

Wiltshire Council

Cabinet

Tuesday 14 July 2020

Subject: Salisbury Future High Street Submission

Cabinet Member: Philip Whitehead, Leader of the Council and Cabinet Member for Economic Development, MCI and Communications

Key Decision: Key

Executive Summary

Wiltshire Council has been leading a holistic recovery programme for Salisbury since the economic shock following the nerve agent incidents of 2018. These caused a significant loss of footfall into the city with a resultant loss of trade and confidence. Footfall over the last 2 years has not returned to 2017 levels and the city's exposure to a retail sector which is undergoing a structural change means that the future prosperity of the city is under threat. Salisbury has the largest leisure, retail and hospitality sector in Wiltshire, responsible for one third of employment in the city.

There are other factors that are resulting in Salisbury's economic performance not performing as strongly as it could; these include

- a poor entrance to the city,
- an underperforming visitor economy compared to heritage competitors,
- city centre congestion
- Failure to attract or retain young people in the city.

To address these factors and to drive economic recovery a programme of activity for the city has been developed. To realise the ambition of Wiltshire Council and our partners to deliver this strategy will require public and private sector investment.

Salisbury has progressed through the Expression of Interest stage for funding under the Government's Future High Street Fund (FHSF) and is preparing to submit a business case at end of July 2020. This report provides an overview of the strategy and the FHSF projects that have been developed to support Salisbury.

Covid 19 will have a significant impact on the vitality of Salisbury city centre. Footfall has suffered significant decline. National chains are closing and entering into administration. Salisbury's retail, tourist and leisure sectors are experiencing a second economic shock. A significant FHSF allocation will enable Wiltshire Council to work with partners to make necessary investments, support the diversification of the high street, and attract private sector funding

to enable Salisbury to re-establish a thriving city centre for the benefit of residents, businesses and visitors.

Proposal(s)

That Cabinet:

- Agrees the contents of this report.
- Delegates authority to the Chief Executive Officer - in consultation with the Directors for Economic Development and Planning, and Legal, Electoral and Registration Services and the Cabinet Member for Economic Development to approve and submit the Salisbury Future High Street Fund business case, application and funding request to MHCLG.
- Agree to match fund the Station Forecourt and redevelopment of 47 Blue Boar Row and if through funding of Stone Circle, such investment and commercial terms to be undertaken on arms lengths terms and delegate authority to Chief Executive in consultation with the Cabinet Member for Economic Development and the Director for Finance to negotiate an agreement with Salisbury City Council as to the future management and ownership of that property
- Note that the Future High Street Fund contract arrangements, conditions including procurement processes for project delivery and arrangements with SCC will come back to Cabinet for review and approval.

Reason for Proposal(s)

Salisbury's economy is reliant on the retail, leisure and tourist offer within the city, which is responsible for a third of all employment. Salisbury City Centre economy has now experienced two economic shocks, the nerve attack in 2018 and now, Covid-19 in 2020, resulting in a significant decline of the vitality, attractiveness and perception of the city centre.

These shocks are exacerbated by seismic changes taking place in the retail market, as it moves to an on-line market place. In Salisbury, persistent structural challenges around transport access and poor linkages, demographic shift and heritage investment significantly threaten long term vitality.

Salisbury needs to restructure its offer to attract residents, visitors and workers to the city. A successful allocation of FHSF will enable Wiltshire council to work with partners to initiate that process and attract in other public and private sector funding to rejuvenate the city.

Terence Herbert, Chief Executive Officer

Wiltshire Council

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Purpose of Report

1. To update Members on the strategy that Wiltshire Council and its partners has developed to reshape Salisbury's city centre offer.
2. To seek Cabinet approval for Salisbury's submission to the Government's Future High Street Fund.
3. To agree the proposed delegated authority provisions to enable the Council to submit a business case on behalf of Salisbury and make the necessary agreements with Salisbury City Council on the future management, funding and delivery of 47 Blue Boar Row to provide 'Heritage Living' for young people.

