

This Report will be made public on 3 September 2019.



Report Number **C/19/21**

To: Cabinet
Date: 11 September 2019
Status: Key Decision
Head of Service: Katharine Harvey, Chief Economic Development Officer
Cabinet Member: Councillor Wimble – Cabinet Member for District Economy

SUBJECT: Folkestone & Hythe District High Streets Fund

SUMMARY:

This report sets out proposals for investing and managing the Council's £3 million High Streets Regeneration Fund that has been established to support and help high streets in the district adapt for the future.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because approval is required to allocate the £3 million reserve funds earmarked for the regeneration of high streets in the district.

RECOMMENDATIONS:

1. To receive and note report C/19/21.
2. To consider the appropriateness of the proposed funding split between high streets in the district as set out in paragraph 2.4.
3. To agree to the establishment of the Folkestone & Hythe High Streets Fund and the application process as set out below.
4. To agree to delegate the decisions on approving the expenditure of these funds as set out in paragraphs 2.7 and 3.4.

1. INTRODUCTION

- 1.1 Many high streets are currently facing significant challenges as a result of structural changes to the way in which consumers shop for goods. With the rise of online sales and the increased cost pressures facing retailers, many high streets are struggling with falling footfall and sales.
- 1.2 In recognition of these issues, the FHDC Cabinet agreed in February 2019 to establish a £3 million earmarked reserve fund for 'High Streets Regeneration' to support the delivery of regeneration projects within the district. This was in recognition of "the challenge being faced by the high streets in our communities at this time", and as high streets across the district are "looking to deal with a number of adverse pressures" (Cabinet C/18/74).
- 1.3 The aim of this fund is to "support and sustain high streets for the foreseeable future [and] support the Council's work in meeting this aim through investment in planning, studies and direct investment where appropriate" (Cabinet C/18/74).
- 1.4 This report sets out a proposed mechanism for allocating this funding to support high streets across the district, which will ensure that it has the greatest impact on addressing the issues and the district's high streets adapt for the future.

2. THE FOLKESTONE & HYTHE HIGH STREETS FUND

- 2.1 The Folkestone & Hythe High Street (FHHS) Fund will be used in three ways:
 - a) To take forward major capital investments opportunities and other initiatives led by FHDC to help transform Folkestone town centre, the largest town in the district.
 - b) To provide contributory funding to external organisations to take forward initiatives to address issues and improve Folkestone and other key High Streets in the district
 - c) To provide a fixed term 2 year contract for a resource within the Economic Development team to support successful grant applicants deliver projects and to promote the contribution of the Council towards the initiatives.

A. FHDC investments in Folkestone Town Centre

- 2.2 FHDC recently submitted an Expression of Interest to the government's Future High Streets Fund for Folkestone Town Centre. This submission required FHDC to identify the issues facing the town centre and the vision and plans, including a capital investment programme, to address these.
- 2.3 Although the council was not successful, this was anticipated because of the early stage of plans and no capital scheme was yet identified. Nevertheless, the submission was made to demonstrate the council's ambition and commitment to improving Folkestone town centre and earmarking the FHHS Fund also highlighted this commitment.
- 2.4 It is proposed that £2.5 million of the £3 million FHHS Fund (available from 2019/20) is focused on Folkestone town centre. This proportion is because:

- Folkestone is the largest and most important retail centre in the district and its success is important to all parts of the district.
- Folkestone offers the only opportunity for leveraging in government investment to the district to bring forward new opportunities to future-proof its town centre. The Future High Streets Fund call for projects limited the district to funding for only one location and Folkestone was chosen as the largest centre in the district. FHDC's will have a second call for projects in 2020.
- Folkestone offers the best opportunity to deliver a commercially viable proposition that would attract private investment.

2.5 FHDC is at an early stage in the process of developing a capital programme for a scheme in Folkestone town centre, but work is progressing rapidly. This has been made all the more important following the recent Debenhams announcement to withdraw from Folkestone town centre in 2020.

2.6 It is proposed to use the FHHS Fund in Folkestone to:

- Support the development of a wider town centre masterplan and development framework which identifies a programme of capital investments for improving Folkestone town centre.
- Support business case development work for specific town centre capital schemes.
- Provide funding towards capital schemes (including land and building acquisition) for which private sector funding and/or the government's Future High Streets Fund could also be sought.
- Provide funding for and to support key infrastructure projects coming forward around the town centre.
- Provide funding for a range of 'softer' initiatives to improve Folkestone town centre (such as maximising the impact of the street market, developing a 'digital high street', providing 'pop-up shop' opportunities and support for new independent businesses, etc.). These initiatives could be led by FHDC or by other organisations that would apply to the proposed Folkestone & Hythe High Streets Grant Fund.
- Provide a resource to manage town centre initiatives to ensure maximum impact.

