



Report to Cabinet

Date: 20th July 21

Reference number: N/A

Title: Future High Street Fund Initial Programme

Relevant councillor(s): John Chilver – Cabinet Member for Resources

Author and/or contact officer: Charles Brocklehurst, Interim Head of Special Projects / Lisa Michelson, Service Director Economic Growth and Regeneration

Recommendations:

- To note the progress of the Future High Streets programme in High Wycombe and ahead of a further report which will establish the programme and governance in September 2021.
- To progress with a first tranche of spend for the grant (as outlined in Annex 1) and therefore to delegate:
 1. to the Director of Property, in consultation with the Cabinet Member for Property & Assets and the Section 151 Officer, the submission of offers to purchase the properties listed in Annex 1, subject to exchange of contracts being conditional upon Future High Streets grant first being received by the Council from MHCLG.
 2. to the Section 151 Officer, authority to sign the MHCLG Future High Streets grant offer agreement, as set out in para 5 and to draw down on the first year's allocation.
 3. to delegate to the Director of Property & Assets, the appointment of external consultants to undertake development management, valuations, due diligence and lettings, to be funded by the Future High Streets grant.
 4. to the Director of Property and Assets in consultation with the Cabinet Member for Property and Assets and Section 151 Officer authority to exchange contracts and complete on the proposed acquisitions set out in this report
 5. to the Director of Property and Assets in consultation with the Cabinet Member for Property and Assets and Section 151 Officer authority undertake the tendering, selection and appointment of buildings contractors to undertake the refurbishment (subject to planning, if required) of acquisitions, once purchases have been completed.

EXECUTIVE SUMMARY

The Council are about to receive the first tranche (£6.7m) of MHCLG's Future High Streets Fund (FHSF) grant (totalling £11.8m over three years). The grant is based on a specified development programme. 2021-22 involves a series of proposed property acquisitions (**see Annex 1**). To progress these acquisitions, in order to meet the FHSF delivery programme (and thereby secure subsequent year's grant), delegated approval is required. A further report on the programme and its resourcing/governance arrangements will be made to September Cabinet.

Background

1. Following the submission of a successful expression of interest and award of feasibility funding to Wycombe District Council in 2019, a full bid was made by Buckinghamshire Council to the Ministry of Housing, Communities and Local Government (MHCLG) in July 2020 for £17.2m of capital funding for Future High Streets Funding (FHSF) for High Wycombe. The bid process was thorough and required the application of Treasury Green Book analysis and quantification of options, to ensure strong benefit cost ratios and value for money. At the time of submission, a decision was due from MHCLG in the autumn. Covid-19 introduced a period of delay in to this process.
2. To comply with the criteria of the fund, the bid set out an ambitious but realistic (i.e. deliverable by 31st March 2024) programme of interventions to tackle identified market failure, to address long-term vacant retail sites (and a nightclub) and underutilised historic building undercroft space in High Wycombe High Street. A key objective for the initiative is to consider the balance of retail provision in the context a number of issues including new pressures on co-working space, independent food and drink/retail, street markets, and town centre residential. (**Annex 3**)
3. A set of specific 'rebalancing' objectives were developed for the town centre and these link to and aid the achievement of the 'Better High Streets' principle in the Regeneration Strategy for High Wycombe, that was being developed concurrently to the FHSF proposal work (**Annex 4**)
4. The bid also included £3.4m Council Capital contribution (provided for in the Capital Programme) and £400k of private sector funding to generate a total programme of £21m.
5. On 26 December 2020, an announcement was made by MHCLG that funds were allocated to the High Wycombe bid at a level of 69% of the total ask, amounting to £11.8m (or a total programme of £15.4m).
6. In order to receive the smaller allocation, the Council was required to revise the bid to match the reduced funding envelop (illustrated in **Figure 1 and 2 in Annex 2**). In summary, the revised bid shown in **Confidential Annex 1a**

