

**Report of the Director of City Development**

**Report to Executive Board**

**Date: 20 March 2019**

**Subject: Future High Street Fund**

Are specific electoral wards affected? If yes, name(s) of ward(s): Armley	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

- Members will be aware that on the 26 December 2018, the Government published their prospectus for the Future High Street Fund (the Fund). The Fund provides opportunities for investment in physical infrastructure to support the regeneration resilience and sustainability of local centres. In addition to this, supplementary guidance was published on the 7 February 2019, with further albeit more minor amendments issued on 15 February and 5 March. Given the lack of clarity, until recently, the Funds timescales have presented the council with very significant challenges in terms of the information, analysis and consultation required.
- The 26 December 2018 prospectus proposed that only one bid could be submitted for funding. Whilst the 7 February 2019 supplementary guidance increased this figure to five, the city has 60 town and local centres and as a result most areas will not have the opportunity to benefit from the Fund. Nonetheless, the Fund is an opportunity to secure significant investment for our town centres and high streets, in pursuit of our inclusive growth ambitions.
- Against this background, this report outlines the proposed approach to the submission of expressions of interest for the two bidding rounds announced, with the

first being on the 22 March 2019 and the second which, although still to be finalised, is expected to be in 2020.

4. High streets in our district centres play a critical role in the life of our city and they are central to the vibrancy and strength of our local economies. In recognition of this, our Inclusive Growth Strategy, highlights the importance of the retail and visitor economy as a key sector. Whilst Leeds City Centre is a significant part of Leeds' retail offer, it is important to also emphasise the role of local high streets and to identify the range of measures that can be taken by the council and wider stakeholders to enhance their viability and their potential to offer jobs and services close to where people live.
5. In light of the important role that local high streets play, the report outlines the proposed approach the Council will take to develop up to five expressions of interest to the Government, resulting in a recommendation of Armley Town Centre for submission in round one of the Fund, which has a deadline of 22 March 2019. This will be followed by the opportunity to develop up to four further expressions of interest for the second round in 2020, following wider engagement with Members and external stakeholders on the potential for further bids.

## **Recommendations**

Executive Board is recommended to:

- i. Endorse the approach to the assessment and shortlisting of local centres for their potential to meet the criteria for success under the Future High Street Fund, as outlined in paras 3.5-3.6 and Appendix 2.
- ii. Approve for submission of an expression of interest to the Future High Street Fund for Armley Town Centre on or before 22 March 2019.
- iii. Instruct officers to begin an engagement exercise with Members and external stakeholders to inform the Council's proposals for the second round of the Future High Street Fund.
- iv. Exempt the resolutions arising from this report from the 'Call-In' process, on the grounds of urgency, as detailed within sections 4.5.1 to 4.5.3 of this report.

## **1. Purpose of this report**

- 1.1 This paper sets out the terms of the government's Future High Street Fund and how it could help to facilitate the city's inclusive growth ambitions by supporting new investment and regeneration within our district centres and local high streets.

## **2. Background information**

- 2.1 Leeds has a broad-based diverse economy that has enabled the city to recover strongly from the recession creating a vibrant, successful city for innovation and enterprise. Leeds is rightly proud of its strengths in financial services, health and health technology, digital, cultural and creative sectors, retail and visitor economy and innovative manufacturing. Notwithstanding our economic successes, it is the case that nationally the retail sector is facing a challenging environment, which will impact on the retail economy in Leeds. Moreover, because inclusive growth is about making sure that everyone benefits from the economy, it is as important for us to focus on our challenges as it is our strengths when we think about how we grow our economy in an inclusive way.
- 2.2 One of the many important factors when considering this ambition is the role of our local centres. The 2011 census highlighted that a third (32%) of households had no access to a car and in many cases low incomes have a direct impact on mobility and access to the labour market and important services. This is recognised within the federal economy ambitions of the Inclusive Growth Strategy. The Strategy also highlights the need for investment in local centres to improve their viability and accessibility in order to enable local communities to maintain access to important services, shopping and other economic or social opportunities.
- 2.3 For many years the Council has recognised the importance of investing in its local centres to improve their vitality and viability. The Council-funded £11m Town & District Centre (T&DC) scheme for example and delivered improvements to 16 town and local centres across the district. Working with local businesses, communities and ward members this investment attracted over £6m of match funding enabling the creation of new affordable housing units, improved highway and pedestrian links, better security along with extensive public realm improvements, helping to sustain and improve the environment and performance of these centres. This work has highlighted the council's commitment to delivering local centre improvements, a programme that has also included two successful Townscape Heritage Initiatives (THIs) within Chapeltown and Armley.
- 2.4 Recognising the benefits and value in investing in local centres, in March 2017 Executive Board approved the £5m Local Centres Programme which will provide up to £150k per ward to enable targeted improvements to local and neighbourhood centres across the city. This funding will provide discrete resources to realise changes in the trading environment of centres, whilst enabling synergies between new and emerging programmes whether internally or externally funded, such as LPTIP and the Arts Council. Despite the benefits that can be realised through this programme, in some centres more substantial and transformational change is required to better position them to be resilient and to thrive in challenging economic conditions.
- 2.5 The Future High Street Fund was launched by the government on Boxing Day, 26 December 2018 to provide local authorities with funding to address the needs of local centres across the country, subject to a competitive bidding process. Further