Relevance to the Council's Business Plan

4. Attracting funding into Salisbury from the Future High Street Fund Improvements helps meet the priorities of the Council's Business Plan 2017-2027, including:
 - Growing the Economy:
 - High Skilled Jobs (Employment)
 - Housing and Infrastructure (Sustainable Development)
 - Transport and Infrastructure (Access)
 - Strong Communities
 - Safe Communities (Protection)
 - Personal Wellbeing (Prevention)
 - Working with Our Partners:
 - Community Involvement
 - Delivering Together

Background

5. The Novichok nerve agent incident in 2018 led to a dramatic decrease in the footfall visitor numbers to Salisbury, with the loss of over a million visits

in 2018 alone, and a 14% footfall decrease in the two years since the attack, compared to a footfall decline of 5 % nationally. The Council established a dedicated team that has worked across the Council and with partners to establish an economic recovery plan for Salisbury and a Future Salisbury Partnership Board to shape and deliver growth plans for the city.

6. In December 2018 the Government launched the Future High Streets Fund (FHSF), to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability. In light of the economic shock from the nerve agent incident, Salisbury made an expression of interest to the fund, outlining the challenges facing Salisbury and the projects which would transform the high street. The application successfully made it through that round and a full business case submission is required.
7. The proposals draw on Salisbury's offer: the Cathedral, the Market Place, the historic townscape and large number of independent businesses. It is a city setting with a medieval feel. With its cathedral and close proximity to the internationally famous World Heritage Site of Stonehenge, Salisbury is a popular tourist destination. It will be the first 'connected city' in the country to benefit from full fibre broadband enablement. The city has both a strong business community and a science park on its doorstep at Porton Down. Salisbury has an artistic and creative community that provides a strong and positive basis from which to develop and widen its appeal.

Future High Street Fund.

8. The government recognises that consumer patterns are changing, as spending increasingly moves online and expectations of high streets are changing. In December 2018 it launched the FHSF to support transformative, structural changes to overcome challenges in high streets. The objective of the Fund is to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability. Funding bids can be made up to £25m, however, MHCLG makes clear that funding is limited, and most places will receive lower amounts.
9. Funding allocations are assessed through two phases. Both Salisbury and Trowbridge passed the Phase 1 Expression of Interest stage, which looked at the need for funding, nature of the challenge and the vision for the future of the town centre. Phase 2 of the application process is the development of projects that meet the identified needs of the individual high streets and are transformative in nature. A summary of the projects developed and proposed for Salisbury is described in this report.
10. FHSF investment can fall under these categories: Investment in physical infrastructure, acquisition and assembly of land including making improvements to the public realm, improvements to transport access, traffic flow and circulation in the area, supporting change of use including (where appropriate) housing delivery and densification and supporting adaptation of the high street in response to changing technology.

11. This report seeks support for the proposals and endorsement of the Phase 2 submission to the Future High Streets Fund.

Economic Context

12. Salisbury city centre is home to 1,745 businesses and since 2016, the business base has grown by a modest 2% compared to an English average of 6%. Salisbury's economy is highly dependent on its high street, with related employment, namely Retail, Accommodation and Food Services, and Arts, Culture and Leisure, comprising 31.4% of the total. Of this total, 17.2% are employed in Retail, 8.6% in Accommodation and 5.6% in Leisure and Culture. There has been a 5% reduction in the number of retail businesses since 2016.
13. In 2018, 3,750 jobs in Salisbury were in retail which represents a sector specialism compared to the England average. In addition, wider city centre employment has shown signs of decline in recent years – since 2015, the number of jobs has fallen by 7.5%, partly caused by mergers between financial service firms and their relocation with loss of employment and spend in the city centre.
14. How the UK conducts its retail shopping is changing fast, with unprecedented growth of online shopping in particular having a big effect on high streets. Between 2007 and 2018 online sales increased six-fold while the growth of in-store sales lagged behind. In 2000 online retailing accounted for less than 1% of total retail sales while in October 2018 almost a fifth of all retail sales took place online.
15. Research indicates Salisbury may have too much of the wrong type of retail, with a significantly higher exposure to multiple chains in the town centre (36% of retail units as opposed to 25% nationally), rendering the city vulnerable to store closures and vacant units as multiple chains are consolidating. One of the initiatives Wiltshire Council has supported is the development of artisan businesses and increasing their presence within the high street to provide an experience that can be less replicated elsewhere.
16. Salisbury has struggled to attract private investment for many years, with a number of stalled development sites. Concerns around heritage and environmental constraints have been highlighted as key inhibitors to private sector investment for many years.
17. With Porton Down research establishment and science park on Salisbury's door step, large scale relocation of the armed forces within the wider region and the presence of a number of strong businesses, there is both the opportunity for Salisbury to establish a growing economy, and the challenge that if not the wider Wiltshire economy will be hindered.