7. This revised proposal was submitted in January in order to enable a funding release in February. Subsequently, MHCLG clarified that the timetable for distributing the funding meant that this was pushed to May (now June). The Council has confirmation of the funding on 1 April 2021. This includes a draft Grant Agreement.
8. The FHSF allocation has to be spent by 31 March 2024 – and the delivery programme is frontloaded to spend this first. The grant will be annual, dependent upon the prior year's performance. Due to the protracted nature of the Government 'competition' to secure funding and, even in spite of Covid-19, some of the original properties targeted for acquisition have been picked up by the market. Wycombe will not be alone in this regard and MHCLG have acknowledged that a process will be put in place to swap out interventions to enable progress to be made ('substitutions'). The current updated programme is set out in **Confidential Annex 1b**
9. **The intervention projects set out in Annex 1 are not the usual commercial property investment propositions. They are primarily regeneration schemes (with socio-economic outcomes), so standard risk/reward commercial returns do not apply. Each project will have a project development appraisal, key to which is minimising risk exposure to overspend, relative to FHSF monies available. Not the usual Business Case, nor dependent upon external property consultant's advice, more typical when the Council is investing its own Property Fund. The indicative projects have all been through MHCLG's Green Book Treasury appraisal process and already carry MHCLG sign-off.**

Next steps

10. MHCLG have now confirmed that they will release funding in early June/July. By then, the Council will have to sign a Grant Agreement and Memorandum of Understanding. The latter will include annexed documents comprising (a) Spend Profiling (b) Work Plan and (c) Risk Register.
11. As the programme largely depends on acquiring properties, there is the potential for individual projects to change or be substituted for other opportunities as they arise. In parallel with the property acquisition programme, work will commence on working up detailed designs and procuring refurbishment works.

Your questions and views

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk].

ANNEX 2

Programme Overview

12. Projects are grouped into three geographic intervention areas:

(1) Project Area 1: The Western Gateway

Addressing vacant buildings at a key gateway (orange in chart / on map)

(2) Project Area 2: Old Town, New Town

Using the experience economy to draw people to the High Street (red in chart / on map) and

(3) Project Area 3: The Southern Gateway

Establishing an arts culture and entertainment cluster, to increase footfall and dwell time (purple in chart / on map).

The full original and revised downsized programme to match the fund allocation are shown over the page although we believe there is potential to 'substitute' some elements back into the programme and seek consultation with MHCLG on this:

