so close to the town centre. Since the construction of the priory centre the population of St. Neots has risen, and will continue to grow as the urban expansion area of St. Neots East continues to deliver new homes and jobs. The FHSF provides a unique opportunity to provide a flexible community facility in the centre of town that is fit for purpose, and meets the needs of local residents and businesses, while maximising the views and setting of its riverside surroundings.
- 3.8 In order to ensure this quarter becomes an active part of the town centre the priory centre will sit within a wider package of regeneration measures including the provision of a walkway. This will also deliver an accessible and walkable alternative to access the town centre, attracting activity from residents, businesses and tourists. Delivery of this intervention will unlock other development sites in St Neots bringing further homes into the town centre. Having regard to the opportunity to have an inclusive community space within the town centre together with the wider regeneration benefits, it is considered the option of removing the Priory Quarter should be disregarded from further consideration.

Option E:

- 3.9 A final option would be to consider withdrawing from the FHSF. However, the award in principle demonstrates that this bid represents a strong strategic case. In addition, and recognising the strength of competition to secure government funding to enable such an ambitious package of regeneration measures is extremely rare, it is not possible to quantify when such an opportunity may emerge in the future. It is therefore recommended that option E is disregarded.

Approach to Funding:

- 3.10 In addition to the MHCLG offer in principle, and as identified as part of option 1 the funding package will be as follows:
- HDC – £5.25m
 - FHSF - £3.7m
 - CPCA - £3.1m
- 3.11 At the time of drafting this report officers are exploring additional funding where possible with a range of organisations.

4. COMMENTS OF OVERVIEW & SCRUTINY

- 4.1 The comments of the relevant Overview and Scrutiny Panel will be provided by way of a verbal update.

5. KEY IMPACTS / RISKS

- 5.1 Timescale slipping – It is the expectation of MHCLG that money awarded is spent by March 2024. While the CPCA will wish to set parameters they recognise the strategic importance of this project and it is anticipated there will be flexibility in the delivery timescales expected. Mitigation: A detailed programme plan from design to delivery will be developed upon formal confirmation of receipt of funds.

- 5.2 Resources – The programme will require multiple projects to be managed simultaneously across multiple partners to ensure the programme is delivered on time. This could result in competing priorities across organisations that will require careful negotiation. Mitigation: As part of the project a detailed resources plan and communications plan with stakeholders will be established.
- 5.3 Changes to Planning Legislation – Recognising the Government’s ambition to overhaul the planning process, through the lifetime of this programme such changes may result in delays to the process. Mitigation: Mitigation is not within the control of the Council but members and officers will continue to work with MHCLG to influence where possible.
- 5.4 Ongoing economic uncertainty due to CV19 may cause delays to the delivery timescales of the Programme by way of impact on supply chain. Mitigation: As the project progresses the economic case will need to be reviewed to take account of emerging data.
- 5.5 Unforeseen additional costs as the project progresses through detailed design and delivery. Mitigation: As we move from the feasibility stage to detailed schemes being developed, it is recognised that costs can increase but they may also decrease. A finance monitoring plan will be developed. In addition, the Council will continue to work with partners to source additional funding from government and/or partner organisations.
- 5.6 Further risks are set out in Appendix 1.

6. TIMETABLE FOR IMPLEMENTATION

- 6.1
- Deadline for submission of revised proposals – 26 February 2021
 - Confirmation of funding from MHCLG – 31 March 2021
 - Detailed Delivery Plan produced – expected April 2021
 - Commence wider stakeholder engagement and consultation – expected April 2021

7. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

- 7.1 The delivery of this work links to the following Corporate objectives
- Support delivery of sustainable community / leisure activities / facilities.
 - Continue to work with partners and influence the Combined Authority to secure resources to facilitate delivery of new housing, drive economic growth and to provide any critical infrastructure.
 - Support the Combined Authority’s preparation and delivery of Masterplans for the Market Towns.
 - Supporting economic growth in market towns and rural areas.
 - Improving the quality of the environment, by including infrastructure that supports people to walk and cycle.

8. CONSULTATION

- 8.1 The submission to MHCLG by the end of July 2020 limited the ability to undertake wider public engagement by way of a formal consultation. However, as part of next steps a detailed consultation and engagement plan will be developed.

9. LEGAL IMPLICATIONS

- 9.1 The programme as a whole will need legal oversight from inception, through contract discussions and when negotiations commence with partners in respect of land and buildings.
- 9.2 Further legal implications are set out in Appendix 1.

10. RESOURCE IMPLICATIONS

- 10.1 This will be a complex programme of works, requiring multi- agency collaboration with statutory stakeholders to ensure it is delivered within the programme timetable. This will include (but not limited to) Cambridgeshire County Council (CCC) the Environment Agency (EA) and the Cambridgeshire and Peterborough Combined Authority (CPCA)
- 10.2 This programme will require dedicated internal resource to manage the delivery programme both internally and externally, in addition to the communications and engagement plan. In addition, financial oversight of the programme is required along with legal support for all legal processes.
- 10.3 This programme will require a variety of specialist skills to be engaged/recruited at key stages of programme

11. REASONS FOR THE RECOMMENDED DECISIONS

- 11.1 As set out in paragraph 3.3 this transformative vision sets to reshape St. Neots town centre in a positive and sustainable manner. It will enhance the experience of the town centre for visitors, existing residents, and for future residents as the town grows eastwards. An attractive town centre will support existing businesses while also attract new inward investment as the government programme relating to the Cam-Ox corridor accelerates.

12. LIST OF APPENDICES INCLUDED

- Appendix 1 – Exempt – Additional Programme risks to the Authority.
- Appendix 2 – Exempt – Updated Commercial position.
- Appendix 3 – Exempt- Drainage and Flood Risk Appraisal

BACKGROUND PAPERS

Report to Cabinet 13th February 2020 can be found [here](#)

Report to Cabinet 28th July 2020 - EXEMPT

Mott MacDonald Optioneering report - EXEMPT

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