



## Report to Cabinet

<b>Date:</b>	Cabinet – 15th February
<b>Title:</b>	Future High Streets
<b>Cabinet Member(s):</b>	Cllr John Chilver; Cllr Gareth Williams
<b>Contact officer:</b>	Charles Brocklehurst
<b>Ward(s) affected:</b>	Abbey Ward
<b>Recommendations:</b>	<p><b>The Director of Property and Assets is authorised in consultation with the Deputy Leader and Cabinet Member for Planning and Regeneration, and Cabinet Member for Finance, Resources, Property and Assets and the S151 Officer to:</b></p> <ol style="list-style-type: none"><li><b>1. Agree Heads of Terms, authorise and undertake necessary due diligence, agree contracts and exchange and complete contracts for the investment of Wycombe’s Future High Streets monies into the Eden Centre for the reasons set out in this report and in the confidential appendix to this report.</b></li><li><b>2. Agree Heads of Terms, agree contracts, exchange, and complete the disposal of 6-8 Frogmoor, High Wycombe for the reasons set out in this report and in the confidential appendix to this report.</b></li></ol>
<b>Reason for decision:</b>	The initial July 2021 Cabinet report on Future High Streets (‘FHS’) envisaged the need for further Cabinet approvals, to authorise other FHS projects

### **1. Executive summary**

- 1.1** In June 2021, the Council received from MHCLG, the first tranche of Wycombe’s Future High Streets grant (‘FHS’). This was reported upon to Cabinet in July 2021, pursuant to which progress has been made on part of the approved 3-year FHS

development programme (two vacant shop acquisitions have been acquired and are undergoing re-purposing).

- 1.2 It has not been possible to secure another targeted Year 1 project, but this may re-emerge as a project in 2022/23. Meanwhile, it is proposed that an alternative project be substituted (subject to Department for Levelling Up, Housing and Communities approval), to achieve Year 1 spend profile and thereby secure Year 2 grant. The proposed substitute project comprises the Council co-investing (alongside Eden's owners the long leasehold owners of the centre, the freeholders being the Council), in the proposed re-purposing of Eden's 13,000sm (140,000sqft) House of Fraser building in order to further economic activity and vitality in the town centre, as well as bringing forward much needed housing and associated benefits with re purposing underutilised space in the town centre
- 1.3 House of Fraser occupy the building on a temporary short term arrangement and there is no certainty that they will remain as tenant. Eden are in on-going discussions with them but regard it as prudent to look at alternative options. As with other shopping centres in the UK, these look at bringing in increased family friendly activity into the building. This will result in reduced retail floorspace, aimed at attracting a new anchor store.
- 1.4 The disposal of 6-8 Frogmoor will facilitate the redevelopment of Chiltern Shopping Centre for predominantly residential development, which will increase economic activity in the town centre and also reduce pressures on housing need elsewhere. Work is ongoing with the other tenants and operators that might be affected by the proposed redevelopment of the Chiltern Centre.
- 1.5 The terms of the proposed Eden co-investment, along with the terms of the proposed disposal of 6-8 Frogmoor to Dandara, which forms part of their redevelopment proposals, are set out in detail in the Confidential Annex.
- 1.6 The proposed investment and disposal will have a twofold regeneration benefit to the Council and the town centre. They will:
  - Create potential for new 'anchors' in Eden shopping centre. These will secure lease renewals/new leases with existing retailers in Eden, enhance its leisure offer and boost footfall, underpinning Eden as the town's largest retail destination. Incidental to this regeneration outcome, it will result in an enhanced ground rent payable to the Council.
  - unlock redevelopment of the Chilterns Shopping Centre site, removing large scale redundant retail floorspace, regenerating it with large scale in-town living, which will help drive vitality and economic activity. Incidental to this,

the redevelopment will generate for the Council both a capital receipt (from the disposal of 6-8 Frogmoor) and CIL/Section 106 monies.

