



Report to: Place and Economic Development Committee, 26th July 2021

Report of: Economic Development and Regeneration

Subject: FUTURE HIGH STREET FUND – INTERVENTION 4: PROPERTY ENHANCEMENT SCHEME (THE CROSS AND ANGEL STREET)

1. Recommendation

1.1 That Committee approves the Property Enhancement Scheme (The Cross and Angel Street) in the terms set out in this report and delegates authority to the Managing Director and Corporate Director of Finance and Resources, in consultation with the Chair and Vice Chair of the Committee, to finalise and implement the Scheme.

2. Background

2.1 Members will be aware that the Council's submission to the Future High Streets Fund (FHSF) has been successful and that £17.98m of Government grant funding has been awarded in support of its proposals which will be complemented by £11m of the Council's and other partners' own funding.

2.2 Building on the City Centre Masterplan and targeting the area around Angel Street, Angel Place, the Cross and Trinity House the FHSF proposes 7 interventions which seek to create an urban neighbourhood with a diverse leisure, cultural and residential offering. In doing so, the programme will help to rebalance economic activity, strengthen the links between different parts of the City and fill gaps in current provision. The programme will also support Worcester's recovery from Covid-19 through increasing the diversification of the city centre and rebalancing the economic profile of the area.

2.3 The Policy and Resources Committee has been receiving reports related to the FHSF programme and has approved funding terms as well as acquisitions of certain assets and commitment of expenditure to public realm. The Place and Economic Development Committee also has a remit in respect of the FHSF programme, where decisions relate to the economic outcomes and end uses of these assets. This report relates to the fourth intervention set out in the FHSF programme which is as follows:

Intervention 4 – Property Enhancement Scheme (Angel Street and The Cross)

Objective: Improvements to vacant and underused premises in the Northern Gateway area will encourage their re-use and improve the local environment, which will help to stimulate further private sector investment.

Summary: Worcester City Council will work with owners to identify and fund remediation works to bring vacant and underused buildings, many of which are historic properties, back into use. Owners would be expected to contribute towards this intervention, with the potential to also work with Historic England.

Funding allocated: up to £600,000.

2.4 This report sets out the proposed terms for the Property Enhancement Scheme, including eligibility, available funding and delivery. Delegated authority is sought to finalise and implement the Scheme in consultation with Chair and Vice Chair of the Committee.

3. Preferred Option

3.1 The preferred option has been developed by the officer team managing the FHSF programme, focussing on the required outcomes from the MHCLG funding and it has also drawn on experience of other similar schemes delivered elsewhere. In developing eligibility criteria, funding levels and delivery mechanisms it is important to strike a balance between the need to secure measurable outcomes in the timescales of the funding programme and the need to ensure that individual funding allocations are underpinned by suitably robust due diligence.

3.2 The FHSF area is a defined area set out in the Council's bid submission. Private owners of business premises within this area will be eligible to apply for funding which will facilitate the full use of their properties, bringing properties back into active use or improving their economic output. Tenants of such properties will also be considered, provided they have sufficient legal interest in their property to justify the investment being made.

3.3 Examples of the types of works which could be funded include:

- Works which facilitate full active use of vacant floorspace
- Provision of separate access to upper floors
- Access improvements to and around the building
- Repair of external elevations and roofing areas which improve the visual amenity of the property as well as facilitating occupancy
- Replacement/repair/repainting of external fabric/joinery (in suitable colour and/or materials)
- Incorporation of renewable and sustainable measures which promote a reduction in lifetime costs for future occupiers

3.4 Examples of the types of works which would not be eligible include:

- Land purchase or leasing
- Professional fees associated with the development and delivery of the project, including planning application fees, consultancy fees and advisory services
- Interest / banking fees
- Projects where contractors and funding is already in place to undertake the work
- Lighting within window displays
- Window display products and equipment
- Externally mounted security features

3.5 The amount of funding per application will need to strike a balance between ensuring good coverage and achieving noticeable impacts. The indicative maximum level of funding per application is proposed as £30,000 or 75% of the total costs of the works. This could be increased in exceptional cases where an additional level of investment would realise significant additional benefits for the overall FHSF programme. In those cases the Council is likely to work closely with applicants to secure the delivery mechanisms which would make the additional investment justified.

