

Report of Director of City Development

Report to Executive Board

Date: 10 February 2021

Subject: Review of the Local Centres Programme

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input 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

1. Main issues

- Town, neighbourhood and local centres across the Leeds district are distinct and unique places that are highly valued by the people who live there and the businesses and organisations that serve them. There is a clear need to support these centres as a means of ensuring access to high quality local shops and services, tackling inequality and furthering well-being.
- In recognition of the important role the Council can play in this, in recent years there have been significant moves from it and partners to develop and improve the vitality and viability of local centres. A number of initiatives have been implemented with external funds secured and Council capital committed to deliver Townscape Heritage Initiatives, Business Improvement Districts and the Town and District Centres Improvement Programme, which have all brought local passion, public funding and leveraged private investment together to deliver improvements supporting the sustainability of local centres.
- The Local Centres Programme was established as a further £5m programme of Capital works to support the regeneration of local centres across Leeds, alongside existing injections in the capital programme to support delivery of legacy projects

related to the programmes set out above. Within the programme £483k has been spent to date on design and delivery of schemes. However as a consequence of the significant financial pressures faced by the Council, in September 2020 the Council's Executive Board agreed to a review of the remaining capital allocations for local centres work, with a view to making savings of up to £4.457m to contribute to the overall savings required in the Medium Term Financial Plan.

- Accordingly, a review of those legacy commitments has been undertaken and the schemes within the Local Centres Programme have also been reviewed against a range of criteria to determine the scope for savings. These criteria comprise the current level of detail that the project has reached, the amount of match funding leveraged through the scheme, the extent to which projects are self-funding and whether they are located in Priority Neighbourhoods.
- Based on these criteria a revised Local Centres Programme is put forward, which reduces it in scale to £1.862m of further investment, including continued commitment to the completion of legacy Town & District Centre Programme work of £33.5k. Together with savings identified in relation to legacy local centres work, there is a total proposed saving of £2.7m against all such funds previously injected to the capital programme.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The recommendations within this report support the Best Council Plan 2020-25 objectives as they promote sustainable and inclusive economic growth and support the city's economic recovery from COVID-19 and building longer-term economic resilience.

3. Resource Implications

- The Local Centres Programme has previously been funded to the value of £5m as an injection in the Capital Programme through which the schemes identified for approval were being financed. Where projects have been proposed for shopping parades within Council housing estate areas interventions are funded through the Housing Revenue Account (HRA). The paper sets out the scope of proposed reductions against this previous capital injection and related local centres work in support of the wider Capital Programme Review.

Recommendations

Executive Board is asked to:

- a) Note the impact of the COVID-19 Pandemic on the deliverability and progress of the Council's Local Centres Programme;
- b) Agree the approach taken to assessing a revised scope for the Local Centres Programme and the criteria-based approach to retention or continuation of schemes set out in paras 3.4 – 3.12;

- c) Agree the list of schemes to be take forward to completion as set out in para 3.13 and Appendix 1 and note that the commensurate figure of £1.862m is to be retained in the Capital Programme as set out in the separate report on the agenda for this meeting.
- d) Note that the Head of Regeneration will be responsible for implementing the revised scope of local centres work set out in this report.

1. Purpose of this report

- 1.1 This report sets out the review of the of the Local Centres Programme that has been undertaken following the Capital Programme review agreed by Executive Board in September 2020 and the proposals for reduction in the budget and range of projects to be delivered within this.

2. Background information

- 2.1 Town, neighbourhood and local centres across the Leeds district are distinct and unique places that are highly valued by the people who live there and the businesses and organisations that serve them. The people of Leeds are passionate about their high streets, which provide the basis for a wide range of activities, shopping facilities, local community networks, public services, employment and the opportunity to participate in activities that reduce isolation and enhance cohesion. Extensive research has highlighted the need to support these centres as a means of tackling inequality and furthering well-being. Local centres can also provide opportunities for enterprise by providing accessible space for new businesses to start and grow.
- 2.2 The Council's Inclusive Growth Strategy (2018-2023) includes the commitment to make the economy work for everyone and one of 12 big ideas is the need to support places and communities to respond to economic change. Transforming the role of town centres as economic and service hubs is recognised as one the key related interventions.
- 2.3 The role of local authorities in promoting and supporting centres can be vital as Council assets in local centres provide for the delivery of community, housing, retail and cultural services, promote cohesion and additional vitality. Public and community buildings act as hubs for service delivery across many sectors and improve efficiency and enable cost savings. High quality public realm and highway improvements can create business confidence and prompt private investment which multiplies the original public funding, helping to improve viability, enterprise and confidence within these communities.
- 2.4 In spite of the economic success of the city centre and years of targeted capital based regeneration there remain challenges where our local centres have not been able to draw on past funding opportunities and they have struggled to maintain relevance given the multiple pressures seen in the huge growth in online shopping, out of town superstores and the concentration of some services such as banks within larger centres. For centres serving Priority Neighbourhoods identified by the Council, where income inequality and limited disposable income is most evident, the challenges have been even more pressing, often despite past investments.