Economic Challenges

18. The nerve agent contamination saw the main pedestrian thoroughfare from the city's central car park to its retail centre closed for 11 weeks. Footfall

dropped as a result and has not recovered, as people lost confidence and “got out of the habit” of shopping in town, found other centres that met their needs or went on-line. Covid-19 will increase this pressure, with store closures being announced.

19. In addition to the challenges of the current retail offer mentioned above, Salisbury has a problem with retaining and attracting young people to live, work and dwell in the city centre. The median house price to wage ratio in Salisbury is 10:1, significantly above the 7.9:1 ratio for England and Wales, and the city’s house prices have grown faster than the national average over the past five years. The proportion of people aged 20-29 is 4% below the national average, and 3% below the regional average. Contributing to not being able to attract young people, and potentially as a consequence, Salisbury’s night-time economy has receded in recent years with reductions in employment, the number of businesses and evening footfall since 2015.
20. Despite Salisbury being a strong tourist destination, Salisbury fails to capture significant potential spend for people visiting local assets such as Stonehenge or the Cathedral, with parking data showing that 58% of coaches stay under two hours in the city. Leveraging these key assets, and broadening Salisbury’s visitor offer beyond one heritage asset will be essential to develop Salisbury’s tourism sector and the number of overnight stays.
21. The Stonehenge tour bus is located directly outside the station, with currently no effort to encourage visitors into the city to support increased city centre footfall. Over 117,000 visitors used the Stonehenge bus in 2019/20 and usage is increasing year on year. The station provides an underwhelming gateway to the city centre, characterised by poor design, wayfinding and walkability. For visitors arriving by rail, Fisherton Street (which runs from the station approach to the city centre) is characterised by narrow paving and heavy traffic, culminating in poor pedestrian access. Inadequate design and consideration of the public realm means that there is little incentive for visitors to explore the city centre.
22. Lastly, there is a high reliance on car journeys for those living and working in Salisbury with resultant traffic congestion and poor air quality. Evidence from the UK who have made investments to encourage sustainable transport have seen improvements in town centre trade.

Central Area Framework and Partnership Board

23. Over the last 12 months officers with the support of external consultants have engaged with stakeholders and consulted with residents to develop a Central Area Framework (CAF) for Salisbury. There are five central aims:
 - To enable the city to respond to the challenges of the climate emergency and take meaningful and urgent steps towards mitigating and preventing the impacts of climate change.
 - A self-contained and affordable city providing greatly enhanced opportunities for people to live, work and meet their retail and leisure needs locally, thereby reducing commuting and reducing carbon emissions.

- A city with a rich and diverse tourism industry with proposals to broaden the city's offer.
 - A city with a thriving economy that encourages inward investment with measures to ensure that the city centre is resilient to changes in retail and leisure floorspace requirements.
 - A city that celebrates its rich heritage by showing it in the best light through revealing attractive building frontages with sympathetic public realm enhancements, bringing empty buildings back into use and delivering attractive shop frontages.
24. In turn the CAF is proposing 5 main strategies:
- Creating people friendly streets; to make the central area a better place for people to move around safely, comfortably and in an environment with reduced noise and air pollution and prioritises cycling, walking and public transport.
 - Improving open space and the environment; the delivery of a connected green corridor through the city centre and improving connections between the existing green spaces to enhance nature, leisure and enjoyment
 - Creating vibrancy: Giving residents and visitors an experience through the activities that happen in addition to the day-to-day retail, leisure and service offer which they really enjoy, want to repeat and recommend to others.
 - Bringing out the qualities: to enhance buildings and spaces to best showcase the unique and beautiful heritage of Salisbury
 - Identifying character areas and their role in the city; providing a clear and distinctive identity and purpose to the various parts of the central area to enhance their individual character and roles.
25. The CAF forms part of the evidence bases for the development of the Wiltshire Local Plan and Salisbury City Council's Neighbourhood plan. It provided a strong platform to develop and deliver the proposals for the FHSF.
26. Alongside the CAF, Wiltshire Council has worked with Partners to establish a Future Salisbury Partnership Board which includes SCC, the Cathedral, Salisbury NHS Foundation Trust, Swindon & Wiltshire LEP, Salisbury BID, Wiltshire College & University Centre and private sector representation. This Board has endorsed the FHSF submission and provided a good sounding body to assist in shaping these projects.