2.7 For Folkestone Town Centre activities and initiatives that council officers lead on, the decision to fund these will be taken by the Leader in conjunction with the Corporate Director for Place and Commercial.

B. Folkestone & Hythe High Streets Grants Fund; Contributory Funding

2.8 It is proposed that up to £500,000 of the FHHS Fund is made available as a grant towards investments in other high streets in the district's retail hierarchy centres. These high streets include:

- Cheriton
- Sandgate

- Hythe
- New Romney
- Lydd
- Hawkinge
- Dymchurch
- Elham
- Lyminge
- Sellindge

2.9 To ensure that investment is specifically focused on the high street areas within these locations, the areas and properties eligible for this funding will be identified and these maps will be issued as part of the Call for Projects.

2.10 This element of the FHHS Fund will provide grants between £5,000 and £50,000 towards any individual project, and in normal circumstances this will be expected to comprise a maximum of 50% of the total project cost. However, in exceptional circumstances, and at its discretion, the Council may award 100% of the funding for a project. Exceptional circumstances will be considered as part of the formal decision making process as outlined in paragraph 3.4 below.

2.11 Where match funding is required, this will need to be secured from other sources, such as:

- Own reserves/sources
- Bank loans
- KCC No Use Empty/ No Use Empty Plus scheme loans
- Parish or Town Council funds

2.12 The types of organisations that will be eligible for grant funding includes:

- Commercial property freehold owners or leaseholders with at least 5 years left on lease when the work is expected to be completed and permission for the works from the freeholder
- Town or Parish councils
- Other public organisations such as Folkestone Town Team CIC

2.13 The types of projects that will be eligible for grant funding includes, but is not limited to:

- External renovations or improvements to front elevations of buildings (areas visible from the high street), including repairs, repainting of shop fronts in suitable colours, signage, external lighting, security grilles and/or security glazing, repair of external stonework and brickwork and repair and reinstatement of guttering and down-pipes.
- Internal ground floor fit-outs or conversion to commercial properties.
- Improvements to the townscape, including the introduction of signage, new route ways, new public realm, such as art works or landscaping.
- Introduction of technology and new innovative products, to support the development of commercial operations.
- Initiatives and events to increase the vitality of the High Street.

- Work towards developing a project to improve the vitality or physical environment of the High Street, as a precursor to a further application to the fund or other funding source.

2.14 The towns of Folkestone, Dymchurch, Hythe and New Romney have previously received government funding to establish coastal community teams (CCTs) and develop economic plans which identify initiatives to improve these towns. The FHHS Fund is a potential source for a funding contribution towards any of these initiatives that relate to the High Street.

3 THE FHHS FUND APPLICATION PROCESS

3.1 Grant applications from external organisations will be made via an online form accessible on the Folkestone & Hythe District Council website. A draft online application form and details of the additional information required by applicants is set out in Appendix 1.

3.2 The Grant scheme will be launched on 1st October 2019 and grant applications can be submitted at any time until the closure of the scheme. The scheme will run until either 31st March 2021 or until the funds are allocated.

3.3 Applications will be considered on a first come first served basis and will be assessed in the first instance on the basis of criteria set out in Appendix 2 by the Economic Development Team.

3.4 Final decisions on individual applications will be made by the Leader of the Council, in collaboration with the Lead Cabinet Member for the District Economy, and a councillor drawn from the ward where funding is proposed.

4. RISK MANAGEMENT ISSUES

4.1

| Perceived risk | Seriousness | Likelihood | Preventative action |
|--|--|------------|--|
| A high number of applications puts resource pressure on the ED team | High – the ED team comprises only 2.6 FTEs and this is a new activity that was not identified in the 2019/20 Service Area plan | Low | The additional 1FTE resource paid for from this fund to work with successful applicants, will be able to provide additional support to help assess applications if needed. |
| A low number of applications due to a lack of resource within organisations to develop a project idea/ application | High – lack of capacity due to limited public sector resources. | Low | Applications can be made to the fund for capacity to develop project ideas in the first instance |

| | | | |
|--|--|-----|---|
| A low number of applications due to a lack of resource to provide match funding for projects | High – lack of finance available due to limited public sector funds | Low | The fund will be able to provide 100% funding for projects, at the discretion of the council, where match funding is an issue |
| Funding is used to support small projects which have limited impact | High – lack of match funding and resource available due to limited public sector funds | Low | The criteria used to assess projects will ensure that only those impacting positively are supported and the value for money will consider the impact in relation to the size of grant sought. The provision of support within the ED team to take forward projects will help encourage significant projects to come forward. The availability of funding for project development will encourage projects that will have a significant impact to come forward. |
| The council does not benefit from positive publicity for the investments | High – lack of finance available due to limited public sector funds | Low | The provision of support within the ED team to take forward projects will help to ensure that the council gets maximum positive publicity through close working with the Communications team. |

