

Wiltshire Council

Cabinet

2 February 2021

Subject: Salisbury Future High Streets Fund: in-principle offer

Cabinet Member: Philip Whitehead, Leader of the Council and Cabinet Member for Economic Development, Military-Civilian Integration and Communications

Key Decision: Non Key

Executive Summary

Following the submission of the Future High Streets Fund Salisbury business case in August 2020, MHCLG has made Wiltshire Council an in-principle offer of up to 69% of the original ask, amounting to £9,355,731.

This funding offer is subject to Wiltshire Council providing a technical update to MHCLG, reflecting the available funding envelope and submitting a response by 26th February 2021.

This report provides an overview of (a.) the proposed response and (b.) the consultation which has taken place to inform the proposals to date. The report also seeks authorisation to submit a response to the in-principle offer and accept the grant.

The proposed response seeks to secure the maximum funding available and shows that the projects developed to date remain deliverable, albeit with some adjustments.

The technical update on individual projects is currently being examined and where needed, adjusted by the consultant team and the Council's Economic Recovery team:

- Station Forecourt will be supported - minor reductions can be found while retaining critical elements.
- Fisherton Gateway will be supported. Early indications are that it is possible to deliver the critical elements of this scheme, improving the accessibility between the station and the city centre within the cost envelope. Work to update the cost plan and identify the necessary savings is ongoing.
- Heritage Living will be supported - minor reductions can be found while retaining critical elements.

Proposal(s)

That Cabinet:

- Agrees the contents of this report.
- Delegates authority to the Chief Executive Officer - in consultation with the Director for Economic Development and Planning, and Legal, Electoral and Registration Services and the Cabinet Member for Economic Development, Military-Civilian Integration and Communications to approve and submit the Salisbury Future High Street Fund response to the in-principle offer to MHCLG as well as accepting the grant.
- Delegates authority to develop individual workstreams within the business case and the response to the in-principle offer to the Chief Executive Officer, in consultation with the Director for Economic Development and Planning, the Director for Legal, Electoral and Registration Services and the Cabinet Member for Economic Development, Military-Civilian Integration and Communications.

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 confirmation of the offer in-principle 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

Wiltshire Council

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Cabinet Member: Philip Whitehead, Leader of the Council and Cabinet Member for Economic Development, Military-Civilian Integration and Communications

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Purpose of Report

1. To update Members on the in-principle offer received from MHCLG in relation to the Salisbury Future High Streets Fund business case.
2. To seek Cabinet approval for Salisbury's response to the Government's Future High Streets Fund in-principle offer.
3. To agree the proposed delegated authority provisions to enable the Council to submit a response on behalf of Salisbury and accept the grant.

Relevance to the Council's Business Plan

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

Background

5. 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.

6. Salisbury submitted an expression of interest (EOI) to the fund, outlining the challenges in Salisbury and highlighting the projects which would transform the high street. The EOI successfully made it through that round and a full business case was submitted in August 2020.
7. In December 2020 MHCLG made Wiltshire Council an in-principle offer of up to 69% of the original ask (circa £13.53m), amounting to £9,355,731. This funding offer is subject to Wiltshire Council updating the proposal to reflect the funding envelope and submitting a response by 26th February 2021.

Main Considerations for the Council

8. Guidance on the process for updating the proposals makes clear that the Council must maintain the minimum BCR, ensure the proposals are deliverable and retain co-funded elements where possible, with some measure of co-funding a gateway criterion to accessing the fund.
9. The financial gap may be addressed by
 - a. Additional co-funding. This is considered unlikely as partners have already committed significant co-funding to the scheme.
 - b. Scalability – it may be possible to adjust the projects within the cost envelope
 - c. Non-delivery – a project may need to be removed to achieve the cost envelope.
10. Salisbury's proposal has considered all the above options. At this stage it is considered unlikely that additional co-funding may come forward, given the existing contributions from partners. The existing co-funding means that scalability is preferable to non-delivery on any of the projects.

Projects:

11. Projects were identified and developed for Salisbury through engagement as well as through the consultation on the Central Area Framework (CAF). Over 50 engagements took place during the development stage, engaging over 1300 people, including schools and colleges and private sector stakeholders.
12. The bid for Salisbury identified the following projects.
 - Station Forecourt: A redesign of the station forecourt, first phase delivering additional car parking capacity, bus interchange, taxi rank, visitor waiting area and information point, bike hub including electric charging, enhanced public realm and improved accessibility for pedestrians.
 - Fisherton Gateway: A number of integrated programmes of highways and structural interventions with improvements in the road network and public

realm. Specifically, we will invest in Fisherton Street as the gateway from the station to the retail centre. Highways and structural interventions will connect the station and the cultural quarter to Salisbury's retail core.

- Heritage Living: Creating a number of apartments in a heritage building within the city centre. The aim is to encourage young people to live in the centre of Salisbury. Redeveloping vacant listed building(s) as a proof of concept will encourage investor confidence.
13. Both Station Forecourt and Heritage Living have co-funded elements, which should be retained to secure a higher overall investment. It is considered that minor reductions can be found from these projects while retaining critical elements.
14. Fisherton Gateway does not require co-funding and has the benefit of being scalable in geography and scope. Early indications are that it is possible to deliver the critical elements of this scheme, improving the accessibility between the station and the city centre within the cost envelope. Work to update the cost plan and identify the necessary savings is ongoing.

Overview and Scrutiny Engagement

15. 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.

The Chairman and Vice-Chairman of the Select Committee were briefed on the report on 29 January 2021.

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

Safeguarding Implications

17. None

Public Health Implications

18. 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 wellbeing such measures will reduce air quality pollution.
19. 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 more accessible environment will encourage walking into the city. Both projects will support an improvement in public health.

Procurement Implications

20. 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.

21. 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.

22. 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.

23. 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

24. 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

25. 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 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.

26. 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

27. Salisbury will not respond to the in-principle offer 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

28. Salisbury will not submit the response to the in-principle offer 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.

Financial Implications

29. In submitting the bids as outlined in the report the Council will be committing up to £2.823 million of match capital funding across 2022/2023 and 2023/2024 as approved in the July Future High Streets report to Cabinet.

Legal Implications

30. 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.
31. 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. A 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 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.

32. 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.
33. 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

34. 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

35. There are other options that were considered:
 - Not to provide a response to the in-principle offer
36. In failing to provide a response to the in-principle offer, 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.
37. It is recognised that post COVID-19 there will be increasing pressures on the resources and priorities of the Council. Not to submit a response 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.

Conclusions

38. 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 2018 and now by COVID-19. 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.

Sam Fox (Interim Corporate Director - Place and Environment)

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Background Papers

The following documents have been relied on in the preparation of this report:

Salisbury Future High Street Submission Cabinet Report Tuesday 14th July 2021