supplementary guidance was issued on 7 February 2019 and included the expression of interest forms and more detailed guidance on the assessment criteria.

- 2.6 The supplementary guidance also opened up, for the first time, the possibility of Leeds submitting up to five bids in contrast to the original guidance that limited all local authorities to only being able to make 1 bid.
- 2.7 The opportunity for Leeds to make up to five expressions of interest is welcome; however, officers are mindful of the short timescale for bringing proposals forward and the limited opportunity this has provided to engage widely with all stakeholders across the city to inform our approach.
- 2.8 In summary, the Fund can contribute a maximum of £25m to each successful town centre or high street. Applications must be for town centres or high streets that are regarded as “facing significant challenges”. Major central business areas, such as the city centre, are not eligible, neither are small neighbourhood centres. There is an expectation that projects will be co-funded by the private or public sector and this will be taken into consideration as part of the government’s assessment of bids. There is no specific guidance on how much match funding is required at this stage.
- 2.9 The government has made £675m available through the Fund to invest in improvements to town centre infrastructure, reduce congestion, support redevelopment around high streets and enable housing and new workspaces to be created. However, it is worth noting that the government has also allocated approximately £55m of this funding to the Department for Digital, Culture, Media and Sport to support the regeneration of heritage high streets. Further details on how the heritage component will work is expected in April or May 2019.
- 2.10 The main part of the Fund will focus on three main investment themes, which are:
  - a. Investment in physical infrastructure, including improving public and other transport access, and other investment in physical infrastructure needed to support new housing and workspace development and the regeneration of heritage high streets
  - b. Investment in land assembly, supporting change of use including to support for the densification of residential and workspace around high streets in place of under-used retail units.
  - c. Supporting adaptation of the high street in response to changing technology
- 2.11 There will be two bidding rounds, each involving a two-phase application process. The first round begins with an expression of interest (EoI) which is required to be submitted by 22nd March 2019, with a second phase of the bid process in the summer for successful applicants. In the first round of the Fund, projects which are ‘shovel ready’ may be fast tracked for funding. A second round of bidding will be available, but this is not currently anticipated before 2020. Table 1 summarises the process and timescales.

**Table 1 - Bidding Rounds and Phases**

Activity	Dates
Applications for Phase 1 calls for local authorities to submit <b>expressions of interest</b> . Stage where places will be assessed on their need of funding, nature of the challenge and the vision for the future of the town centre.	<b>22<sup>nd</sup> March 2019</b>
Announcement of successful applications to move forward to <b>Phase 2</b> : For those who pass Phase 2, there will be an amount of revenue funding available to work up project proposals. Funding decisions will be based on project plans and business cases.	<b>Summer 2019</b>
To submit <b>first round of final business case</b>	<b>Late 2019</b>
All <b>remaining final business cases</b> to be submitted	<b>Spring 2020</b>
The <b>second round</b> will not open before 2020	<b>Not before 2020</b>

2.12 The key assessment considerations within the Fund are outlined below.

Defining the place

- Evidencing how the centre supports extensive economic and social activity in an area which provides a range of services in its role as an important centre for the wider catchment area.
- Evidencing the particular challenges faced and how proposed actions are aligned with the objectives of the Fund.