Figure 1: Scope of original bid = £17.2m FHSF

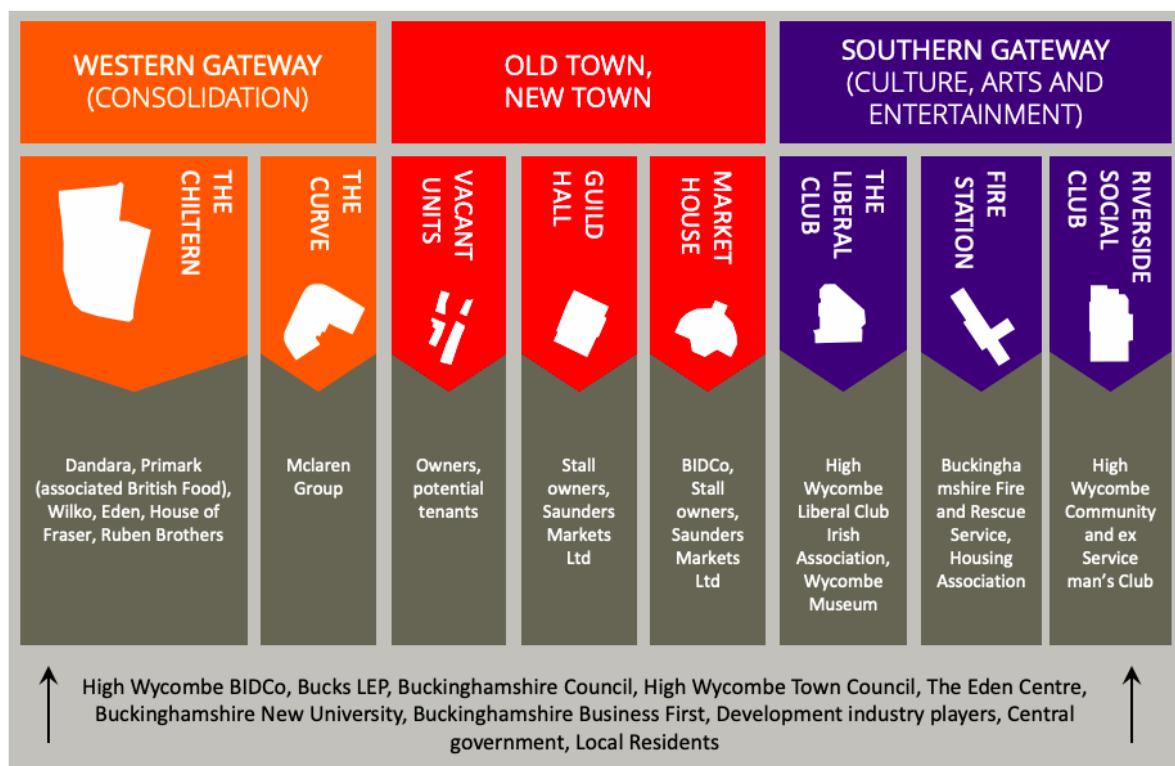