Projects.

27. Wiltshire Council has engaged widely with stakeholders from across the city to identify and shape projects to resolve the challenges identified:
- Station Forecourt. The redevelopment of Salisbury train station and its environment. This first phase would focus on the station forecourt to deliver car parking capacity, a bus interchange, taxi rank, a high-profile visitor experience waiting area and information point, bike hub including electric charging, enhanced public realm and accessibility for pedestrians.

- Transforming Accessibility. To showcase and initiate the delivery of 'people friendly streets', Fisherton Street - the gateway from the station to the retail centre will be transformed through Highways and structural interventions will connect the station to Salisbury's retail core. We will be encouraging active transport by prioritising buses, passengers and cycles. Investments in lighting, signage, highway carriageway and building frontages will change the narrow pavements, poor wayfinding, and heavy vehicular traffic.
- Heritage Living This strategy will create apartments in unoccupied spaces above shops and is targeted at encouraging young people to live in the centre of Salisbury. The proposal is to redevelop 47 Blue Boar Row to showcase this strategy and delivery a proof of concept will encourage investor confidence to redevelop sensitive and underused sites in the city's medieval core. Further work will be undertaken to encourage and support landlords in returning their vacant upper floors to support city centre living, generating mixed use and higher footfall.

28. These projects have been workshopped with the Institute for Place Management, with an initial project longlist being refined based on their ability to respond to the 25 factors for town centre viability and vitality. Salisbury has benefited from SWLEP which has enabled them to invest in shaping these projects, testing for feasibility, developing concept designs and allowing for engagement with residents and stakeholders to assist in shaping these projects.

29. The redevelopment of the Salisbury station environment is intended to integrate it with the city and improve the sense of arrival. It includes the introduction of buses on to the forecourt, improvements for pedestrians and a visitor 'pavilion'. This pavilion could be a visitor attraction in the form of a sculpture. The concept designs have been developed and costed by a multi-disciplinary team led by Atkins, our term contractor, in partnership with South Western Railways (SWR). To achieve the aims of the project there is a loss of car parking spaces on the forecourt, that is a key concern to SWR. In the costs associated with the project there is an allocation for their re-provision. The project team continues to work to identify where these replacement car parking spaces can be re-provided, and while there exists a number of options, ensuring redelivery is a risk to the project delivery.

30. 47 Blue Boar Row is a building owned by SCC, as an asset transferred from Wiltshire Council. An architect experienced in redeveloping listed buildings, has produced concept designs to deliver 9 apartments and space for an active use on the ground floor facing Salisbury historic Market Place. The costs to bring the property back into use exceed the commercial return, hence this projects inclusion in the FHSF submission. There is cost provision to use the project to spread best practice as to how property owners can refurbish their buildings to deliver 'Heritage Living' within Salisbury.

31. Supported by SWLEP Wiltshire Council has been developing a transformational strategy to reduce car usage in the city centre. The transformation of Fisherton Street will change a key artery into the city centre into a people friendly street, encouraging patronage of the many retail and hospitality offers within the street as well as funnelling residents and visitors into the city centre. Concept design and costings have been developed by a multi-disciplinary team led by Atkins.
32. During the last 12 months the Council has worked with to develop an 'artisan arcade' concept to assist in differentiating Salisbury's retail offer. Over the winter the Council managed an artisan retail offer that occupied an empty shop, identified and worked with over 80 small businesses (artisans) to sell and market their products. As well as bringing a building back into use it served to increase footfall in Salisbury's High Street and has helped to develop a number of small businesses from across Wiltshire. The Council has investigated a number of empty buildings that could be converted to deliver this project, at the time of submitting this report, a suitable building has not been secured, which will lead us not to include a capital allocation in the FHSF submission. We will continue to work with Salisbury partners to support a reopening 'pop-up' concept post the Covid lockdown.

