

CABINET

19 NOVEMBER 2019

FUTURE HIGH STREETS FUND CHATHAM BUSINESS CASE DEVELOPMENT

Portfolio Holder: Councillor Jane Chitty, Portfolio Holder for Planning, Economic Growth and Regulation

Report from: Richard Hicks, Director Regeneration, Culture, Environment and Transformation and Deputy Chief Executive

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Summary

This report provides an update on the development of the Business Case for the Future High Streets Fund Chatham funding bid.

1. Budget and Policy Framework

- 1.1 Developing a robust Business Case to bid for Future High Street Funding supports the priorities in Medway Council's Strategy in relation to "Medway: a place to be proud of" and "maximising regeneration and economic growth - growth for all" to regenerate Chatham as Medway's Waterfront University City Centre.
- 1.2 The submission of a bid for capital funding is a matter for Cabinet.

2. Background

- 2.1 Between January–March 2019 Medway Council developed and submitted an Expression of Interest (EOI) for funding to regenerate and re-imagine Chatham's High Street and town centre working closely with key partner organisations.
- 2.2 During early August 2019, the Ministry for Housing, Communities and Local Government (MHCLG) informed us that our EOI has been successful and invited us to develop and submit an outline business case by 15 January 2020 and a final business case by 30 April 2020. This must include a clear list of prioritised projects that are deliverable, costed and risk assessed.

- 2.3 During October 2019 we received detailed guidance on the business case development from MHCLG. This outlines the need for a comprehensive green book economic appraisal of our business case with focus on value for money (50%), strategic fit (20%) and deliverability (commercial, financial and management, 30%). The business case also needs to demonstrate it is addressing market failure; delivers investment, meets the spending timetable and demonstrates co-funding for the scheme.
- 2.4 We received a £100,000 Development Grant from the Ministry of Housing, Communities and Local Government (MHCLG) on 24 September 2019 and this has enabled us to procure external consultancy support (Stantec/Peter Brett Associates - PBA) to begin scoping the projects, undertake the economic appraisal and develop the business case.
- 2.5 MHCLG have allocated a delivery manager to support and guide the development of our business case. The inception meeting with MCHLG took place on 9 September 2019. MHCLG provided feedback on our EOI; advised on the scope of our business case and provided confirmation of programme timescales.
- 2.6 A bidding team and project leads have been identified as well as the key project areas to be scoped. An internal taskforce meeting took place on 2 September 2019 to brief the inter-disciplinary internal team supporting this work.
- 2.7 A meeting was held on 8 October 2019 with project leads and Stantec/PBA to assess early project scope against the Future High Streets assessment criteria, in order to aid the options assessment process and inform which projects will be included in the business case. Project leads have received feedback and continue to develop their projects. The economic consultants will now begin drafting the business case and preparing for the economic appraisal. Another meeting with project leads is planned on 12 December 2019 to inform the early draft business case.
- 2.8 A Work Plan has been prepared to develop the Outline and Full Business Cases. The key MHCLG deadlines are:
- Rough order of magnitude (capital spend profile) submitted 13 September 2019;
 - Outline business case submitted 15 January 2020;
 - Final business case submitted 30 April 2020.
- 2.9 Given the timescales, the Cabinet is asked to agree to delegate authority to the Director Regeneration, Culture, Environment and Transformation and Deputy Chief Executive in consultation with the Portfolio Holder for Planning, Economic Growth and Regulation to develop, finalise and approve the outline and final business cases and submit them to MHCLG by the deadlines set out in paragraph 2.8 of the report.

3. Options

- 3.1 A short-list of the projects that will be scoped and considered as options to be included in the business case has been developed. The costs and funding required to enable these projects are only estimates at this stage. However

we currently anticipate a total funding request to MHCLG of between £10-20 million dependent upon the outcomes of the options analysis and detailed project costings.

3.2 The projects that are being scoped include:

- re-configuration of the underused first floor area of the Pentagon Centre and options for redevelopment of other underused elements;
- redevelopment of The Brook Theatre as Platform 1 of the Docking Station (creative co-working and modern flexible, performance and production space);
- redevelopment of redundant St John's Church as a conference and co-working hub;
- the Urban Design and Digital Transformation Project (includes new High Street Gateways, public realm, connectivity, way finding, observation feature feasibility work and smart technologies in the urban realm);
- Re-use of empty shop units in the High Street.