- 2.5 The Covid pandemic has brought very significant new challenges to our local centres not just where these were already under stress but to others across the city through the economic impact on staff and businesses of the associated lockdowns and restrictions.
- 2.6 The Council's Economic Recovery Framework has set out how it is responding to Covid through a tiered approach to *Respond* to the immediate impacts and needs of businesses and the economy; to *Reset & Renew* by understanding the challenges and opportunities that we face in recovery so that we have a clear focus and direction on the projects and partnerships that will address them and; to *Build Resilience* by maintaining a long term view of our aspirations to deliver inclusive growth, address the climate emergency and be the best city for health and wellbeing.
- 2.7 In the context of this Framework, the Council's initial response in Town and Local Centres has been on keeping high streets and centres safe and on ensuring as many businesses as possible access government funded support. In moving forward to reset and renew it is likely that there may be some fundamental shifts in the uses, mix and extent of investment and activity in many of our centres once the economy recovers from the pandemic and work is being commissioned to understand the health of our centres, how emerging trends are likely to play out and to help us understand how to adapt our policies and interventions. Although it is likely the economic impacts on centres remain to be fully realised, the Council will use this evidence, ongoing monitoring of data and engagement with businesses and partners to determine the appropriate targeted interventions and opportunities to draw in the funding and resources that will support economic renewal.
- 2.8 In recognition of the important role the Council can play, in recent years there have been significant moves from it and partners to develop and improve the vitality and viability of local centres. A number of initiatives have been implemented and external funds secured to deliver Townscape Heritage Initiatives, Business Improvement Districts together with the Town and District Centres Improvement Programme have all brought local passion, public funding and leveraged private investment together to deliver improvements supporting the sustainability of local centres.
- 2.9 The Local Centres Programme was launched as a further £5m commitment to high street support and capital investment. The LCP came with an offer to all wards in the district to bring forward proposals that could improve the vitality and viability of any of the 60 defined local centres. There were clear criteria set out and agreed by Executive Board for the programme to focus on improvements that would be located within (or have strong relationship to) the city's designated shopping parades, local centres, district centres or town centres.
- 2.10 This in effect created a provisional allocation of £150k per ward and there has been a focus on ensuring the most impactful and well developed proposals are brought forward in the first instance. LCP schemes have been delivered to date at Rodley, Crossgates, Seacroft and Holbeck. Each of these schemes has in their own way brought positive economic, social and environmental benefits and addressed particular local challenges or opportunities to support the vitality of the centres concerned.
- 2.11 It had been intended that 2020 would see significant acceleration of the LCP and a call for further projects to be brought forward from wards yet to develop proposals beyond the Expression of Interest stage but the Covid pandemic has created

significant practical constraints and reprioritisation of staff resources that have severely limited progress.

- 2.12 As a further consequence of Covid, the Council has also needed to respond to its economic and financial impacts and a Capital Programme review was reported to Executive Board in September 2020, where it was agreed that a substantial review of the Local Centre Programme would be required to identify significant savings in support of the Council's overall Medium Term Financial Plan position. This has resulted in a pause to the LCP whilst this review has been carried out.
- 2.13 An update on the Capital Programme is included elsewhere on the agenda of this meeting. The main part of this paper sets out the outcome of the LCP review and the proposals for taking this forward to completion on a reduced budget, which has been considered against the backdrop and intentions of the Council's Inclusive Growth Strategy and the Economic Recovery Framework.