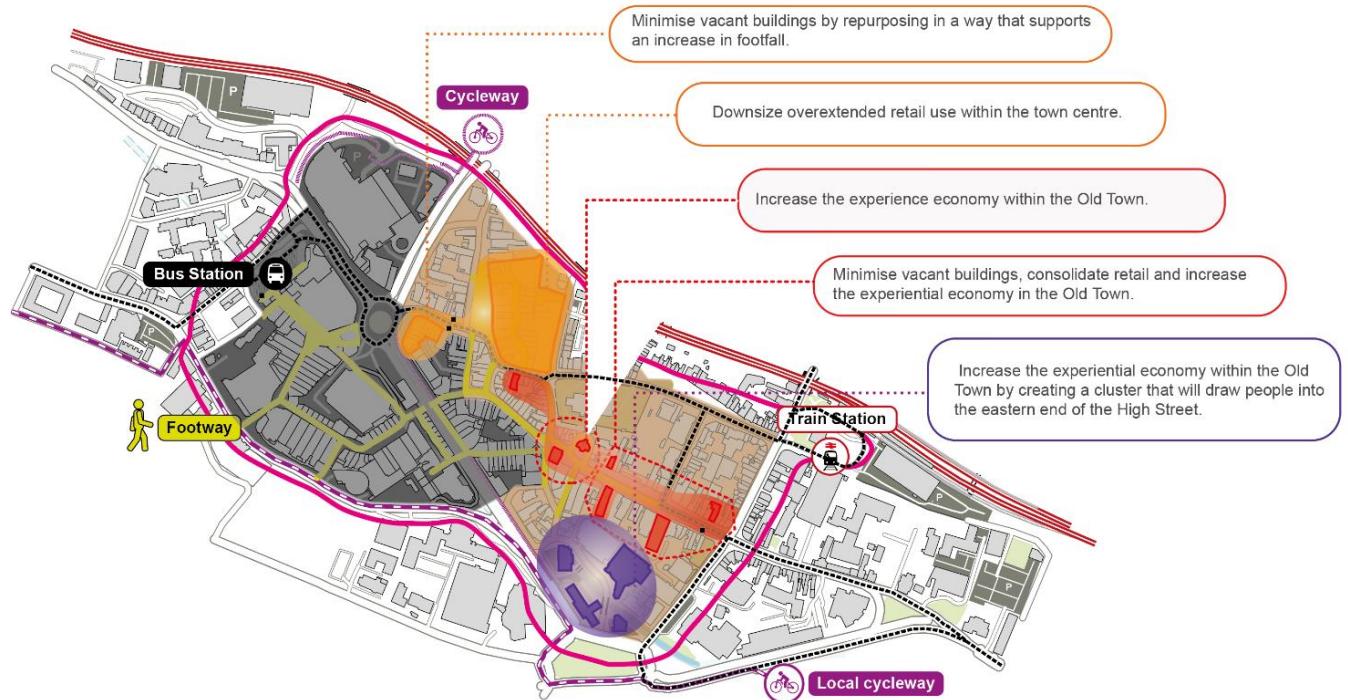
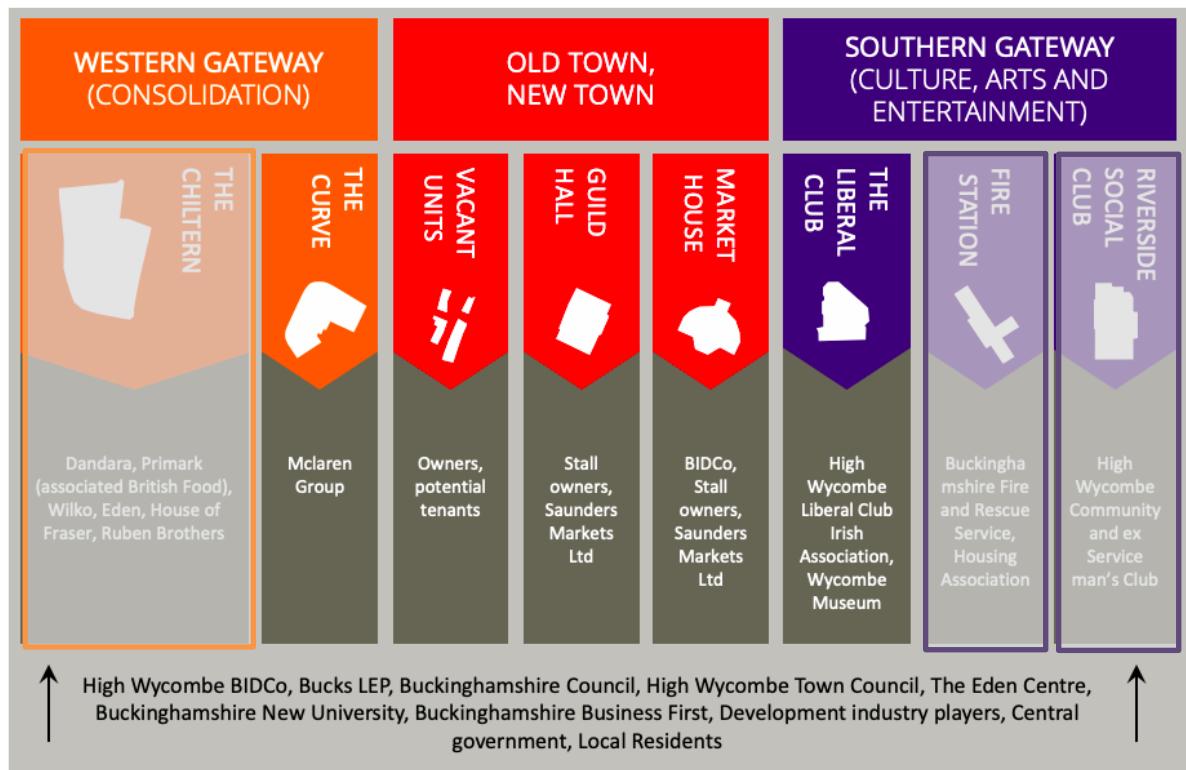