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

Legal Officer’s Comments (NE)

- 5.1 There are no legal implications associated with the recommendations in this report. However, any grants that are made available to third parties by FHDC will need to be legally documented and the legal team can assist with this.

Finance Officer's Comments (LK)

- 5.2 There is £3m available in the High Street Regeneration Reserve to be drawn down against as and when required

Human Resources Officer's Comments (AS)

- 5.3 The additional 1fte officer would be on a time limited role, two year funded from the High Streets fund and would not have a direct impact on the annual salary base budget. However, in order to be able to provide an annual salary for the role HR would need to review a job description and ensure it was considered by a job evaluation panel before advertising for the role.

Communications Officer's Comments (AW)

- 5.4 A communications strategy will need to be developed to promote the fund and there are many opportunities for positive communications around supporting businesses. This can also become part of the district place narrative

Diversities and Equalities Implications

- 5.5 There are no diversities or equalities implications arising.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Telephone: 01303 853287

Email: katharine.harvey@folkestone-hythe.gov.uk

Appendices

1. Folkestone & Hythe High Street Fund Application form and Information required
2. Folkestone & Hythe High Street Fund Gant Assessment Criteria

**Appendix 1: Folkestone & Hythe High Street Fund
Application form and Information required**

**FOLKESTONE & HYTHE HIGH STREET FUND
APPLICATION FORM**



| | |
|--|--|
| 1. Name of applicant organisation | |
| | |
| 2. Name and details of contact in applicant organisation | |
| | |
| 3. Location or Property Address (including postcode) for project | |
| | |
| 4. Project title and description | |
| | |
| <u>If your project relates to a specific property address, please answer question 5.</u> | |
| 5a. Indicate the status of your organisation in relation to the property (e.g. leaseholder, freeholder, prospective leaseholder, prospective freeholder) | |
| | |
| <u>If you are a leaseholder, please provide the following information</u> | |
| Lease dates | |
| Name and address of Freeholder | |
| Has permission been granted by the freeholder for the project (Y/N) <i>Please note: a letter from the freeholder confirming this is required with this application</i> | |
| 5b. Indicate if planning and/or building consents have been granted for the project. <i>Please note that copies of these permissions are require with this application</i> | |
| | |

| | |
|---|--|
| | |
| 6. Project Financial Details | |
| Total Project Cost (£) <i>Please break this into the different spend components as appropriate</i> | |
| Grant required (£) | |
| Is your match funding secured? (Y/N) | |
| Source of match funding | |
| 7. Project start date | |
| | |
| 8. Project completion date | |
| | |
| 9. Please identify any support you have from other organisations for this project and the origins and reasons for this support. Please indicate if your project is identified in a Coastal Community Team (CCT) Economic Plan. Letters of support from partners supporting the application are desirable. | |
| | |
| 10. How and why this project will benefit the High Street. | |
| | |
| 11. How significant will this project be to improving the High Street | |
| | |
| 12. What importance and priority should be given to this project for this High Street? | |
| | |
| 13. What are your plans for ensuring this project is sustainable once grant funding ends? | |
| | |
| 14. How should the success of your project be determined? | |
| | |

15. Do you have a business plan for your project (Yes/No)?
If Yes, please submit with application.

Signature :
Name:

Dated:

Please submit this application to:

economy@folkestone-hythe.gov.uk

For further information please contact:-

Lorraine Smith
Economic Development Officer 01303 853274
lorraine.smith:@folkestone-hythe.gov.uk

Appendix 2: Folkestone & Hythe High Street Fund

Grant Assessment Criteria

1. Eligibility of property/high street
2. The nature and timing of the proposed works/project
3. Significance and priority of project (e.g. is it a project identified in the CCT Economic Plan?)
4. Level of partner support
5. Size of grant required
6. Match funding source
7. Credibility of the lead applicant
8. Impact on improving the high Street
9. Value for money – size of grant versus impact
10. Sustainability of project and plans after completion