
Subject:	FUTURE HIGH STREETS FUND
Meeting and Date:	Special Cabinet – 19 July 2021
Report of:	Roger Walton, Strategic Director (Operations and Commercial)
Portfolio Holder:	Councillor Oliver Richardson, Portfolio Holder for Community and Corporate Property
Decision Type:	Key Decision
Classification:	Unrestricted

Purpose of the report: To seek Cabinet approval for the Council to act as the accountable body for a project that will deliver a creative centre at Bench Street, and improvements to the underpass beneath the A20 in Dover by accepting a grant of £3.2million from the Ministry of Housing, Communities and Local Government (MHCLG) under the Future High Streets Fund.

Recommendation: Cabinet is requested to:

1. Approve the project in principle, permit the Council to receive the grant of £3,196,497 and act as accountable body to MHCLG in relation to the grant.
2. Approve the expenditure of £1,700,000 allocated within the current Capital Programme as match funding for this project.
3. Set aside up to £250,000 from the Capital Programme, to be approved by the Strategic Director (Operations and Commercial), in consultation with the Portfolio Holder for Community and Corporate Property as required, to support the next stage of the project.

1. Summary

- 1.1 In July 2020 the Council applied to the Future High Streets Fund for a grant to deliver transformational integration in Dover. In December 2020 the Ministry of Housing, Communities and Local Government wrote to the Council setting out an in-principle offer to the value of 69% of the requested sum, subject to receipt of an acceptable revised proposal. In response, the Council submitted a bid seeking funding towards two projects: construction of a new creative centre on Bench Street and improvements to the underpass beneath the A20. On 2nd June MHCLG wrote to the Council offering a grant of £3,196,497 under Section 31 of the Local Government Act 2003. An associated Memorandum of Understanding covering the current financial year was supplied, with instructions to return a signed copy by 30th June. The first payment of £697,297 was made on 8 June.
- 1.2 The application to MHCLG was informed by engagement with stakeholders, including local arts groups, who supported the development of a creative centre. However, the bid did not consider internal layout or suitable management arrangements for the

centre. Therefore, once the Council was made aware that MHCLG had accepted the revised bid, more detailed engagement was commenced to refine the project specification. Emerging findings are presented within this report, but further work will be required before investing significant funding in the development of detailed proposals for both the creative centre and the underpass improvements. Cabinet is requested to accept the grant even though detailed specifications are not available at this stage. A further report will be brought to Cabinet to consider the project as this detail progresses and seek the necessary decision approvals.

2. Introduction

- 2.1 Members will recall that in August 2019 the Ministry of Housing Communities and Local Government awarded the council £150,000 to develop a detailed business case for submission to the Future High Streets Fund. This award was initially intended to support the development of a proposal for a land bridge over the A20, with estimated capital cost of £25m. However, following submission of a draft business case in March 2020, MHCLG cautioned that the amount of funding requested was the absolute maximum allowable from FHSF, the scheme was oversubscribed and that the requirement to attract significant 'match funding' would be particularly strong for a bid of this size.
- 2.2 Following approval by Cabinet in June 2020, proposals for a package of smaller connected projects was prepared and then submitted to MHCLG in July 2020. Four projects were proposed that would deliver transformational integration in Dover by completing the jigsaw of high street improvement by increasing socio-economic performance through an enhanced cultural and creative offer. They comprised enhancement to the existing underpass, improving connectivity between town centre & waterfront, a creative centre on Bench Street, a start-up centre on Biggin Street and a better public realm connection from York Street to Biggin Street via Roman Painted House. The total project budget was calculated as £7.13m of which £4.63m was requested from the Ministry of Housing Communities and Local Government, with the remainder funded through the Council's Medium-Term Financial Plan.
- 2.3 Development of the application was informed by stakeholder engagement and the submission was accompanied by letters of support including from Kent County Council, the South East Local Enterprise Partnership, Kent and Medway Economic Partnership, Highways England, English Heritage, Dover Town Council, Port of Dover and Dover Town Team, as well as arts organisations including Future Foundry and Dover Arts Development.
- 2.4 On 26th December 2020 MHCLG wrote to the Council setting out an in-principle offer to the value of 69% of the requested sum, subject to receipt of an acceptable revised proposal. In response, the Council submitted a bid seeking funding towards two of the previously proposed projects: construction of a new creative centre on Bench Street and improvements to the underpass beneath the A20. The rationale for selecting these two projects was that they best met the strategic objectives of the funding scheme and the original overall project objective of improving inter-accessibility between the sea front and town centre. In addition, these two projects also gave best value for money, strengthening the economic case and are highly deliverable because the necessary land is in public ownership; the Council owns the land at Bench Street and the underpass is owned by Highways England.
- 2.5 These projects will, alongside wider initiatives being pursued by the Council, transform the high street and town centre. The Maison Dieu project was recently allocated National Lottery Heritage Funding, to support restoration with a total project value of