Figure 2: Scope of revised down bid = £11.8m FHSF – with potential for elements of greyed out schemes to be substituted back in



Project Area 1: The Western Gateway - addressing vacant buildings at a key gateway

13. This project specifically seeks to remove redundant, vacant space at the Western Gateway.
14. The preferred options for this intervention area included:

- (a) repurposing the ex-Octagon Parade building (re-branded by its owners as 'The Curve'), a former nightclub at the apex of the Western Gateway, which has been vacant since 2011 and
- (b) unblocking the commercial viability of a scheme to comprehensively redevelop the redundant 7,035sqm Chiltern Shopping Centre, along with the adjacent Primark building (owned by Eden) - replacing them with residential development and relocating Primark (and potentially Wilko) into Eden.

The requirement to reduce the scope of our interventions to match available funds meant that (b) dropped out of the programme. However, it remains a key ambition – as the largest single transformation project in the town centre – so it is proposed that it be re-submitted as a substitution (see 12. below).

15. The owners of The Curve site (McLaren Property), have now confirmed that they have another buyer. So, this £5m/100% FHSF funded project has fallen out of the FHSF programme, releasing its FHSF allocation for 'substitutions'.
16. Because facilitating comprehensive development of the redundant Chiltern Shopping Centre and adjacent Primark building remains a key ambition for the town, the intention is to substitute The Curve with 'gap funding' that project. The original FHSF bid had been based on the Council, using FHSF monies, 'forward purchasing' the small unit commercial ground floorspace in the proposed redevelopment, to improve the scheme's financial viability. The proposed forward purchase would have enabled Primark (and potentially Wilko) to relocate into Eden and would unlock the provision of circa 300 homes within the Town Centre, bringing an estimated £56m of investment into the Town Centre.
17. Without the FHSF funding, the project will be unable to progress forward to a comprehensive redevelopment and the scale of investment in the town is unlikely to manifest. However rather than forward purchase its commercial elements, it is now proposed that the Council acquire the Primark building for its investment value (c£7.5m) and simultaneously dispose of it to the developers of Chiltern Shopping Centre for its lesser redevelopment value (c£4.5m), using the FHSF grant released from The Curve to 'plug the gap'. Legal advice is being sought on this proposed funding mechanism. The aim being to get MHCLG agreement to it and then seek Cabinet approval in July.