3. Main Issues

- 3.1 The Capital Programme review set the need for a substantial review of the Local Centre Programme and related legacy budgets for the Town & District Centre programme (TDC) and Townscape Heritage Initiative programmes, where there is £4.6m of uncommitted funds in these budget lines.
- 3.2 This figure includes a reduction of £300k against a provisional match funding amount of £500k for the New Briggate Heritage Action Zone (HAZ) and £30.3k of legacy TDC and THI project funding that is also no longer required, which taken together created a provisional £330.3k reduction in forecast capital spend that can be realised prior to any consideration of the main Local Centres Programme.
- 3.3 This leaves £4.12m of uncommitted LCP funds.
- 3.4 In assessing how much of the uncommitted capital can be put forward as savings and therefore what the contribution of the LCP would be to the Council's wider budget savings exercise, consideration has been given to a set of clear and fair questions to be considered of each scheme in the project pipeline to assist in determining how these may proceed under a reduced LCP scope and budget, whilst ensuring a fair approach to such investment across the city.
- 3.5 Each project in the LCP pipeline has been considered against headline criteria or tests as a sifting exercise to assess the potential for savings. These tests, set out in more detail below are level of project detail/development; match funding and additionality; whether a project can be self-funding; serving a Priority Neighbourhood.
- 3.6 It should be noted that schemes that have been brought forward through the programme to be funded by Housing Revenue Account are not required to generate savings as part of this review. This applies to projects where in consultation with Ward Members housing estate parades and local centres have been prioritised for investment, and which as HRA commercial assets cannot have general fund expenditure committed to them.
- 3.7 However the scale of HRA investment that is also coming forward in each ward has also been taken into account in seeking to reach a balanced and fair approach to overall investment in centres across the district.

3.8 Level of Project Detail

- 3.8.1 The LCP has three broad stages of project development and approval, requiring Expressions of Interest (EOI), Outline Business Case (OBC) and Full Business Case (FBC), which is referred to as the LCP pipeline. This approach has enabled assessment of schemes against the criteria agreed by Executive Board and the development of robust design and costings, in accordance with good practice in the specification and delivery of capital projects.
- 3.8.2 Although there are significant uncommitted LCP funds in the capital programme, there are a number of schemes in the pipeline that have had significant investments in officer, member and partners' time and which have been designed to a point where they have passed or are close to Full Business sign off and close to delivery and may otherwise have come forward but for delays and resource constraints brought about by Covid over 2020. Progression of these schemes would play an important role in helping those centres recover from the impacts of the pandemic.
- 3.8.3 Schemes at this stage of maturity are the most impactful in the LCP pipeline, having been prioritised for officer support and brought forward as business cases from initial Expressions of Interest under assessment against the LCP criteria. It is proposed that schemes at or close to FBC sign off continue to be progressed to delivery and budget provision remains in the capital programme accordingly. This includes completion works for two legacy TDC schemes at Beeston and Harehills.
- 3.8.4 A number of other schemes have moved beyond EOI and have been the subject of work between officers, ward members and businesses to develop into more detail at OBC stage. The remainder of proposals are either at EOI stage or have not progressed beyond broad ideas.
- 3.8.5 It is proposed that these schemes in outline development are progressed where they continue to deliver against the original purposes of the LCP and there is a fit with the sifting criteria set out below, but that a reduced ward allocation of £75k is made available, to reflect the importance of continuing with work to support those centres, whilst delivering a saving to the capital programme.

3.9 Match Funding and Additionality

- 3.9.1 Schemes in development may have the potential to generate match-funding in accordance with the LCP scheme criteria, which would not otherwise be realised as investment in those local centres and it is proposed that this is given due weight in determining those which are taken forward. It is recognised that such match funding may be a major commitment in the current economic circumstances where this is to be sought from businesses.
- 3.9.2 Where funding is already available for the project, which means it can already be delivered without LCP support albeit to a lower standard, it is proposed LCP funding is not offered.
- 3.9.3 Where a project may create investment in a Council-owned asset which has the dual benefit of creating sustainability in public infrastructure or buildings and supporting a local centre, this should also be given positive weight.

3.10 Self-funding Projects

- 3.10.1 It is proposed that schemes that have moved into outline development and would be cost-neutral (or better) to the Council's financial position through generation of income should continue towards funding approval. Such projects would not have a cost impact on the Council's budget position and would continue in delivering the original purpose of the LCP in those centres.

3.11 Priority Neighbourhoods and Inclusive Growth

The impact of Covid has been felt hardest in the Council's Priority Neighbourhoods and as such it is proposed that a part of the original LCP capital programme is set aside for projects that will support resilience and recovery in local centres within those areas. Budget allocations would be set based on proposals that have previously come through the LCP application process at EOI stage.

