

Birmingham City Council

Report to Cabinet

21st April 2020



Subject: Erdington Future High Streets Application for Government Funding

Report of: Rob James, Acting Director Neighbourhoods

Relevant Cabinet Member: Councillor Ian Ward – Leader of the Council

Relevant O &S Chair(s): Councillor Sir Albert Bore -Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Erdington		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential : Contains information on private property development opportunities		

1 Executive Summary

- 1.1 To seek approval to make application to the Ministry of Housing, Communities and Local Government, (MHCLG) Future High Streets Fund for a programme of capital improvement works to Erdington High Street.
- 1.2 The application will request approximately £8,000,000 to £13,000,000 of Government funding towards an overall programme of works that intends to attract private investment of up to £41,900,000.

- 1.3 In the event of a successful application, Birmingham City Council will be required to act as the accountable body and oversee delivery of the fund.
- 1.4 Cabinet are requested to delegate the final stages of development of the application to the Acting Director for Neighbourhoods and Cabinet Member.
- 1.5 In December 2018, the Ministry of Housing, Communities and Local Government, (MHCLG) announced a significant funding programme for the support of High Streets. The package of support, initially worth £675m (and later increased to £1 billion) invited expressions of interest from local authorities. The fund can provide capital investment to a maximum of £25m with the expectation that most successful applications will receive between £5m and £10m.
- 1.6 On 9th July 2019 the Council's expression of interest for Erdington was approved by MHCLG, with funding made available, to progress to development of a full business case (FBC). In partnership with Erdington Business Improvement District and in conjunction with MACE as lead consultants, the attached draft business case (appendix 1) has now been developed by a cross departmental Council steering group. The submission seeks approximately £8 to £13 million of funding from MHCLG designed to transform Erdington High Street with much needed diversification of uses, plus improvements to the public realm, retail offer and community services. Cabinet should note that the FBC attached at appendix 1 of this report is in draft form. The Council in conjunction with the lead consultants will continue to work together until the application submission deadline to finalise the details in appendix 1.
- 1.7 Cabinet should note that the application for funding to the MHCLG is likely to be considered in the Summer of 2020. Subject to approval of the application, further detailed Full Business Cases will be drafted and submitted for approval by Cabinet at a later date. Such further FBC's will provide further detail (including costings and HR resource requirements) of the different schemes within the programme. Therefore, this current report requires Cabinet to approve the initial stages of the programme only, namely the application for funding and acceptance of the same, should the application be successful.

2 Recommendations

- 2.1 To note the background to the Erdington Future High Streets Fund application.
- 2.2 To approve the submission of an application to access government funding from the Ministry of Housing, Communities and Local Government Future High Streets Fund by 5th June 2020 as outlined in the draft FBC at appendix 1.
- 2.3 To note the shortlisted schemes and the indicative funding required from the FHSF for each scheme.
- 2.4 To delegate the final stages (including final development of the FBC) and submission of the application and acceptance of any award to the Cabinet Member and the Acting Director for Neighbourhoods subject to financial and legal agreement.

- 2.5 Authorises the City Solicitor to negotiate and complete any documents necessary to give effect to the above recommendations.

3 Background

- 3.1 In December 2018, the Ministry of Housing, Communities and Local Government, (MHCLG) announced a significant funding programme for the support of High Streets. The package of support, initially worth £675m (and later increased to £1 billion) invited expressions of interest from local authorities.
- 3.2 Birmingham City Council's Neighbourhoods Directorate submitted seven expressions of interest for the fund. Our submissions covered; Sutton Coldfield, Erdington, Soho Road, Acocks Green, Northfield, Stirchley and a generic application for all other local centres. The fund required each submission to show our commitment to partnership working with the local business communities in each area. The expressions of interest also needed to show significant issues with each High Street and a vision for improvements.
- 3.3 Unfortunately, we were unsuccessful with five of the expressions of interest, (although a sixth; Stirchley, have been offered advice and support from the newly formed Government High Street Task Force, toward a re-submission)
- 3.4 On 5th July 2019 we were advised that the expression of interest for funding for Erdington had successfully progressed to the Business Case Development phase.
- 3.5 On 1st October 2019 Birmingham City Council Neighbourhoods Directorate received a grant award of £100,700 to develop a business case, compliant with the capital five case model used by MHCLG and other Government Departments.
- 3.6 Using the Crown Commercial Services Project Management and Design Services Framework Agreement, Mace Ltd were appointed as consultants to deliver the necessary application
- 3.7 The development of the business case has been overseen by a project steering group including officers from Neighbourhoods and Inclusive Growth directorates, together with Erdington Business Improvement District, Greater Birmingham Solihull LEP and West Midlands Combined Authority. The project steering group has also engaged the local ward Councillors Robert Alden and Gareth Moore.
- 3.8 The application will be subject to a competitive process with fifty other towns and local centres with announcement of successful places being expected in Summer 2020.