Project Area 2: Old Town, New Town - using the experience economy to draw people to the High Street.

18. The 'Old Town, New Town' programme aims to address one of the fundamental challenges within the High Wycombe High Street: the provision of Eden in 2008 has created a footfall draw for the town, but this does not translate past the doors of the shopping centre.
19. To address this, the intervention continues the Council's successful 'Retail Recycling Units Fund' (RRUF) track record, which acquired and re-purposed vacant properties for alternative uses, including food & beverage, experience-based uses and, if necessary, uses that will support the Covid-19 recovery – reducing the provision of former outdated retail

units by providing alternative users that are complementary to, but not in competition with the significant mainstream retail available in Eden.

20. Two of the original High Street target acquisitions on which we had started negotiations (Argos and Helen and Douglas House) are no longer available, but progress has been made on other potential acquisitions with initial appraisals attached at Annex 1:

- 16 Church Street
- 37 High Street
- 7 & 8 High Street

4 High Street (formerly Boots the Chemist) is another target, but whilst the Boots lease is still paying rent, its owners are unwilling to sell at an acceptable price. It is adjacent to a Council enabled scheme at 2/3 High Street (Architectural Heritage Fund).

21. An issue that the Council will face with RRUF2 is the potential for vendors to be unwilling to crystallize losses on their investments i.e. their ‘Book Cost’ exceeding current market value. Council intervention may require purchase prices in excess of independent open market ‘Red Book’ valuations (which post Covid are difficult to determine, so will err on the conservative and are slow to obtain). It is accepted practice that a local authority can pay a ‘buyer’s premium’ in such circumstances (as against instigating resort to administratively expensive compulsory purchases).

22. The proposed RRUF freehold acquisitions are likely to involve purchase prices of between £0.45m - £0.65m each, with refurbishment/contingency budgets estimated as much again. As such, it is not practical to revert individually to Cabinet for such small scale individual approvals (or seek ‘Red Book’ valuations). The pressure of time upon the FHSF delivery programme, coupled with its small delivery team, means that a delegated approval process is required for RRUF2 acquisitions based on Property & Assets Director sign off with consultation with the Cabinet Member for Resources and the S151 Officer. Indicative sums involved are shown in Annex 1 below. Offers need to be made to landowners for RRUF acquisitions in June, to meet the FHSF delivery programme. They will be conditional upon FHSF monies being received by the Council.

23. Note, such interventions do not meet usual investment criteria (in terms of income yield on cost). If they did, the market would undertake the projects. The key is to get the FHSF monies invested whilst minimising the risk of cost overruns to the Council.

24. The FHSF programme will seek to maximise the location of the Old Town’s heritage assets, using them to create a flexible modern day ‘agora’ within the town. The Guildhall and Little Market House are located just at the seam between Eden and the Old Town. The FHSF programme will re-present the High Street market by bringing the spaces underneath both these listed building into active and aesthetically pleasing use. This will enable the area to create a critical mass of activity just outside the door of Eden, creating a space that attracts the attention and draws people further into the High Street. The buildings are both Listed