## **2. Other options considered**

- 2.1 Do nothing – This is not the recommended option because the proposed investment in Eden will reinforce it as the main retail destination in the town centre and the Chiltern Centre is likely to continue to decline as a retail destination and a comprehensive development is unlikely to be achieved. Furthermore, the amount of residential development and thereby the economic activity and regeneration outcomes will be reduced.
- 2.2 Negotiate an alternative deal – This is not the recommended option for the reasons set out in the report.

## **3. Legal and financial implications**

- 3.1 The Council has received external legal property and procurement advice regarding the potential risk of State Subsidy rules (i.e. post Brexit State Aid), affecting the proposed Council intervention. Since the Council's co-investment can be said to be mainly for economic regeneration purposes (to rejuvenate Eden and in the process, facilitate redevelopment of Chiltern Shopping Centre), then the Council is performing a public function. As a result, the Council will not be deemed to be acting as a market operator (as it is not in a position of advantage as against other market operators).
- 3.2 Value for Money Considerations: This deal is for the purpose of regeneration and the use of the Future High Street Grant will deliver economic and social benefits to Wycombe Town Centre. The purpose of the Future High Street grant is to enable the Council to invest in Wycombe Town Centre and bridge the gap where the economic market fails to deliver regeneration activity.
- 3.3 Budget implications - Revenue: The repurposing of the House of Fraser building in the Eden centre will result in an increase in rental income for the centre. The Council will benefit from this by seeing an increase in its ground rent share, as set out in the confidential appendix. This will contribute towards the Council's assumption, built into the MTFP modelling on post-COVID rental income recovery, that the ground rent received from Eden Shopping Centre will make a healthy (but not full) recovery by 2024/25.
- 3.4 Budget implications – Capital: The deal includes a clawback protection such that, in the event of Eden disposing of their ground lease and making a gain, the Council will receive a share of this gain Should it materialise, this would be an unbudgeted Capital Receipt for the council. A clawback provision will also apply to the owners

of the Chiltern Shopping Centre, in the event of them selling-on their completed scheme.

- 3.5 The capital expenditure for this deal is funded from the Future High Street Grant, and is included in the Council's capital programme. The effect of substituting this project in the Future High Streets approved development programme will mean that the Council is going a long way towards delivering on its Year 1 spend commitments. Thus positioning itself well to receive Year 2 Future High Streets grant (which is performance based).

#### **4. Corporate implications**

- a) HR – None
- b) Climate change – None
- c) Sustainability – None
- d) Equality - None
- e) Data - None
- f) Value for money – Future High Street funding is not there to generate a financial return. It was granted to regenerate the town centre. There are considered to be significant benefits, which are the subject of this report, from the proposed rejuvenation of the Eden centre and redeveloping Chiltern Shopping Centre - together they will significantly enhance the regeneration and economic activity in the town centre

g) Risks

The proposals are multi-party (and complex), so there is a risk that they will not be achieved. All negotiations to date are subject to contract. Both Eden and Chiltern Shopping Centre are subject to planning (although the latter is known to have been the subject of extensive Pre-App consultation). Were the proposal not to come to fruition, it could put at risk next year's Future High Streets grant (at it is performance dependent).

#### **5. Local councillors & community boards consultation & views**

- 5.1 The proposal was reported in outline to Wycombe Regeneration Board on 11 November 2021.. Local Members were informed (as not all were present at the Board) that this report was forthcoming and a meeting was held with them on 27 February 2022, to discuss it. They are supportive.



## **6. Communication, engagement & further consultation**

- 6.1 If the application to Central Government is successful, further updates and presentations will be presented to the Wycombe Regeneration Board on the evolution of development, design, planning and delivery of both projects.

## **7. Next steps and review**

- 7.1 Obtain MHCLG approval; agree detailed Heads of Terms with Eden and Dandara; appoint external solicitors, with the aim of completing the transaction by 31 March 2022, to meet the FHS financial commitments programme.

## **8. Background papers**

Previous 20 July 2021 Cabinet paper on Future High Streets

## **9. Your questions and views (for key decisions)**

If you have any questions about the matters contained in this report please get in touch with the author of this report. This can be done by email

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