

TITLE OF REPORT: Future High Street Fund - Expression of Interest

REPORT OF: Tony Alder, Acting Strategic Director, Communities & Environment

Purpose of the Report

1. To approve the submission of an Expression of Interest to the Future High Street Fund on the 22 March 2019. At this stage of the application process the Council is required to identify the area covered by the bid (but not a red line boundary) and provide evidence of the challenges, strategic vision and leadership arrangements. The Council is not required to detail specific funding requirements at this stage of the process.

Background

2. There has been successful partial regeneration of Gateshead Town Centre with the Trinity Square development and Northumbria University student accommodation. There are several significant planned developments on the periphery of the primary shopping area such as Old Town Hall Quarter, Quays Conference Exhibition and Arena, Baltic Quarter and Exemplar Neighbourhood that will provide significant benefits to Gateshead residents and opportunities to develop the offer in the Town Centre. The development that has occurred and is planned, represents significant delivery against the 2008 Regeneration Strategy Fit for a City objectives in challenging times. However, there are substantial residual challenges in the primary shopping area, notably on High Street, Jackson Street and West Street. With a high percentage of underutilised or abandoned property and difficult trading conditions. The Council is preparing a Delivery Plan for the southern end of the High Street with the intention to enable the development of a new intergenerational neighbourhood and has identified a desire to accelerate development and improvements in other areas of the town centre including improvements to the Interchange in partnership with Nexus.
3. The intentions of the Future High Street Fund are aligned with the strategic objectives of the Council and presents an opportunity to proactively intervene to further transform the Town Centre, enabling the development of new mixed uses in response to changing shopping habits and leisure uses.
4. The Government announced in the autumn statement the creation of the £675m Future High Street Fund to transform failing high streets, in recognition that the way we shop and what we are looking for from the high street has fundamentally changed. The prospectus for the Future High Street Fund was issued by the Ministry of Housing, Communities & Local Government (MHCLG) on 26th December 2018 detailing the two-step application process and eligibility, followed by further guidance on 7th February 2019.

Proposal

5. It is proposed to submit an Expression of Interest to the Fund for Gateshead Town Centre and specifically the High Street. Based on the feedback provided by MHCLG and detailed consideration of the objectives of the Fund it is proposed to apply to the Future High Street Fund to accelerate delivery of the following;
 - I. Intergenerational residential led neighbourhood at the southern end (strong fit with the criteria of the Fund)
 - II. Innovative tech-based leisure opportunities and the reconfiguration of surplus retail property to meet requirements of small independent retailers in the Northern end of the High Street. The concept is to provide start up space in indoor markets and move on space in smaller units (as identified in Fit for a City).
 - III. There are embryonic discussions with other services that have identified the potential need for physical presence on the High Street such as community skills and shared learning space.
6. The Council is not required at this stage to identify a full business case, however should the Council be invited to submit a full business case in the summer 2019 there will be resource implications.

Recommendations

7. It is recommended that the Council submits an Expression of interest to the Future High Street Fund by the deadline of 22 March 2019.

For the following reasons:

- (i) To accelerate regeneration activities in the town centre, enabling utilisation of abandoned property and bringing forward new development in a shorter timescale than could be achieved in the absence of Future High Street Funding.
- (ii) Improvements to the environment in the Town Centre and reduction in negative uses that have a direct correlation with anti-social behaviour and crime and disorder.
- (iii) To protect and enhance business rate income and to increase new income through council tax.
- (iv) Creation of new job and training opportunities.
- (v) To secure match capital funding to address the funding gap in the emerging business case. This will be attractive to potential interested investment partners subject to determination of the procurement options.