A successful application will need to demonstrate;

- Private and Local Authority partnership working
- Investment and added value of at least 200% to the government fund
- Diversification of uses in the High Street
- Improvements to footfall and sustainable profitability for High St businesses

- A connectivity and shared vision across investment sites
- Individuality and uniqueness of the town's offer

As part of the MHCLG process a draft of our outline ideas had to be submitted in early January 2020, work has continued to develop these ideas into the final submission, which has a revised submission deadline of 5th June 2020.

The Vision and Objectives

The project vision and objectives have been formulated and determined by the Project Steering Group, as follows:

“Erdington High Street will be transformed to become a destination of choice for the local community, which is inclusive, safe, green and active. Improvements in retail, cultural, leisure, community and social activities for all ages will enable this to happen and re-establish Erdington High Street as the accessible beating heart of the community with a strong sense of place and priority for pedestrians and cyclists”.

Objectives

- Deliver more high-quality housing to address the increasing housing demand in Birmingham and increase the vitality of and footfall in the High Street
- Maximise the area's cultural, leisure and social activities and respond to the needs of the local community;
- Take advantage of the opportunity to improve safe and secure local connections/routes to the High Street and to other local destinations such as the railway station
- Improve the quality of the existing public realm; introduce additional planting and greenery, prioritise walking and cycling and create a strong sense of place
- Contribute to an increase in well-being, address social isolation and crime in the area

The shortlisted schemes

The shortlisted (preferred) schemes are as follows: ;

- Contribution of £3.5 - £3.7 million of the FHSF to Godwin Developments Ltd, to support the redevelopment of the Central Square Shopping Centre into commercial and residential usage. The ground floor will be allocated to commercial space including food and beverage and the remaining floors (around 3 to 6 story) will be approximately 200-250 one and two bed apartments for private rent. It is intended the fund would be provided as a grant.

- A grant of £1.5 - £2.9 million of the FHSF to Witton Lodge Community Association for capital works to convert the former baths sites into a new community / creative enterprise hub with opportunities to support local people into business, particularly within the creative sector, and bring the former baths site back into community use. It is intended that BCC will transfer the asset to Witton Lodge in the long term.
- A grant of approximately £0.7 - £1.7million (includes optimism bias) to the Church of England for improvements to footpath access routes across St Barnabas churchyard to connect the High Street to the homes behind St Barnabas church to the South.
- Approximately £2 million to support BCC led accessibility, connectivity and public realm improvements to the High Street (includes optimism bias). These improvements will include revised traffic regulations orders and car parking arrangements designed to increase dwell time for visitors to the High Street and make the area more attractive and safer for people to enjoy, improve cycling access, pedestrianisation of the stretch of High Street in front of St Barnabas Church, improved public realm including the area around the existing village green and traffic speed reduction including raised tables.
- The purchase (or if necessary compulsory purchase) and demolition/clearance of 152-156 High Street. The site would be converted into a 'pocket park', with public open space and the potential to incorporate an outdoor gym and children's play area. The proposal is that BCC would acquire the site and be responsible for the ongoing management of the park. The cost estimate for this scheme is approximately £2.5m but is dependent upon the value of the property agreed with the owner and/or on the cost of CPO. It should be noted that the owner is considering this option and also an opportunity for redevelopment of the building into mixed use commercial / residential.

4 Options considered and Recommended Proposal for submission

- 4.1 To submit a full business case application for funding and engage with partners to deliver – the preferred option
- 4.2 To abandon submission (or specific schemes) foregoing the offer of Government funding assistance and risk a significantly reduced development in Erdington which could result in reputational damage for the council.
- 4.3 The scenarios currently included in the draft business case are:
 - 4.3.1 Do nothing: no funding is provided by the FHSF and the schemes do not go ahead.
 - 4.3.2 Do minimum: this comprises of the high street connectivity improvements and improvements to the public footpath and urban realm behind St Barnabas Churchyard. These schemes are deemed to be low risk and highly achievable if FHSF is secured

- 4.3.3 Preferred option: as 4.3.2 above, **plus** the redevelopment of the Central Square Shopping Centre, the redevelopment of the former leisure centre and redevelopment of 152-156 High St as a transformational central location for public space