Main Considerations for the Council

33. The above projects have been costed at circa £15M, which is within the bidding envelope set out by Government. All projects are being subjected to final scrutiny and cost analysis before submission.
34. The cost of restoring 47 Blue Boar Row to provide apartment living for younger residents will need grant funding from FHSF to make it a viable proposition. It is a listed building, requiring considerable work to enable it to fulfil an economic and social function in the city. The architect has produced concept plans for the building's redevelopment and the costings include contingency allowances. Savills, working for Wiltshire Council have assessed the commercial position and believe that grant funding at the level being included within the FHSF submission would be required by a commercial entity alongside their funding to bring back into use this listed building.

Following an assessment of rental incomes, Savills have prepared cash flow projections and believe that with additional grant funding, commercial companies would invest their money to renovate the building and rent out properties in the market. Discussions are on-going with SCC and Wiltshire Council as to whether the former would wish to assist in funding the development and respective roles in management of the property.

35. The wholly owned Wiltshire Council Stone Circle commercial company is the preferred partner for the Council to redevelop this building and potentially manage the rental of apartments as a business. They have the necessary developmental expertise and the rental proposition fits with their business objectives. The terms of such an arrangement would need to be the same as other commercial entities, and the Board of Stone Circle will need to consider the business proposition. To submit the FHSF this report seeks support from Wiltshire Council to act as the backstop and underwrite the cost of this

investment, circa £1.2M. If this funding was needed it would generate a suitable return over the cost of financing and be paid back over time. Should the bid be successful, the details of commercial arrangements and assessments of viability would return to Cabinet for review, and a planning application would be required. The funding is expected to be required in 2022/23.

36. In addition, redevelopment of the Station Forecourt will require re-provision of car parking spaces from the forecourt. There are many options under consideration, including options involving council land. To provide sufficient assurance for the bid submission, this report seeks endorsement for the maximum cost that could result from the scheme at £1.71M. Up to £700k could be allocated from s106, with the remainder sought from the existing £1m allocation for the Salisbury programme in 20/21. Should the bid be successful, the details of arrangements would return to Cabinet for review.
37. Significant Wiltshire Council officer time has been undertaken to shape the projects and engage with residents and stakeholders through revenue budgets established after the nerve incidents. Future officer time to project manage the projects will be supported through the FHSF.
38. SWLEP will have contributed up to £0.9m capital funding to assist Wiltshire Council and partners develop the projects under submission. There is a risk that if capital funding does not become available to deliver these projects, the Council would need to reallocate revenue funding to deliver a revenue capital swap as per the funding agreement with SWLEP
39. MHCLG has indicated that the vast majority of towns will not receive £25M. There is a strong strategic case has been established for Salisbury following the nerve agent incident. However, with Covid19, many town centres now find themselves in economic shock, and the government will receive many calls for further support. If Salisbury is not awarded the full amount, individual projects may need to be prioritised.
40. The projects proposed must be delivered by 2023/24. Match funding may support delivery in later years, but all FHSF funding must be spent by 2023/24. The submission includes programme management resource and officer support for works necessary to meet this deadline. In bidding, the Council is committing to supporting a programme of monitoring and evidence that will last beyond the bid period. Funding announcements are expected in the Autumn of 2020.

Overview and Scrutiny Engagement

41. The Environment Select Committee initially had a presentation on the Salisbury Recovery Operation in January 2019, where the committee discussed the key challenges of the recovery operation. A second update was provided to the committee in November 2019, where the committee learnt that the Council's bid to the Future High Streets Fund for Salisbury and Trowbridge had been shortlisted.

42. The progress of the submission has been reported to Salisbury Area Board on a regular basis.

Safeguarding Implications

None

Public Health Implications

43. Key objectives within the CAF are to encourage walking, cycling and use of public transport within the city, through investing in people friendly streets. In addition, improving the accessibility of the rivers, meadows and surrounding countryside of the city. As well as improving an individual's health and well being such measures will reduce air quality pollution.
44. The investment of FHSF at Salisbury station to improve it as a transport interchange, with better linkages to buses and a specific cycle hub will reduce the need for car journeys. Investment in the Fisherton gateway to deliver a pedestrian friendly environment will encourage walking into the city. Both projects will support an improvement in public health.