3.3 The options appraisal will assess how these projects fare against the bidding criteria and guidance and determine which will be included within the final business case.

4. Advice and analysis

4.1 MHCLG and Stantec/PBA will provide advice and analysis of the outline and final business cases as they develop. Individual projects will benefit from external consultancy and partner expertise to ensure best fit with the assessment criteria and strategic objectives of the bid.

5. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk Likelihood	Risk Impact
Failure to submit bid due to lack of resource	Missed investment opportunity to revitalise Chatham High Street	Submit bid Ensure necessary resource to develop bid	E	2
Unsuccessful bid (highly competitive process).	Missed investment opportunity to revitalise Chatham High Street.	Submit high quality bid aligned to criteria.	C	2

Bid successful but delivery does not meet stakeholders' expectations.	Managing stakeholder expectations.	Working with external taskforce throughout bid development.	E	4
And / or 'Bid successful, but project does not deliver intended outputs / outcomes'.	Reduced opportunity to deliver the extent of the scheme outlined in business case	Effective partnership relationship management, planning application support, amend business plan accordingly.	F	3
Bid successful but co-funding not forthcoming.	Reduced opportunity to deliver the extent of the scheme outlined in business case	Agreement from MHCLG that Medway Council £36m spend on Pentagon purchase can be used as co funding.	F	3

6. Consultation

- 6.1 Internal cross-disciplinary consultation and external partner engagement was undertaken to develop the successful Expression of Interest. This has and will continue via Internal and External Taskforce interactive workshops and one to one meetings, engagement with the Chatham Forum and key partners.
- 6.2 Portfolio holders, Councillors Chitty, Chambers, Doe and local MPs have, and will continue to be briefed, consulted and engaged in the process.
- 6.3 Letters of support were received for the Expression of Interest from key partners including University of Kent, Nucleus Arts, Sun Pier House, Chatham Historic Dockyard Trust, Medway Diversity Forum, Chatham Forum, NHS, Ideas Test, Kelly Tolhurst MP, and Tracey Crouch MP. Further letters of support will be requested for the Business Case.
- 6.4 Further engagement and meeting with key external partners will take place as the projects and business case are developed.

7. Financial and legal implications

- 7.1 In kind support to develop the Expression of Interest has been provided by the External Funding and Town Centres team and external partners, and this will continue with the development of the Business Case. The development of the projects is being lead and/or supported by an inter-disciplinary team within the Council.
- 7.2 Development and Capacity grant of £100,000 has been received from MHCLG and this has been used to procure the necessary external

consultancy support to scope the projects, undertake the economic appraisal and develop the business case. The consultants appointed are Stantec/PBA (economic appraisal and business case); HTA, IBI and POD (Urban Design and Gateway Project) and Ellandi (Re-purposing of Pentagon Centre and Brook Car Park).

7.3 Following an invitation from MHCLG in October, a request for an additional £50,000 Development Grant has been submitted for consideration to prepare additional detailed project costings. We are awaiting a decision from MHCLG on this request and no further expenditure will be committed unless the funding bid is successful.

7.4 There are no legal implications arising from this report.

8. Recommendations

8.1 The Cabinet is asked to support the development and submission of the Outline and Final Future High Street Chatham Business Cases in accordance with paragraphs 2.2 and 2.3 and section 3 of the report.

8.2 The Cabinet is asked to agree to delegate authority to the Director Regeneration, Culture, Environment and Transformation and Deputy Chief Executive in consultation with the Portfolio Holder for Planning, Economic Growth and Regulation to develop, finalise and approve the Outline and Final business cases and submit them to the Ministry of Housing, Communities and Local Government by the deadlines set out in paragraph 2.8 of the report..

9. Suggested reasons for decisions

9.1 To enable the Future High Streets Fund bid to be submitted to the Ministry of Housing, Communities and Local Government in line with the deadlines set out at paragraph 2.8 of the report.

9.2 To support the priorities within Medway Council's Strategy in regenerating Chatham as Medway's Waterfront University City Centre.

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Appendices

None

Background papers

None