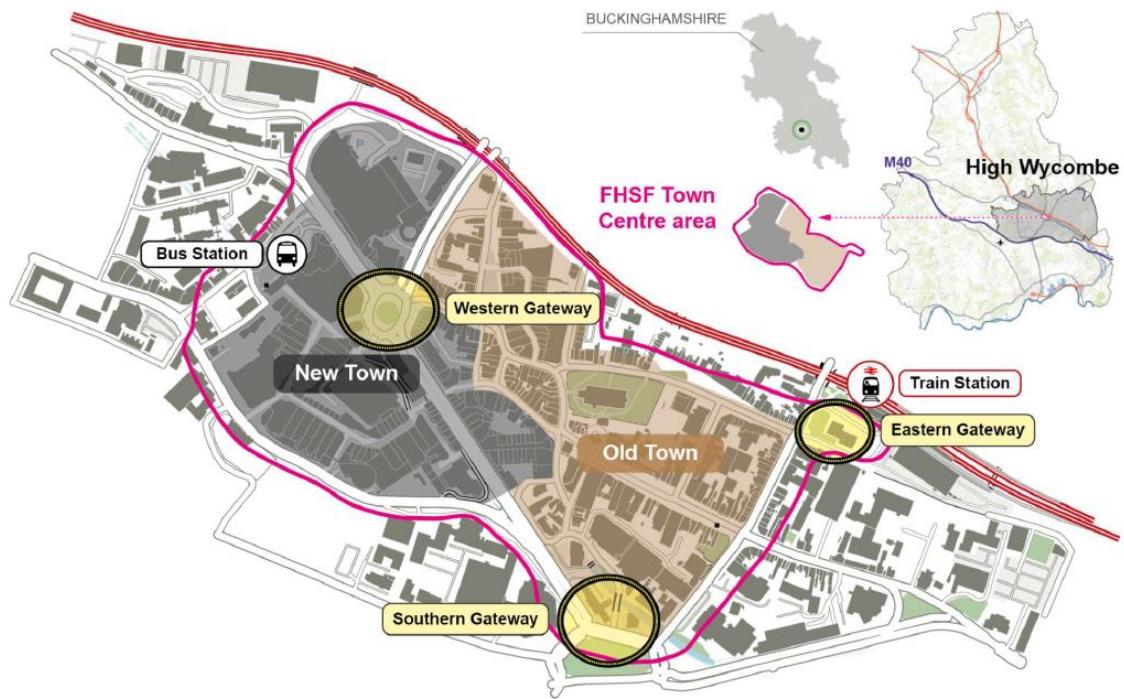
and proposals for their undercrofts may require Listed Building Consent (which carries planning risk). So, these are programmed to be 2022/23 projects.

Project Area 3: The Southern Gateway - establishing a cultural cluster to increase footfall and dwell time.

25. The full FHSF proposal sought to create an Arts, Culture and Entertainment cluster, based upon the existing Swan Theatre at the Southern Gateway. Last year, pre Covid, the Council got close to securing an option one of the buildings, the High Wycombe Social Club (HWSC – better known as the former Liberal Club), with plans for its unused first floor and attic rooms to be converted into restoration workshops ('Artizone' – Wycombe's answer to the Repair Shop?) and the former ballroom into potential exhibition space display for the town's Chair Collection, above a newly modernised social club. This aim having been to preserve the town's rich history as the key furniture making area within the UK. HWSC are still willing to proceed with a 'sale & leaseback', subject to internal Committee approval, releasing the first floor for alternative use and leasing back the ground floor (reinvesting half the disposal receipts in its refurbishment). Given the uncertainty over the feasibility of displaying the Chair Collection, discussions have commenced with an alternative potential commercial occupier. An indication of the sum involved in the acquisition is included in Annex 1 below. In addition, the Council will be required to 'co-fund' the refurbishment works, using its own monies allocated for FHSF in the Capital Programme. Approval to proceed will be sought in a September Cabinet report, once detailed terms have been agreed with HWSC, based on a fully costed scheme and more certain occupier for the first floor.
26. Another element of the Southern Gateway that cannot currently be met with the reduced FHSF allocation – but remains an aspiration for the Southern Gateway jigsaw – is 'enveloping' the fire station and developing its airspace (as affordable housing) and upgrading the exterior of Riverside Club (formerly The British Legion Club). The aim being to re-route vehicular access to Swan MSCP and thereby create a new riverside 'piazza' in front of the Swan Theatre, enabling more pedestrianisation of the St Mary Street Arts Cultural Entertainment zone, which links the High Street to the university. This aim may be met in due course under the proposed substitution of projects.