Procurement Implications

45. Contract Value: whether the Works Projects are treated separately or combined, the transport related projects are anticipated to exceed the current OJEU Works threshold of £4.733m.

The SPH will work with the service area to determine the most effective route to Market, this summary guidance applies to all activities –

Open OJEU process:

Advantages: simplest to follow; local suppliers can apply;

Disadvantages: high levels of response / feedback; resource intensive;

Restricted OJEU process:

Advantages: gives certainty of response and quality of final submissions; local suppliers can also be engaged;

Disadvantages: extended time frames for procurement; requires significant commitment of resources;

Framework:

Advantages: offers higher levels of response certainty; known bidders;

Disadvantages: restricted to Framework suppliers which could exclude local suppliers; use of Framework quality questions may have an impact on Wiltshire's needs.

The building and Illuminating Salisbury projects are at present below the OJEU thresholds, the latter forms a specialised product, however, from the feasibility work the Council has a good understanding of the supply base.

The SPH will work with the Recovery Team to ensure that procurement solutions deliver the most cost, time and quality effective solutions.

Equalities Impact of the Proposal

46. Each of the projects as they are shaped will undertake an equalities impact assessment as they progress. The station forecourt proposals are considering very carefully access and safety of the station for, in particular the elderly and disabled.

Environmental and Climate Change Considerations

47. At the heart of the CAF is to make Salisbury a more sustainable city, and the FHSF proposed projects will assist in that process. Encouraging of residents, those undertaking business and visitors to use sustainable transport through the transformational change at Salisbury station and Fisherton street will reduce emissions in the environment. Bringing back into use 47 Blue Boar Row and supporting landowners in the city to use their empty spaces will reduce the need to build new homes with resultant use of carbon.
48. The detailed design process will consider how in the use of materials the production of new carbon can be minimalised and the procurement strategy will include consideration of climate change in the process of appointing suitable contractors to deliver the projects.

Risks that may arise if the proposed decision and related work is not taken

49. Salisbury will not apply for FHSF monies and the opportunity for external government funding will be missed. If other funding streams are not available Wiltshire Council will be unable to deliver the projects developed as part of the recovery with resultant reputational impact and further economic decline in Salisbury.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

50. The FHSF Salisbury programme has a detailed risk register as do the projects outlined above. Key risks and mitigations include:
 - Cost increases. All projects have moved through concept design stage and include an assessment of costs from industry experts, which include contingency sums.
 - Lack of resident and stakeholder support. Projects and the strategies behind them have been consulted and engaged on.
 - Projects not delivering the economic benefits. Projects were tested through a process that is being used by government experts for revitalising high streets. Economic consultants have produced and assessed the projects within Treasury business case.
 - Deliverability within timescales. With concept designs produced, each project has a detailed programme for delivery. Time has been

allowed for the Council to scale up resources to support delivery once funding allocations have been made.

- Agreements with partner organisations. Projects have been discussed and been shaped with different organisations that will be central to their success. A number of the projects will need to complete detailed arrangements prior to delivery.

Financial Implications

51. In submitting the bids as outlined in the report the Council will be committing to £2.823 million of match capital funding across 2022/2023 and 2023/2024 as detailed in the table below.
52. There is a budget allocation of £1 million in 2021/2022 approved Capital programme, so this would be an additional capital budget request of £1.823 million. The capital allocation for Blue Boar Row (£1.113M) will be on a commercial basis and has been subject to an independent development appraisal which is expected to generate a suitable return over the cost of financing and be paid back over time. Additionally, there is potential to fund £0.7 million from S106 but this requires further investigation.
53. If approved by Cabinet, this could be vired from the “other Capital Scheme to be confirmed” Budget which is funded by borrowing and has a balance of £18.324 million in 2021/2022.