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Policy Context

1. The Council's submission to the Future High Street Fund directly supports the delivery of Making Gateshead a Place where Everyone Thrives. The emerging vision for the Town Centre and proposed interventions are aligned with all 5 pledges and is putting people at the heart of the vision, the proposed interventions especially on the Southern end of the High Street are designed to support communities to help themselves and each other, working together to fight for a better Gateshead and is seeking investment in the economy to provide sustainable opportunities for growth, innovation and employment.
2. The Council's submission is compatible with Vision 2030
3. Core Strategy and Urban Core Area Action Plan (2015). The proposal is aligned with the objectives of Policy CS2 Spatial Strategy for the Urban Core. The Urban Core is the priority location for development which will maintain and enhance its vibrancy. This will be achieved by;
 - enhancing the retail function through improving the quality, quantity and range of comparison and convenience shops.
 - Supporting developments which enhance and diversify culture, leisure and tourism facilities.
 - Securing a mix of housing, including at least 3,750 new homes and prioritising the Exemplar Neighbourhood.
 - Promoting sustainable modes of transport and access for all, managing traffic to minimise the impacts of development and improving the local environment.
 - Securing high-quality design that promotes local distinctiveness and sustains and enhances the historic environment.
 - Allocating Key Sites, including Exemplar Neighbourhood (SG2) for growth. The sites will be brought forward in accordance with approved masterplans to demonstrate a comprehensive and coordinated approach to site development and infrastructure provision.
4. The Gateshead Regeneration Delivery Strategy or RDS sets a vision for Gateshead Centre, of being 'Fit for a City' by 2030 and sets out the recommended next stages in the ongoing regeneration of Gateshead Centre over the next 15 plus years. A centre that retains and attracts residents, visitors and businesses, is a destination of choice, is a full partner in NewcastleGateshead.

In summary, Gateshead Centre will be New, Green and Creative;

- Creative and independent retail will add a new dimension to the regional retail offer
- New forms of city living, particularly focused on families and expressed in new forms of urban housing
- A complementary visitor and leisure offer will appeal to families and include a new city park with visitor attractions and viewing points
- A business offer which is sufficiently diverse to provide innovative workspaces and value for money for the creative and cultural industries

Background

5. The Future High Street Fund will contribute up to a maximum of £25 million per area (however MHCLG are expecting awards to be in region of **£5-£15m**). Successful capital awards will need to be spent by 2023-24. The Fund will invest in the following elements;
 - Site assembly to facilitate housing, workspace and/or public realm,
 - Improvements to transport access (highways, public transport)
 - Supporting change of use to housing and densification
 - Adaption of the high street in response to changing technology
 - Revenue funding to develop long term town centre strategy
6. The Fund is a two-stage process and successful areas will be invited in summer 2019 to submit detailed project information and full business cases in a 6-8 month timescale. In more detail;
 - Phase 1 – 22nd March 2019 deadline for expressions of interest
 - Phase 2 - summer 2019 MHCLG will invite successful areas to develop projects and capital business cases
 - Phase 2 – Late 2019 submission of final business case
 - Successful bids announced on a rolling basis
 - Second round of FHSF will not open before 2020.
7. There are two elements (that comprise 60% of the score criteria) of the Expression of Interest where the Council is required to evidence an adopted vision for the area put forward in the bid and provide evidence of engagement and leadership;

Draft Vision for the Town Centre

8. The proposal is to adapt the vision from Fit for a City as it is:
 - the current regeneration strategy for the urban core,
 - it is evidence based and
 - it is well aligned with the objectives of the Fund.
9. The current draft vision is as follows:

Gateshead's revitalised, walkable, thriving 24/7 town centre will be built upon three pillars linking the past, the present and the future - combining the rich local heritage and townscape assets, with the opportunities for the emerging and creative industries, and the Council's track record of championing culture, regeneration and innovation.

Culture - Tourists meander past cafes in the Victorian railway arches to visit the world's only Unnatural History Museum in the Grade II listed Old Town Hall Quarter. Regeneration - New and long-standing residents come together in functional urban green spaces at the heart of the pioneering socially interactive intergenerational community on High St South. Workers and visitors leave the refurbished Gateshead Metro and Bus Interchange to use the services and offices built above and to visit the shops and cafes before heading down to Quays Exhibition and Arena. Innovation - Shoppers come to buy from the regionally renowned cluster of independent businesses and start-ups producing customised, digitally produced

fashion and furniture. Young people feel the buzz of being whisked away to adventures on another planet in the Virtual Reality leisure centre.

10. This draft vision will be tested internally and at a Town Centre Stakeholder workshop on 12th March 2019. It will also be informed by the formative feedback of the Town Centre Survey with over 2500 responses received.