£9.1m and the Market Square renovation is almost ready to commence construction. Together the various initiatives, along with the St James development, will maximise the benefits of the linear high street, encouraging footfall along its length. The combination of an improved gateway and a southern 'hub' for the high street will diversify the way in which Cannon Street is used. In addition, development of the creative centre would also represent the first development within the allocated development site of Dover Waterfront.

- 2.6 On 19th May 2021 MHCLG wrote to the MP for Dover stating that the updated proposal had been approved. On 2nd June MHCLG wrote to the Council stating that a sum of £3,196,497 had been awarded under Section 31 of the Local Government Act 2003. A copy of the Section 31 Grant Determination for the current financial year was attached, including the relevant grant conditions. An associated Memorandum of Understanding covering the current financial year was supplied, with instructions to return a signed copy by 30th June. The first payment of £697,297 was made on 8 June.
- 2.7 The submitted delivery programme was developed in the context of anticipated early commencement following a funding decision by MHCLG during the Autumn of 2020 and completion by the end of the funding period in March 2024. However, the delayed decision regarding an award was not accompanied by an extension to the end date. Completion will not now be possible within the stated project period, i.e. before March 2024. This issue has been raised informally with the project officer at MHCLG, who recognised that changes to the agreed project programme would be necessary for numerous local authorities that have been awarded grants, but stated that MHCLG has not yet put measures in place to deal with change requests.

3. **Progress to Date**

- 3.1 Given the need to progress quickly, the Council has recently appointed consultants to undertake initial feasibility work on the Creative Centre in Bench Street, to better understand how this space could be used, taking account of art & culture provision in the area. Stakeholder engagement work is underway at the time of writing this report, expanding on consultees who were involved with the original submission to MHCLG. A series of meetings via teams, phone calls and exchange of emails have been arranged. An early business case will be prepared with a high level appraisal of options resulting in a recommended preferred way forward.
- 3.2 Further engagement has commenced with KCC Highways & Highways England as key stakeholders in respect of improvements to the A20 underpass. This is helping to research key focus objectives and define options to address drainage issues, improve the lighting scheme, and improve the overall face of the underpass to make it more attractive and provide a more pleasant and safe experience for the user. Some ideas for improvements are also emerging from discussions with stakeholders on the Creative Centre on Bench Street given that both areas are connected.
- 3.3 A clear and consistent steer has been provided by a wide range of stakeholders, from Dover's creative and artistic community, in terms of what facilities should be provided at the Bench Street site.
- 3.4 The key features to be considered for the proposed centre are listed in the following paragraphs.
- 3.5 Outline Schedule of Accommodation

- Café

- Kitchen prep/store
- Retail
- Equipment storage
- Cleaners store
- Main flexible space (exhibitions/meetings/functions/gallery/presentation)
- Public W/Cs
- Buggy Store
- Circulation/stairs to upper floors
- Studio/making spaces on the first floor (where applicable)
- Residential accommodation (where applicable).