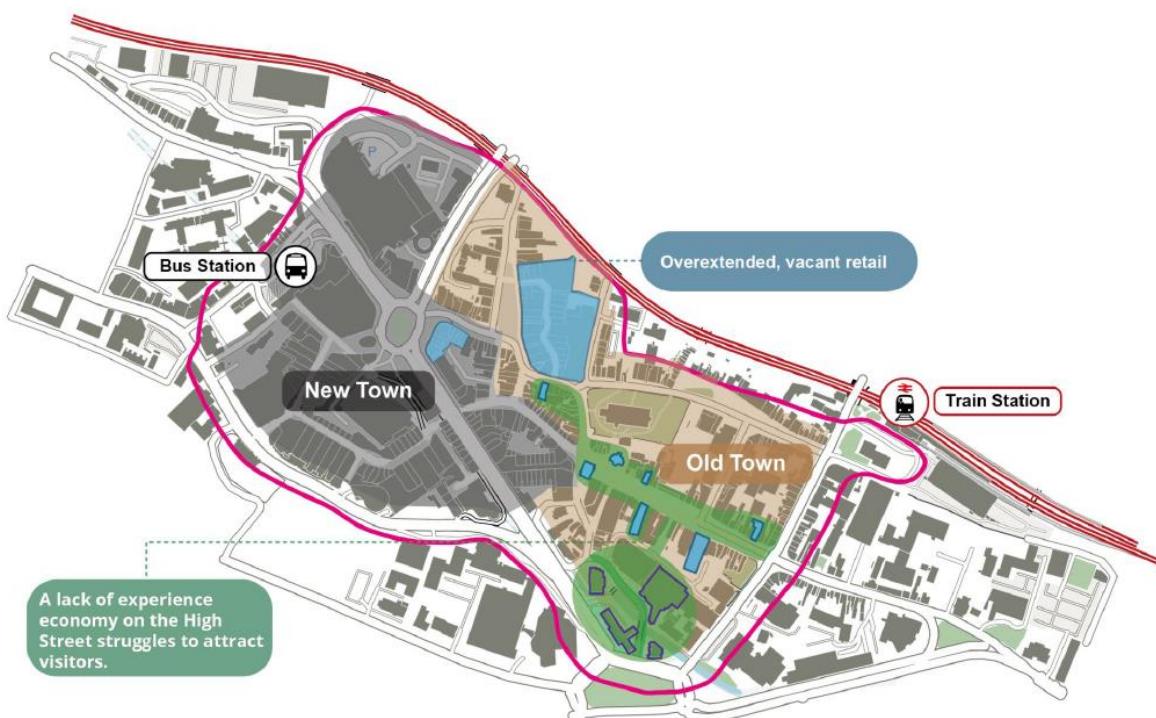
Annex 2

Map 1: Extent of the High Wycombe FHSF intervention area

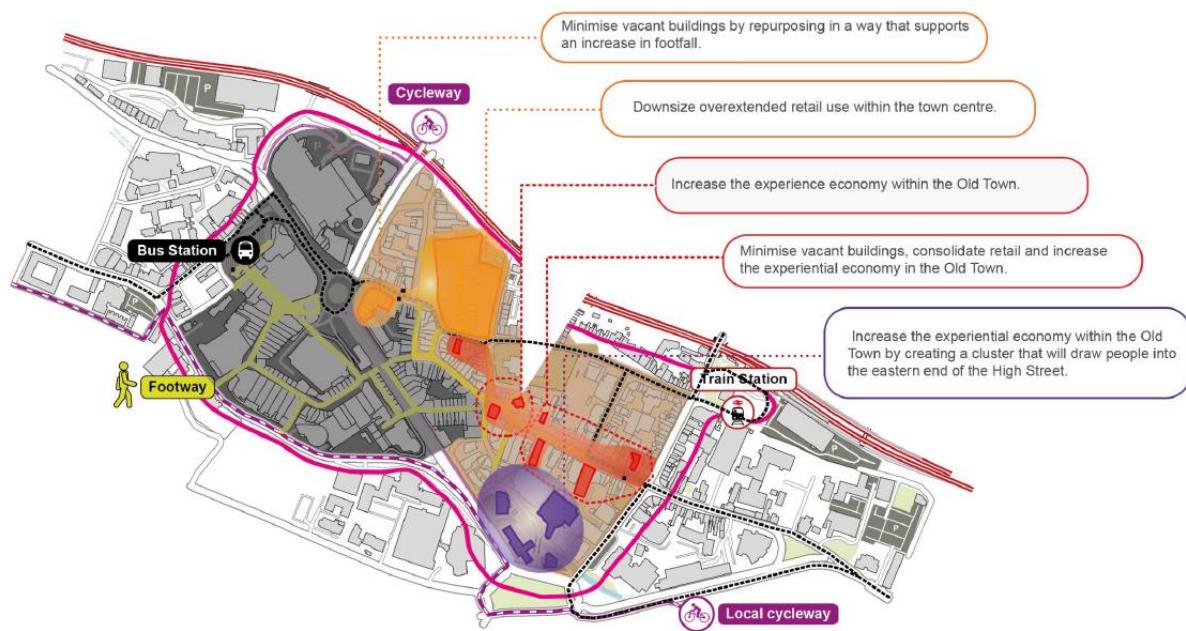


Map 2: Key challenges faced in the high street

A town of two parts _with a significant footfall draw to Eden – but the High Street struggles to draw visitors out of the shopping centre



Map 3: Proposed interventions to address identified market failures



Annex 3

High Wycombe Town centre vision and ambition for change (March 2019)

Our vision for change is focussed on **rebalancing** High Wycombe to create a dynamic, vibrant and welcoming town centre for all.

Ambitions for change: rebalancing High Wycombe town centre

We have developed seven ambitions that provide a framework and hooks for working with both partners and the private sector to address the challenges identified for High Wycombe town centre.

Not all of these will be addressed by structural change alone – but the improved perception they create will be key to help us support the social and human challenges identified in our town. This includes working with HWBIDCo and Eden to improve marketing/promotion of the town centre.

One: new town and old town

{Retaining existing brands and space for new independent traders}

Two: new homes and co-working space

{Boosting resident and worker footfall in the day and evening}

Three: weekday convenience and weekend experience

{Comparison town and an experience and event town}

Four: generation of today and the generation of tomorrow

{Young / Old / Intergenerational / Instagram-worthy town}

Five: accessibility and linkage #

{Better together and Welcome to Wycombe}

Six: clean and green

{Easy access / green transport options / clean air and environment}

Seven: financial and community return on investment

{Sustainable finance models}

Note: Our expression of interest included an intervention for free street Wi-Fi to enable digital wayfinding # and an innovation to bring the first autonomous bus to Buckinghamshire ##. Although initially agreed by MHCLG these project intervention areas were removed following feedback on the draft business case submission.

Strategic fit

Our re-balancing vision aligns with and supports the aspirations in a suite of existing strategies and plans. Some of these give us policy hooks for additional funding opportunities, such as CIL and Local Growth Fund monies, should a further call be made.

These include:

- The approved **new Local Plan** has an objective to *champion our town centres*. The Local Plan focuses the highest proportion of *housing growth* (around 60%) around High Wycombe and identifies the town centre as a key location to deliver *quality office accommodation*.
- The **High Wycombe Town Centre Masterplan (HWTCMP)** forms part of the statutory development plan (as part of the Wycombe Delivery and Site Allocation Plan) allocates a range of sites *including key gateway development sites* referred to in this EOI vision.
- The County Council's **Local Transport Plan 4** sets out the high level approach to ensuring there is an *efficient and effective transport network* across the county. Delivering more *sustainable modes of transport*, highlighted extensively in LTP4.
- The BTVLEP (as part of the Oxford–Cambridge Arc) are one of three pilots currently co-creating a **Local Industrial Strategy** with Government. The ambition to 2050 of "*Towns with a creative buzz* which support a wider economic ecosystem" and the "*revitalisation of the centres of High Wycombe and Aylesbury*" aligns with our vision.
- This month (March 2019) the Council begins work on a Regeneration Strategy for our key towns and are working in partnership with BCC to develop a new Transport Strategy for the High Wycombe Urban Area. Both look forward to 2050 and will be underpinned by deliverables that will improve our town centre. Shared visioning work is the first step for both of these and the ambitions developed with the support of partners as set out will be fed into this process.

Annex 4 : Regeneration Strategy 2020 - 2050:

High Wycombe, Princes Risborough and Marlow (October 2019)

Five Ambitions for 2020 – 2050:



Page 9: “**Better Town Centres** principle enables us to deliver our Future High Street ambitions to rebalance High Wycombe: the new town and old town; new homes and co-working space; weekday convenience and weekend experience; generation of today and generation of tomorrow; accessibility and linkage; clean and green and financial and community return on investment”