5 Consultation

- 5.1 Partnership work has been undertaken throughout development of the business case with Erdington Business Improvement District (BID) who are the company representing the wider business community in Erdington
- 5.2 Specific conversations / meetings with landowners and developers regarding potential to contribute to the programme have taken place, a number have not progressed, however, the partners identified with regard to the sites listed above have all indicated strong support for the application and the approach to transformational change in Erdington High Street. Scheme. Whilst no formal agreements or Memorandum of Understanding have as yet been entered into should the application prove successful the partners have indicated their willingness to engage.
- 5.3 BCC is working with Witton Lodge Community Association to develop aspects of their Community hub proposals for the former swimming baths in Mason Rd.
- 5.4 The West Midlands Combined Authority and Greater Birmingham Solihull LEP have been engaged as members of the steering group, with particular support for the public realm improvements being discussed with WMCA and for the Witton Lodge Community Association proposals receiving an application for direct financial support from GBSLEP.
- 5.5 Local councillors have been instrumental in engagement and driving the development of the business case and a public survey has been entered into to further discuss the proposals.
- 5.6 Risk Management
- Appendix 3 sets out the potential risks (including covid-19) and mitigations associated with the Erdington Future High Street Fund Application and Business Case.

6 Compliance Issues:

- 6.1 The shortlisted schemes are consistent with the following City Council priorities, plans and strategies

- Outcome 1, Birmingham is an entrepreneurial city to learn, work and invest in
 - Priority 2: We will strive to maximise the investment in the city and engage local employers to create quality jobs and opportunities for citizens, especially for those in the most deprived circumstances.
 - Priority 3: We will invest in growth sectors where Birmingham has competitive strengths to diversify the economic base of the city.
 - Priority 4: We will develop our transport infrastructure, keeping the city moving through walking, cycling and improved public transport.
- Outcome 4 Birmingham is a great, clean and green city to live in
 - Priority 2: We will have the appropriate housing to meet the needs of our citizens
 - Priority 4: We will improve the environment and tackle air pollution
 - Priority 8: We will enhance our status as a city of culture, sports and events
- Outcome 6 Birmingham is a city that takes a leading role in tackling climate change
 - Priority 2: We will continue to deliver, report and positively promote the council's extensive climate change and carbon reduction activity, with additional initiatives undertaken in line with leading national and peer practice

6.1.2 Working Together in Birmingham's Neighbourhoods.

6.2 Legal Implications

- 6.2.1 The Council is acting using its general power as prescribed under s111 of the Local Government Act 1972
- 6.2.2 If required, the Council will use Sections 120-122 Local Government Act 1972 and Compulsory Purchase Act 1965, these relate to powers that a Local Authority has in respect of acquiring land.
- 6.2.3 State Aid funding rules have been considered and legal opinion provided to support the application
- 6.2.4 The requirements of the Data Protection Act 2018 and Human Rights Act 1998 have been taken into consideration in terms of the processing, management and sharing of data involved in the business case. The city council has processes to protect any release of sensitive information.
- 6.2.5 A Compulsory Purchase Order may need to be considered for the option regarding 152-156 High Street site if a suitable purchase price cannot be agreed with the owner. This would necessitate the development and approval of a Masterplan for Erdington in the first instance.

6.3 Financial Implications

- 6.3.1 The application if successful will require Birmingham City Council to act as the accountable body and oversee delivery of the Future High Street Fund grant funding.
- 6.3.2 The success of the application will determine the scope of the works supported and thereafter individual separate Full Business Cases for each scheme will need to come back to Cabinet for consideration. This will cover any additional annual maintenance costs for the improved quality public realm, in the churchyard, High St and other Highways areas and on the site of 152-156 High St.
- 6.3.3 Subject to the application being successful, each individual scheme FBC proposal will need to show full funding is confirmed in terms of both one-off capital and revenue costs.
- 6.3.4 The Future High Streets Fund does not provide funding for ongoing revenue liabilities. It is recognised that there will be future revenue implications for which potential sources of funding will be identified. Potential ongoing revenue implications may include:
- increased highway maintenance costs (mitigated by a de-cluttering exercise)
 - increased parking enforcement costs (less revenue raised)
 - increased parks maintenance costs
 - change in business rate and council tax receipts
- 6.3.5 The scheme for WLCA on the former baths site will have some property implications which will be addressed in a full business case, however financial implications require these transactions to be at a full market value or within current Council property policy.
- 6.3.6 Any financial risk, whether cost over-runs or short fall in capital receipts will be met by delivery partners for each scheme, therefore further council resources will not be required.
- 6.3.7 It is acknowledged that the schemes include potential match funding from other parties, to be secured during the course of finalising each scheme FBC.