3.12 Wards with Schemes at EOI

3.12.1 For those schemes in wards where there is no continued TDC investment proposed, where LCP project proposals have not yet come forward or have not progressed past the EOI stage it is proposed that a further reduced ward allocation of £30k is made available for small scale projects (or topped up to that level where smaller amounts had been expended on feasibility). This again reflects the importance of supporting local centres whilst recognising there is a need to deliver savings to the capital programme.

3.12.2 It is proposed that such projects are identified in consultation with ward members to meet the intended purpose of the LCP and brought forward accordingly within this budget.

3.13 Summary of Proposals for LCP

3.13.1 The LCP pipeline has been assessed against the above headline criteria. The tables set out in Appendix 1 set out of all the schemes that have been brought forward by members and other stakeholders for consideration into the LCP (along with completion of two legacy TDC schemes) and the assessment of those, with recommendations in each case.

3.13.2 Table 1 shows those projects already delivered and shows that £483,300 of LCC capital and £50,000 of HRA capital has been expended to date, with £355,000 of additional funding leveraged from other sources.

3.13.3 Table 2 sets out remaining TDC works and pipeline LCP schemes where there is a clear case for continuation through to delivery due to the advanced stage of project development or readiness for delivery. This shows a continued capital programme commitment of **£925,000** and **£368,200** from the HRA Capital Programme, leveraging **£1,421,000** from other sources.

3.13.4 Table 3 sets out those schemes that are not as advanced but which in consideration of the further criteria set out in this report are considered to meet the test for continuation through the application process to delivery, with a reduced allocation of between £50K and £75k. Where there may be more than one scheme in a ward at this stage, it is proposed that in discussion with Ward Members funding is prioritised towards the preferred and most impactful project and as such a notional funding allocation is made against these based on the reduced amount. Subject to Member agreement it is proposed that Ward Members are able to inform the final prioritisation in their Ward, should they wish to substitute one scheme for another, at the same value, should they feel locally it is of greater priority.

3.13.5 Table 3 shows schemes that would require a further **£600,000** to be committed from the general fund capital programme to the LCP, leveraging up to £380,000 from other sources.

3.13.6 Table 4 shows a list of those wards where there has been no recent TDC investment and where LCP schemes have either not yet been submitted or have

not moved beyond EOI stage. These wards would take the proposed allocation of £30k, or top up against previous feasibility spend for prioritisation of smaller schemes in consultation with Ward Members. This would require a further **£337,400** to be committed from the general fund capital programme to the LCP.

- 3.13.7 Taken all together this would entail a continued commitment in the capital programme of **£1.862m**.
- 3.13.8 This approach ensures that across all investment routes available to local centres – HRA, TDC and LCP – each ward would continue to receive funding towards capital projects, with a minimum available of £30k and in many cases substantially more.
- 3.13.9 Whilst it is recognised that this is a reduction in previous expectations and commitments in the capital programme it does preserve a substantial allocation for Local Centres work across the city in very challenging financial circumstances.
- 3.13.10 Overall, against the proposal for £4.6m saving reported to September 2020 Executive Board for local centres related capital schemes, this revised position would result in a total saving of £2.7m, just over half the previous proposed savings figure. For clarity, this is comprised of £100k reduction in legacy TDC spend(which is more than was originally assumed), £300k reduction in provisional match funding to the HAZ and £2.29m reduction in the LCP as per the approach set out in this report. The table below summarises.

Capital Programme scheme	Savings
Grand Quarter Heritage Action Zone	£300k
Town & District Centre Scheme	£100k
Local Centres Programme	£2.29m
TOTAL	£2.7m

- 3.14 Executive Board is asked to endorse the approach taken to rescoping the LCP, agree the revised list of projects and to note that the proposed final budget envelope is reflected in the Capital Programme Report included as a separate paper on the agenda for this meeting.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Executive Member (for Climate Change, Transport and Sustainable Development) has been consulted on the LCP review and the proposals set out in this report.
- 4.1.2 Consultation and engagement with Ward Members and a range of local stakeholders who have projects within their wards has taken place and will be ongoing.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration assessment has been undertaken and is attached at Appendix 2. This recognises that in undertaking a review of capital programme local centres activity there is a risk that the impacts of removing funding support to centres that are in or which closely serve Priority Neighbourhoods may

have a disproportionate impact on those neighbourhoods. The assessment set out in this report has been informed by this and due weight has been given where such centres have not already received capital support.