Town Centre Leadership and Stakeholder Involvement

11. Internal and external partnership working is a strong feature of the Council's operational culture and the delivery of capital projects. MHCLG are seeking to reward areas that can evidence coordinated stakeholder delivery to ensure delivery of the Fund objectives within a relatively short time frame.
12. Even without the Fund driving this, the Council needs a coordinated urban core delivery structure and governance model to achieve the connectivity and public realm aspirations of the Quays Conference & Arena, Baltic Quarter and the Unnatural History Museum.
13. Subject to full member consultation, it is proposed to set up a Town Centre Forum (or appropriately named leadership board) to champion and steer delivery. The structure and formation of this is open for discussion and views are required. It is noted that this new Forum would not circumnavigate the democratic legitimacy or decision-making powers of Members.
14. For the purposes of Town Centre Regeneration, it is suggested that the following stakeholders are potentially important to delivery success.
 - Political representatives
 - Business/land owner community
 - Town centre investors
 - Nexus
 - Northumbria and Newcastle University
 - Gateshead College
 - Town centre attractions
 - Community representatives
 - Older and younger representatives
 - Crime & Safety partners

Consultation

15. In preparing this report, consultations have taken place with all Cabinet Members.
16. External consultation has taken place with the Ministry of Housing Communities and Local Government, North East Local Enterprise Partnership, Trinity Square Management, Nexus, National Centre for Ageing, Dinosauria Limited, South of Tyne Combined Authority.
17. The Town Centre Survey was launched at the beginning of February and over 2500 responses have been received to date.
18. Town Centre Stakeholder workshop 12th March 2019. The primary purpose of this two-hour event is an informal discussion on the aims and vision for the town centre. The event is aimed at traders, ward and portfolio Councillors, university and college

representatives, Nexus, Dinosauria, Northumbria Police, Trinity Square management team, Church and community representatives.

Alternative Options

19. The eligibility criteria discounted other Gateshead high streets as set out in the Fund prospectus and further guidance. Eligible high streets or town centres are required to '*exhibit high levels of social and economic activity, that contain a variety of uses and functions and that acts as important service centres for extensive catchment populations*'.

Implications of Recommended Options

20. Resources

a) **Financial Implications** – The Strategic Director, Corporate Resources confirms a proposal for revenue funding to support the costs of preparing a full business case will be included in the Expression of Interest. There will need to be consideration of match funding for the revenue request, should the Council be invited to submit a full business case in stage 2 (summer 2019).

b) **Human Resources Implications** – A proposal for revenue funding to support the costs of preparing a full business case will be included in the Expression of Interest. There will need to be consideration of match funding for the revenue request, should the Council be invited to submit a full business case in stage 2.

It is acknowledged there could be changes required to roles and responsibilities in the Capital Project Team and other Economic Development service functions to deliver the Future High Street Fund and this will be subject to consultation and review.

c) **Property Implications** - There are no implications arising from this report. There will be implications if the application progresses to the next stage.

21. **Risk Management Implications** – It is identified that in undertaking Town Centre engagement activities, that regardless of the outcome of the Expression of Interest, expectations will be raised, ideas are being shared and there is evidence of strong feelings about the town centre. To avoid damaging reputation and relationships the design of the workshop on 12th March recognises this issue and is sensitive to being realistic and clear on the funding challenges.

22. **Equality and Diversity Implications** – There are no implications arising from this report.

23. **Crime and Disorder Implications** – There are no implications arising from this report. There will be implications if the application progresses to the next stage.

24. **Health Implications** – There are no direct implications arising from this report. There will be implications if the application progresses to the next stage.

25. **Sustainability Implications** – Environmental, economic and social sustainability are key considerations in the presentation of the condition of the Town Centre and will be detailed in the Expression of Interest. There will be substantial implications if the application progresses to the next stage.

26. **Human Rights Implications** – There are no implications arising from this report.
27. **Area and Ward Implications** – Bridges Ward in the Central area. Due to the extent of economic and social catchment that the Town Centre area draws on there are implications for all Gateshead Wards.