Because of the limited funding available, applications will be assessed by a grants panel that will consider whether the application:

- Will make a positive impact on the aesthetics and occupancy levels of the area
 - Offers value for money
 - Sympathetic to the local built environment and will improve the look of the property in line with the look and feel of the area
 - Guarantees that works will be carried out to a high standard and by reputable contractor
 - Ensures full use of the building
 - Can realistically be completed within a specified timescale.
- 3.6 Applicants will have to work with the Council to satisfy due diligence requirements including in relation to deliverability, consents and permissions and legal title. The Council may reserve the right to require the applicants to use an approved contractor for the work from the Council's own selected list. Applicants will be required to enter into a legal binding funding agreement which will commit them to deliver against specified timescales and outputs, in order to safeguard the commitments the Council has made to MHCLG in respect of the FHSF funding.

3.7 An indicative timeline is set out below:

- Sept 2021 Promotion of the Scheme -documents and social media
- Sept 2021 Letters sent to all premises on property gazeteer within grant area informing of scheme
- Sept 2021 Application Review Panel formed
- Oct 2021 Initial conversations with interested parties
- Nov 2021 Scheme formally open for applications
- Jan 2022 Second letters sent to all premises on property gazeteer within grant area informing of scheme
- June 2022 Grant scheme closes for applications

4. Alternative Options Considered

4.1 Level of funding:

Within the business case £600,000 was included for this intervention.

With such a figure various levels of funding and percentage of total costs were considered when creating the grant scheme.

It was concluded that the proposed 75% of total costs, of works, up to a maximum grant of £30,000 would result in property owners recognising that this level of grant would ensure sufficient returns to make it attractive as well as resulting in meaningful improvements to the properties to accord with the wider aims and

objectives of the FHSF project. This criteria can be flexed upwards in exceptional cases where additional investment would be justified against the overall FHSF outcomes. Lower awards can also be made.

4.2 Eligible works

The approach is considered a balanced approach which will respect the sensitive/historic nature of the area whilst allowing appropriate works to deliver improved accommodation which is attractive to the market as well as delivering the aims and objectives of the wider FHSF project.

5. Implications

5.1 Financial and Budgetary Implications

All grants will be fully funded from the FHSF award. An element of this funding will be retained so that it can fund the administrative costs of the Scheme (including Council's surveyors fees for example).

There are, therefore, no direct budget implications for the Council. Applicants will be responsible for any cost overruns or unfunded elements of the works.

5.2 Legal and Governance Implications

The Council has authority to make payments under the FHSF grant. The Council will ensure robust due diligence and legal binding arrangements are in place to secure best value outcomes and ensure works are undertaken against specified standards. The level of individual funding awards is not assessed as being likely to give rise to State Aid implications, but this will be checked on each individual application.

5.3 Risk Implications

There is a risk that grants are paid to non-eligible businesses or that funding is not properly applied once awarded and must subsequently be recovered. A process of identifying fraud risk has been established and is being implemented through the Worcestershire Internal Audit Shared Service. All organisations will be assessed for eligibility for grant through the application process and to provide evidence in support of their claim.

5.4 Corporate/Policy Implications

The proposals support the Council's objective of supporting local property owners and local businesses under the Prosperous City theme.

5.5 Equality Implications

None arising directly from the report. The Scheme provides the opportunity to support property owners and local businesses with specific protected characteristics but each application will need to be considered on a case-by-case basis within the overall objectives of the scheme. All works funded must meet Building Regulations standards for disability access.

5.6 Human Resources Implications

None arising directly from the report.

5.7 Health and Safety Implications

None arising directly from the report. The Council will ensure that appropriately qualified contractors are engaged to deliver the works funded through this Scheme.

5.8 Social, Environmental and Economic Implications

The recommendations in this report will support the Council's regeneration aims for this part of the city centre. The full implications of the FHSF programme have been previously reported to Members.

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Background Papers: None.