6.4 Procurement Implications (if required)

- 6.4.1 To be confirmed upon success of the application and included in future Full Business Case

6.5 Human Resources Implications (if required)

- 6.5.1 To be confirmed upon success of the application and included in future Full Business Case

6.6 Public Sector Equality Duty

- 6.6.1 There is no adverse impact see appendix 4

List of appendices accompanying this report:

Appendix 1 Full business case draft – to be submitted by deadline of 5th June 2020

Appendix 2 Public Realm areas subject to the proposal

Appendix 3 Risk management

Appendix 4 Equality Assessment

Summary	Market failure / scheme justification	Funding required from FHSF	Update on progress	Risks
Central Square Shopping Centre Redevelopment The redevelopment of Central Square Shopping Centre. The developers Godwin Developments have bought the site and are planning to redevelop it into mixed use residential and commercial. With approximately 250 residential units for private rental, ground floor food and beverage, and a public square.	Changing spending habits and a resulting drop in footfall has led to closure of retail units. Demand is now lower than supply. There is a strong need for a change of use.	£3.5-3.7 million Co funding: The majority of the funding for the redevelopment will be provided by Godwin. They will reclaim this through the sale of the redevelopment for private rent.	Godwin's first plan was rejected by BCC due to the height/scale of the high-rise blocks which were out of keeping with the local area. They have prepared high level plans for a scaled back redevelopment with a smaller number of apartments and lower rise blocks of 3 - 6 stories and public square. Stakeholders engaged: Godwin (private developer; BCC, local Councillor	Risk that the developer will change their plans for the site prior to submitting a formal planning application. External legal opinion has been obtained to clarify the position with regard to State Aid this imposes minor requirements to procedures for the developer and local authority.
Community Hub Redevelopment of a former swimming pool which is owned by BCC. Witton Lodge are planning to redevelop the building into a community and enterprise hub which would house community and business (start up) spaces/activities/services.	Provision of the enterprise hub would be under-provided if left to market forces. Local community and Local Authority cannot afford to fund the hub without government support. Need for more community-based activities to reduce isolation of local people, and for more business support/ affordable office space for start ups.	£1.5-2.9 million Co funding: Actively pursuing LEP funding.	Witton Lodge have prepared plans and cost estimate for redeveloping the site. It is proposed that BCC would transfer the asset to Witton Lodge. Birmingham City Council is initiating a license process for Witton Lodge Community Association (WLCA) in the short term. A number of approaches are being considered for the transfer in the long term. Stakeholders engaged: Witton Lodge Community Group, BCC, local Councillor	Costs may exceed available funds. Risk that Witton Lodge will not secure co funding.

Summary	Market failure / scheme justification	Funding required from FHSF	Update on progress	Risks
High Street Connectivity Revised traffic regulations orders and car parking arrangements designed to increase dwell time for visitors to the High Street and make the area more attractive and safer for people to enjoy, improve cycling access, pedestrianisation of the stretch of High Street in front of St Barnabas Church, improved public realm including the area around the existing village green and . Traffic speed reduction including a raised tables.	Provision of urban realm and connectivity would be under-provided if left to market forces due to the lack of associated revenue streams. Local authority lack funds to invest in urban realm.	£2,067,210	Consultants have drawn up draft plans for urban realm and connectivity improvements. Stakeholders engaged: BCC, local Councillor	Low risk. Affordability of maintenance costs to be addressed in a future Full Business Case
St Barnabas Connectivity Improvements to public footpath through St Barnabas Churchyard to include re-surfacing, disabled access and lighting. Current footpath is used during the day by local residents to access the high street. Safety fears at night due to lack of lighting. Wider churchyard will also be upgraded.	Provision of urban realm and connectivity would be under-provided if left to market forces due to the lack of associated revenue streams. Local authority lack funds to invest in urban realm and lighting.	£1,723,015	Costed scheme to refurbish graveyard and path has been prepared by the Church. Stakeholders: St Barnabas Church, BCC, local Councillor	Low risk. Affordability of maintenance costs to be addressed in future Full Business Case. Risk that match funding from Church of England and/or English Heritage will not be available.
152-156 High street Compulsory Purchase (or purchase) and demolition of 152-156 High street. The site would be converted into a pocket park, with public open space and the potential to incorporate an outdoor gym and children's play area. BCC would acquire the site and be responsible for the ongoing management of the park. The cost estimate for this scheme is dependent upon the value of the property agreed with the owner or on the cost of CPO. The owner is also considering redeveloping the building into mixed use commercial / residential.	Demolition of a commercial property and replacing it with a park would not be carried out if left to the market.	£2,500,000 - £2,700,000 Subject to negotiation and/or need to instigate compulsory purchase route to obtain possession and allow delivery.	BCC planners discussing options with the owner of the property. Cost estimates difficult to prepare at this stage given the level of uncertainty on whether and how the property will be acquired.	Scheme still requires significant development. Uncertainty over what the final BCC decision will be on how to proceed with the site. Negotiations with the owner are ongoing. Risk that the owner will submit application for alternative scheme and not agree to a sale price. Length of time required for CPO.

Summary	Market failure / scheme justification	Funding required from FHSF	Update on progress	Risks
				Risk of economic disbenefits of converting commercial space into a park.