Other features and design considerations, raised by consultees, are listed below

- Glazed street frontage to maximise view in and out of the space
- Equipment required to support the activities in the space
- Easily moveable display mountings for multi-purpose use of the space
- Easily stacking furniture
- Suitable lighting WIFI, IT and audio-visual equipment
- Maximise use of natural light
- An attractive an interesting aspect to the northern end of the building to attract visitors from surrounding areas
- Maximise links to the Bench Street frontage
- Control of noise breakout to residential areas above

4. **Next Steps**

- 4.1 Should Cabinet agree to accepting the grant, the focus of next steps will involve concluding the findings from the initial feasibility study to provide the recommended way forward for the preferred type of Creative Centre on Bench Street. Engagement will also continue with KCC Highways and Highways England to gain a greater understanding of the way in which the works could be taken forward. The findings and details from this on-going work will be provided in future cabinet reports for approval at project milestones. It is anticipated the next report to Members will follow before the end of this year.

5. **Project Risks**

- 5.1 The Council will work towards agreeing with MHCLG a project specification that can be delivered within budget. Members should be aware that due to delays in MHCLG determining the grant application, it will not be possible to deliver within the timescales attached to the funding award. Officers will liaise with MHCLG to negotiate an extension to the timescale. Should it not prove possible to reach agreement with MHCLG, it would be necessary to return the first grant payment and any expenses incurred in developing initial feasibility work on the Creative Centre and Underpass.
- 5.2 The memorandum of understanding forwarded to the Council last month covers only financial year 2021/22; before committing to major expenditure, it will be necessary to gain a greater understanding of the risk of MHCLG declining to fund future years of the project.

6. **Identification of Options**

- 6.1 Option 1: To approve the project in principle, permit the Council to receive the grant of £3.2m from the Future High Street Fund, to commit £1.7m towards the project and draw down up to £250k from MTCP to take the project into the next stages of work
- 6.2 This is the preferred option as it will enable the Council to deliver part of a wider objective of supporting a comprehensive approach to place making in the town centre, maximising the benefits of the linear high street, encouraging footfall and complimentary investment along its length. This will help to capture benefits and opportunities brought forward by the St James town centre regeneration scheme as well as initiatives such as the Maison Dieu project, the proposed Market Square renovation and recent highway improvements undertaken elsewhere in Biggin Street. Development of a creative centre at Bench Street would also represent the first development within the allocated development site of Dover Waterfront
- 6.3 Option 2: Not to approve the project in principle and to decline to receive the grant of £3.2m and return the first payment of £697k
- 6.4 This option is not recommended because the current appearance and functionality of the seaward end of the high street does not meet the aspirations of the Council, residents, businesses and visitors alike. It would also send out the wrong message to Government in relation to other funding bids that have been progressed in the current Brexit related environment.

7. **Resource Implications**

- 7.1 The grant from MHCLG is £3.2m and there is currently £1.7m allocated in the mid-term capital programme. A further £25k will be requested in the 22/23 budget to meet the match funding requirement of £1.725k
- 7.2 The sum of £250k required to support the next stages of the project can be resourced from the first MHCLG grant payment of £697,297 made on 8 June.
- 7.3 The longer-term cost implication concerns maintenance of the creative centre and any additional maintenance liabilities that may arise due to renovation of the A20 underpass. A business plan will be developed for consideration alongside the detailed design proposals as this project progresses.
- 7.4 As with any major project there is a risk of tenders coming in higher than budgeted resulting in a capital overspend. The budget will be closely monitored throughout the project and any requirements for additional resources will be reported to Members as appropriate.

8. **Climate Change and Environmental Implications**

- 9. 8.1 Design development work would seek to deliver sustainable solutions and involve sustainable engineering, thus it will contribute to the Council Climate Change objectives.

10. **Corporate Implications**

- 10.1 Comment from the Section 151 Officer: When the business case/feasibility study for the creative centre is completed, and a projection of the annual surplus or deficit has been prepared, Members will be able to consider this in the context of the Council's wider budget pressures. Approval to accept the MHCLG grant does not commit the Council to proceeding with the project. (MD)

- 10.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.
- 10.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

11. **Appendices**

None.

12. **Background Papers**

None.

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