4.3 Council policies and the Best Council Plan

4.3.1 The recommendations within this report support the Best Council Plan 2020-25 objectives as they promote sustainable and inclusive economic growth and although representing a reduction in intended delivery, represent continued support to the city's economic recovery from COVID-19 and to building longer-term economic resilience.

4.3.2 Capital expenditure will continue to be deployed to help address market failure and issues that are challenging the performance of some local centres. Without this intervention it is possible that some centres will not be as well-positioned to recover from the effects of the pandemic, losing opportunities to provide essential local shopping and services and to create a distinctive independent commercial offer in the city's localities to complement existing city centre businesses.

Climate Emergency

4.3.3 There are no issues within this report that are likely to have a major impact on the Council's climate emergency, however continued support to local centres will support the viability and sustainability of local provision and contribute to its attractiveness, reducing the need for residents to travel to access shops and services by unsustainable means.

4.4 Resources, procurement and value for money

4.4.1 The LCP was originally funded through a £5m injection in the Capital Programme, with the intention to commit expenditure as schemes moved through the pipeline. The proposals presented here, with completion of legacy TDC schemes reflect a proposed £1.862m future programme in addition to spend on completed projects of £483k. The revised programme would represent a total investment in local centres of over £2.3m, with a reduction of £2.7m on the existing injection in the capital programme.

4.4.2 Where projects are proposed for shopping parades within Council housing estate areas the interventions are funded through the Housing Revenue Account (HRA). The Director of Resources and Housing has confirmed availability of this funding for the HRA Round 1 schemes (Ramshead Hill parade and Charing Cross centre) with further funding on the remaining HRA schemes in table 2 subject to funding approval from Housing Finance. The LCP has the potential to add value to existing local initiatives and to support priorities agreed by local people and businesses.

4.4.3 There are no direct revenue implications in the rescoping of the LCP as proposed that cannot be accommodated within existing budgets. The release of funding is actioned through the Council's Design and Cost Report process under the delegated powers of the Director of City Development following completion of the LCP application and approval process.

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

- 4.5.1 Pursuant to Section 1 of the Localism Act 2011 which allows local authorities to “do that which individuals generally may do”, unless explicitly prohibited elsewhere in law the Council has powers to undertake works on its own land and some departments such as Highways have powers to undertake works on private land. Other powers for works on land not within our ownership are also available but these, along with any State Aid implications, will be assessed once the bidding process has concluded.
- 4.5.2 The report is eligible for call-in.

4.6 Risk management

- 4.6.1 For projects that continue through the LCP process to delivery, project management and governance of the programme is based on the Council’s Project Management methodology with a project manager and an officer Programme Board providing management oversight for the LCP as a whole. Monitoring reports will be presented regularly to the Executive Member for Climate Change, Transport and Sustainable Development, in addition to the relevant Community Committee and / or Neighbourhood Priority Board.
- 4.6.2 A separate programme risk log is regularly updated. Each project supported will also have a risk management plan monitored by the project manager / team and overseen by the project board.
- 4.6.3 Design and cost risks will be managed by producing fully costed plans before capital is committed and ensuring that projects have contingency built in to deal with unforeseen circumstances.

5 Conclusions

- 5.1 Members will be aware of the unprecedented financial pressures faced by the Council as a result of the Covid pandemic, and the need to identify spending reductions across a wide range of Council activities and budgets in response to this. This pressure has also applied to the capital programme and further to the Executive Board request to review the scale of the Local Centres Programme and related work to local centres, this report proposes a level of meaningful savings through consideration of a range of criteria applied to current and proposed activities, whilst also maintaining an allocation of funds to every ward in the city.

6 Recommendations

- 6.1 Executive Board is asked to:
- a) Note the impact of the COVID-19 Pandemic on the deliverability and progress of the Council’s Local Centres Programme;
 - b) Agree the approach taken to assessing a revised scope for the Local Centres Programme and the criteria-based approach to retention or continuation of schemes set out in paras 3.4 – 3.12;

- c) Agree the list of schemes to be take forward to completion as set out in para 3.13 and Appendix 1 and note that the commensurate figure of £1.862m is to be retained in the Capital Programme as set out in the separate report on the agenda for this meeting.
- d) Note that the Head of Regeneration will be responsible for implementing the revised scope of local centres work set out in this report.

7 Background documents¹

7.1 None.

¹ 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.