	2020/21			2021/22			2022/23			2023/24			Total		
	FHSF Grant	Private Sector Funding	Wiltshire Council Funding	FHSF Grant	Private Sector Funding	Wiltshire Council Funding	FHSF Grant	Private Sector Funding	Wiltshire Council Funding	FHSF Grant	Private Sector Funding	Wiltshire Council Funding	FHSF Grant	Private Sector Funding	Wiltshire Council Funding
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Package 1: Station Forecourt	£0.371	£1.900		£0.726			£3.407		£0.855	£1.998		£0.855	£6.502	£1.900	£1.710
Package 2: Transforming Accessibility	£0.045			£1.006			£4.031			£2.139			£7.222	£0.000	£0.000
Package 3: Heritage Living				£0.109		£0.124	£0.256		£0.495	£0.256		£0.495	£0.620	£0.000	£1.113
Total	£0.416	£1.900	£0.000	£1.841	£0.000	£0.124	£7.693	£0.000	£1.350	£4.393	£0.000	£1.350	£14.344	£1.900	£2.823

54. Although if successful the FHSF will deliver a significant investment into the Wiltshire economy, it will require continued revenue support through the economic development service to provide overarching client management. Project management costs are being sought as part of the funding request.
55. The report highlights the exposure to risk if projects do not proceed as capital funding secured through SWLEP at £0.900 million which has been spent on development would revert to revenue if the schemes do not proceed.

Legal Implications

56. The transformation and redevelopment works will be subject to the Procurement Regulations (see Procurement Section, above) and the

tendering required by those Regulations will be sufficient to satisfy State Aid requirements in those works' contracts.

In regard of the Blue Boar Row commercial arrangements there is a state aid issue. Putting the commercial arrangements to the market to seek bids and select from those bids in an even-handed evaluation of development partners for the Council would not raise State Aid issues. However, if the Council does decide to go directly to the Stone Circle companies then, on the face of it, this raises State Aid and Procurement issues. An unhappy developer could complain that as the commercial services were not tendered then this gives the Stone Circle companies an unfair commercial advantage. A procurement complaint here would be countered here by use of the "*Teckal*" exemption. This allows a public authority to give to its wholly owned companies contracts directly and without tendering. The state aid element of the complaint would have the same substance, that the arrangements gives the Stone Circle companies an unfair commercial advantage.

There are two ways of bringing these potential arrangements between the Council and its Stone Circle companies within State Aid regulations. The first is use of the *de minimis* regulations. These say that contract and other support given to economic entities is not State Aid if it amounts to less than Euro 200,000 in a three-year rolling period. It is anticipated that the arrangements in question will be of significantly higher value than this, so making *de minimis* unavailable to the Council. The other avenue is to make use of the *Market Investor* principal.

If the arrangements between the Council and the Stone Circle companies can be shown to be on the same commercial terms as would be expected to be gained in an arm's length arrangement with an independent commercial entity, then these arrangements will be state aid compliant. It is likely that the assessment of the commercial equivalence of the arrangement would be done by an independent party. It is noted that the Council is making that commitment if it goes ahead with this delivery option.

Workforce Implications

57. The funding includes provision for funding of officer time to oversee and manage the implementation and monitoring of the projects and the necessary external professional support to deliver the projects outlined in this report. A successful allocation of funding may require external recruitment on time limited contracts or secondment(s) to meet this requirement, depending on officer availability.

Options Considered

58. There are other options that were considered:
 - Not to proceed with an application

- altering the size of our bid submission; or
 - proceeding with the recommended strategy.
59. In failing to proceed with the application, Wiltshire Council will be unable to deliver the projects developed as part of the recovery with resultant reputational impact and further economic decline in Salisbury. The Council will also need to provide revenue funding to the SWLEP to re-pay the capital contribution to date.
60. It is recognised that post Covid there will be increasing pressures on the resources and priorities of the Council. Not to submit a bid is a valid option, however, this would result in the potential loss of funding and increase the possibility of Salisbury's retail and leisure offer continuing into decline. This option is not recommended.
61. There were a number of projects that have not been included as they are not likely to be deliverable within the time period of the FHSF. Their inclusion may discredit and distract from the wider bid. One of these projects, artisan arcade, we believe can be delivered in part as a joint project with partners and willing landlords offering reduced rent on empty buildings. It is considered that only projects with credible and timely delivery plans should be included in the bid.

Conclusions

62. In conclusion, Salisbury as a city is heavily dependent on its retail, hospitality and leisure offer, which was significantly impacted by the nerve incidents in 2019 and now by Covid. Only significant interventions will help reverse their decline. The FHSF offers an opportunity for Wiltshire Council to receive external government funding to take forward a number of transformational projects which have the support of our partners and stakeholders in Salisbury.

Alistair Cunningham OBE

Report Author: Victoria Moloney.