Establishing the challenge

- Develop rationale with supporting evidence showing why the chosen centre has been selected over others.
- Expressing a vision for regenerating the town centre area and evidencing the level of ambition for change in the authority.
- The Fund is designed to facilitate transformational change, through innovative place-making and the creation of sustainable and diverse town centres and high streets, rather than just being solely focussed on retail destinations.

Strategic ambition

- Illustrating how the town vision links to wider strategic plans in the local authority.
- Evidence engagement with all relevant stakeholders in their area, demonstrating that the proposal and town centre vision has the support of these stakeholders.

2.13 The place-making potential provided by the Fund is clear and presents an opportunity to achieve transformational change within the local centres selected, helping to elevate them into the resilient and vibrant places that contribute positively to the social and economic well-being of local communities.

- 2.14 Strategic ambition is also important to the submission of bids and the Inclusive Growth Strategy (IGS) provides important context and rationale for where the city prioritises its interventions. Whichever centre(s) is chosen will also require a significant amount of data to illustrate its health and future prospects. Ideally the focus should be on an area where there has already been a significant amount of community and or business engagement, given the apparent weight attached to this aspect and the need for substantive evidence and support by 22 March 2019. The importance of transformational change, addressing digital infrastructure opportunities and the healthy high street agenda are also key considerations.
- 2.15 The Fund also complements our 21<sup>st</sup> Century Infrastructure and Smart Leeds ambitions. It does so by providing the opportunity to identify and deliver new technologies within local centres that currently have only limited digital infrastructure and where the high street experience has been largely unchanged for a generation. A key component of whichever centre(s) is chosen will be the opportunity to make substantial improvements to infrastructure and connectivity including broadband access, mobile connectivity and public WIFI. The investment also provides the opportunity to realise synergies between world leading retail technologies based in the city centre and local centres facing significant economic or social challenges. If grasped this will open up access to cultural, social and health benefits, in addition to the obvious economic ones, providing a template for developing the federal economy with jobs, communities and knowledge within easy and affordable reach of each other.

### **3. Main issues**

- 3.1 Leeds is a large and diverse city with 27 town centres and 33 local centres identified in our Local Plan. Accordingly, careful consideration will need to be given to identify up to 5 high streets as expression of interest from the long-list of potential opportunities.
- 3.2 To help inform the way forward, town centres and high streets put forward for funding must be able to demonstrate that they are facing 'significant challenges' and authorities 'should include a rationale with supporting evidence showing why they have selected the town centre area covered in their Expression of Interest.'
- 3.3 Members will recall that the new local model for Locality Working was approved by Executive Board in November 2017 to prioritise council resources to the areas where the need for intervention was the most acute. This decision was in part a response to the national Indices of Multiple Deprivation (IMD) data for 2015 which demonstrated Leeds had sixteen neighbourhoods categorised as being in the most deprived 1% of neighbourhoods. The 2017 Executive Board report identified six priority neighbourhoods in order to;
- accelerate the Council's approach to tackling poverty and inequality in the city;
  - support and encourage partners and stakeholders to work differently and; to
  - encourage learning and development around some of the most challenging issues in the city.
- 3.4 These neighbourhoods consisted of Stratford Street, Beverley's in Beeston Hill; Crosby St, Recreations, Bartons in Holbeck, Lincoln Green; Cliftons, Nowells in Burmantofts and Richmond Hill; Boggart Hill in Seacroft and Holdfirths, Clyde Approach in New Wortley. Within these neighbourhoods only Lincoln Green and Holbeck include local centres as defined by the Local Plan. In practice, for many

people their local shopping and service needs are located in adjacent, nearby town centres and high streets within one of the twelve priority wards, which accommodate a wider range of needs and which are more likely to acts as *'important service centres for extensive catchment populations.'* The local centres, priority wards and neighbourhood priority areas are shown in the map in Appendix 1.

3.5 Accordingly, the local centres that exist in the priority wards that serve Neighbourhood Priority Areas (NPA) have been assessed against the six scoring criteria outlined by Government, which are shown below:

- Population and links to wider economic area.
- Challenges.
- Rationale for selecting town centre area.
- Town centre vision and ambition for change.
- Engagement and alignment of vision.
- Support for town centre vision.

3.6 The Fund's guidance on population and wider economic influence, challenges faced and the rationale for selection was especially important as this directly related to some of the key health-check information held on each centre. As a result the number of commercial properties, vacancy levels and proximity to a Neighbourhood Priority Areas were used as proxies to evaluate each centre. When each of these three considerations were applied Armley was the only centre which met all three primary considerations outlined in Figure 1 by virtue of its size and influence, the significant vacancy levels and the fact that it serves a Neighbourhood Priority Area.

**Figure 1: Shortlisting Considerations**

Criteria	Filter
<b>A. Population</b> - Neighbourhood centres are ineligible, and some smaller centres may not exhibit high levels of social and economic activity required by the bid criteria.	Exclude centres < 50 shops unless within a NPA.
<b>B. Challenges</b> - Vacancies are one of the indicators of challenged centres suggested by the Fund guidance.	Exclude centres with low vacancies
<b>C. Rationale</b> - Poverty and inequality may limit mobility making access to good quality local services very important.	Exclude centres not adjacent to a NPA

3.7 Based on this assessment and the considerations provided by the other criteria (see paras 3.8 to 3.11) namely town centre vision, engagement and alignment and support for the vision; the proposal is to submit a single expression of interest for the first round of the Fund for Armley town centre. The detail of the assessment of the local centres in the priority wards is shown in Appendix 2.

3.8 Whilst many town and local centres are deserving of new investment, the cohesion and commercial stress on Armley Town Street is however of a different scale. It is a

wholly a genuine high street, which has been recognised as failing by the community, key stakeholders and the Council and where there is no market solution to the issues faced. There has been a deterioration in the mix of shops, with some of the mainstream retail opportunities now missing from the area, and with voids remaining. It suffers from drugs and alcohol disorder which directly impacts on business, and the area has significant voids. Its problems relate to the poverty and inequality of adjacent residential areas, including the 2 worst 1% areas which are very nearby.

- 3.9 As a town centre Armley closely resembles the town centre or high street definition used by the Fund. The Council has put in place a cost-effective partnership project in place which has ameliorated some of the worst problems and has generated citizen, and trader engagement in local priorities, and practical action. These arrangements include support for the existing town team, which it is understood to be considering applying for British Improvement District (BID) status. BIDs allow communities to come together to help deliver additional local services and to upgrade commercial areas. There is a need to engage with businesses and communities in advance of applying for the funding to seek their endorsement for the centre's vision and plans for its transformation. Undertaking this engagement with the benefit of an existing business forum makes sense given the timescales involved. These arrangements mean that Armley is well placed to benefit from investment which is drawn down from central government.
- 3.10 In terms of opportunities for investment Armley has the potential to add another 65 housing units as identified within the draft Site Allocations Plan. The proposal would also seek to support the re-use of vacant floorspace, in particular above existing shop units to increase diversity and to assist with local housing needs. New investment would complement the works of the Townscape Heritage Initiative, for which much of Town Street was ineligible, by support new investment which respects the heritage with the Armley conservation area, whilst building the town's industrial and cultural heritage.
- 3.11 In terms of highway investment, the proposals for the Town Street area will aim to improve the appearance and vitality of the Armley local centre and improve safety for all road users, but particularly pedestrians, and making the area feel less dominated by motor vehicles. This will be achieved through the redistribution of the public highway and will allow existing vehicle flows to be maintained in a road environment that manages vehicle speed and makes vulnerable road users and a sense of place the priority. Further details of the Armley proposal are being developed in advance of the 22 March 2019 deadline.
- 3.12 In addition, to the submission of the expression of interest outlined above, it is proposed that this will be followed by the opportunity to develop up to 4 further expressions of interest for the second round in 2020, following wider engagement with Members and external stakeholders on the potential for further bids.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 The assessment process and recommendations for submission to the Fund have been subject to consultation with the Executive Member for Regeneration, Transport and Planning. Armley ward members have also been consulted. The proposals for the selection of centres and delivery of the Fund have been discussed and agreed with the Director of City Development and the Director of Communities

and Environment. The Local Enterprise Partnership and the West Yorkshire Combined Authority have also been consulted.

- 4.1.2 The extremely pressing timescales between issuing of guidance by government and the requirement to submit expressions of interest has not enabled ward member consultation. Give the number of town and local centres across Leeds it would not have been possible to engage all relevant ward members in a local expression of interest or assessment process.
- 4.1.3 Therefore, given the time constraints outlined else in this report it is proposed to focus the council's resources in round one of the Fund on developing a single bid focussed on a centre serving one of the city's Neighbourhood Priority Areas, namely Armley. Subject to Executive Board's recommendations, it is then proposed to develop bids for up to four other town centres or high street following ward member and wider stakeholder engagement across the Metropolitan District to identify further submissions for the second round of funding.

#### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 Full consideration to equality, diversity, cohesion and integration will be given when considering the Stage 2 proposals when more detail on the impact on the communities affected will have been undertaken. In the meantime, the scheme developed has been guided by the Inclusive Growth Strategy and the Strategic Framework for tackling poverty and reducing inequalities.

#### **4.3 Council policies and best council plan**

- 4.3.1 The Inclusive Growth Strategy is a core policy approach underpinning Leeds City Council policies. The approach set out in the Strategy provides particular support for the building a federal economy, in supporting places and communities to respond to economic change and in ensuring that the benefits of Leeds as a digital city are embedded within local centres. By supporting the vitality and viability of local centres the Fund also supports the retail and visitor economy aspirations of the Inclusive Growth Strategy.

#### **4.4 Resources and value for money**

- 4.4.1 If successful, the Fund would provide capital grant to support the viability and diversity of local centres in Leeds. Although match funding would be required the aim would be to maximise other funding opportunities and to build upon existing or emerging council regeneration, infrastructure and housing initiatives.
- 4.4.2 Although a possible source of public co-funding is the Local Centres Programme (LCP) the scale of resource required suggest either a specific allocation from the capital programme and / or a significant investment from the private sector, for example in the form of new housing investment.
- 4.4.3 There is the possibility through the Fund to draw down revenue support to develop bids which are successful in phase one. At this stage expressions of interest will be worked up using existing staff time and resources.

#### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 It is requested that this report is exempted from the Call In process due to the short timescales provided by this bidding process and the need to continue the development of the bid right up to the 22 March 2019 submission date. This short period for bid development is a product of the government's timescale between issuing bid guidance and bid submission, hence why the matter could not have been submitted to the Board earlier.
- 4.5.2 The supplementary guidance, which included details of the bidding criteria, was only issued on 7 February 2019. Further amendments were issued on 15 February and 5 March 2019 to cover details of the engagement events by the government's Cities and Local Growth Unit and removing the need for authorities to publish their expressions of interest, respectively. Also, the first engagement event in the region, organised by the Cities and Growth Unit, to discuss the Fund and the application process was held in York on 19 February (officers from the council were in attendance). As a result, bringing the report to the 13 February Executive Board would have been impractical.
- 4.5.3 Should the decisions, referred to within this report, be delayed by the operation of the call-in mechanism, the council would lose the opportunity to bid for up to £25m in funding in the first round of the Future High Street Fund. There are no current legal implications arising from this paper, with further detailed matters to be considered should expressions of interest meet with success and the Council is invited to proceed to Phase 2 of the process.

#### **4.6 Risk management**

- 4.6.1 The assessment and development work surrounding each centre has created a SWOT and risk profile for each shortlisted scheme. To minimise risks and to ensure complementarity with other capital projects within local centres the programme will be overseen by the Local Centres Programme Board which includes representatives from Communities, City Development and Finance.

### **5. Conclusions**

- 5.1 A successful bid would allow the city to build on experiences of T&DC, THI and the Council's on-going engagement with local business and communities to bring about a once in a generational transformation of one or more local centres. Although it is challenging to prioritise from a range of deserving cases, focus on the priority wards and the opportunity to implement the Leeds Inclusive Growth Strategy provides a strong rationale for investment.

### **6. Recommendations**

Executive Board is recommended to:

- i. Endorse the approach to the assessment and shortlisting of local centres for their potential to meet the criteria for success under the Future High Street Fund, as outlined in para 3.5-3.6 and Appendix 2.
- ii. Approve for submission of an expression of interest to the Future High Street Fund for Armley Town Centre on or before 22 March 2019.

- iii. Instruct officers to begin an engagement exercise with Members and external stakeholders to inform the Council's proposals for the second round of the Future High Street Fund.
- iv. Exempt the resolutions arising from this report from the 'Call-In' process, on the grounds of urgency, as detailed within sections 4.5.1 to 4.5.3 of this report.

## **7. Background documents<sup>1</sup>**

7.1 None.

## **8. Appendices**

8.1 Appendix 1 - Map of Neighbour Priority Areas, Wards and Local Centres.

8.2 Appendix 2 - Future High Street Fund Assessment Process

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.



