

From: Simon Jones – Corporate Director of Growth, Environment & Transport

To: David Brazier – Cabinet Member for Highways & Transport 2023

Subject: Folkestone – A Brighter Future – Levelling Up Fund Round 2 bid

Key decision 22/00111

Electoral Division: Folkestone West – Dylan Jeffrey
Folkestone East – Jackie Meade

Summary: The report outlines the bid that Folkestone and Hythe District Council has submitted to the Levelling Up Fund Round 2 for transport, public realm, and regeneration improvements in Folkestone Town Centre. It seeks endorsement for KCC to act as delivery partner for the transport and public realm elements of the scheme.

Recommendation(s):

The Cabinet Member for Highways and Transport is asked to agree, subject to a successful bid to Department for Levelling Up, Housing and Communities (DLUHC) for Levelling Up Fund Round 2 (LUF2) for £19,791,819 to deliver the Folkestone 'A Brighter Future' scheme to:

- i. Delegate to the Corporate Director of Finance the authority to enter into a delivery partner agreement with Folkestone and Hythe District Council, to deliver the transport and public realm elements of the Folkestone 'A Brighter Future' scheme aimed at improving gateway to town centre, public realm, and town centre connections.
- ii. Delegate to the Corporate Director of Growth, Environment & Transport the authority to enter into the appropriate land and development agreements, commission detailed design and relevant surveys and the award of the construction contract, and all other acts and consents and any subsidiary contracts required to allow the scheme to be implemented.
- iii. Delegate to the Corporate Director of Growth, Environment & Transport, under the Officer Scheme of Delegations following prior consultation with the Cabinet Member, any further or other decisions as may be appropriate to deliver the Folkestone 'A Brighter Future' LUF scheme.

1. Introduction

- 1.1 Folkestone and Hythe District Council (FHDC) has submitted a bid to the Department for Levelling Up, Housing and Communities (DLUHC) for Levelling Up Fund Round 2 (LUF2) for £19,791,819 to deliver the Folkestone – A Brighter Future scheme.
- 1.2 The scheme aims to address the issues that the town centre currently faces with high vacancy rates and an overall poor-quality urban environment. It has been struggling over recent years and has seen a 16% drop in footfall over the last four years which has been accelerated by the COVID-19 pandemic.

Vacancy rates in the town centre currently are very high at 14.7% and the scheme will aim to reduce this through improved access and public realm. The Folca building, which is currently vacant, will also be refurbished as part of the scheme; though this element will be delivered by FHDC.

- 1.3 This report will outline the LUF2 bid which has been submitted and seek endorsement for KCC to act as the delivery partner for the transport and public realm elements of the bid.

2. Discussion

- 2.1 The Folkestone – A Brighter Future scheme has three key areas of focus to improve Folkestone town centre which are outlined below. A plan showing the proposed scheme is included as Appendix B.

1. Station Arrival and Town Centre Connections:

This element of the project aims to improve the links from the railway station for pedestrians and cyclists to encourage use of active travel and public transport and to improve connections for visitors and residents alike.

2. Improved Gateway to the Town Centre and Bouverie Square:

This component of the project will unlock transformational change around the town centre. The focus will be to reconfigure the main bus station in the town centre and implement changes to the legacy gyratory road system to the north.

3. Folca, Sandgate Road and Town Centre Public Realm:

This element of the project will refurbish the Folca building (the former Debenhams building) into a 'town lab' which will encourage and bring new and experimental uses into the town centre. The phased refurbishment of this building will bring a currently redundant building back into use in the town centre and reactivate this part of the high street. It will also improve the public realm on Sandgate Road to encourage footfall in this area of the town centre.

- 2.2 As the potential delivery partner for the scheme; KCC were not involved in assessing the options for the scheme. FHDC developed the Folkestone Place Plan in 2021 to define the scope of the scheme. A total of six possible options were considered in the Folkestone Place Plan as follows: Station Arrival and Town Centre Connections, Improved Gateway to the Town Centre and Bouverie Square, Sandgate Road and Town Centre Public Realm, F51 Environs and Payers Park, Harbour Line & Tram Road, and Sunny Sands.

- 2.3 Following the creation of the six above options public consultation was sought to get an understanding of key stakeholders' opinions of the proposals. Upon completion of this stage, it was concluded that three of the six projects would proceed as described in the background section above. The discarded options still present viable future projects however, as part of this scheme (Folkestone-A Brighter Future) will not be developed further.

- 2.4 FHDC has requested that KCC act as the delivery partner for the transport and public realm elements of the scheme. FHDC will deliver the refurbishment of

the Folca building directly, and so this element of the funding would not be included in the delivery partner agreement.

- 2.5 Through acting as the delivery partner for the transport and public realm elements of the scheme, KCC will have greater control over the implementation of the works. KCC will be able to ensure that the materials palette chosen is in line with KCC's Asset Management Strategy and works completed are of a high standard and will not present a maintenance liability in the future.
- 2.6 If the LUF2 bid is successful, a grant agreement will be issued to FHDC as the Accountable Body. This will set out the conditions of the funding including deadlines for spending of the grant and delivering the scheme. The bidding documents stated that a condition of the funding will be that an element of spend is achieved in the 2022/23 financial year. As the funding decision is now delayed until the end of 2022, it is necessary to seek the authority to proceed with the delivery partner agreement and the scheme delivery prior to the funding decision. This will make it possible to proceed at pace with the scheme delivery following a positive funding decision.
- 2.7 The LUF2 funding decision is currently expected later this month. Unfortunately, this does not align with the deadlines to submit reports for this Committee, and so an update will be circulated once the decisions are known.

3. Financial Implications

- 3.1 The scheme will only proceed if the LUF2 bid is successful; and this will (subject to award) provide funding of £19,791,819 for the scheme. Folkestone & Hythe District Council are committed to contributing the remaining £2,199,091 which equates to the 10% match funding requirement for this project.
- 3.2 As part of the LUF2 bid, a cost estimate was completed by cost consultants in July 2022 and is shown below:

Item	Estimate (£s)
Construction	14,048,127
Construction Contingency	2,400,441
Project Management	1,217,713
Fees	1,816,629
Artists fees	600,000
Materials (Non-Standard)	850,000
Inflation	1,058,000
Total	21,990,910

- 3.3 Only the LUF funding to deliver the Transport and Public Realm elements of the project will be transferred to KCC through the delivery partner agreement. The funding for the Folca refurbishment will remain with FHDC (this equates to £2.28m construction costs plus a proportion of the project management, contingency, inflation, artist, and consultancy fees).

- 3.4 There will be no KCC capital or revenue funding required to deliver the scheme. All KCC Officer time and costs incurred through delivering the project will be capitalised and charged to the project if it goes ahead, including officer time spent to date on assisting with the bid and project preparations. FHDC would be responsible (as the Accountable body for the LUF2 grant) for any cost overruns; and this will be formalised in the Delivery Partner agreement.

4. Legal implications

- 4.1 FHDC will be the Accountable Body for the LUF2 allocation (if the bid is successful) and as such they will sign up to the Grant Agreement with Department for Levelling Up, Housing and Communities (DLUHC).
- 4.2 KCC will enter into a Delivery Partner Agreement with FHDC to define the terms for transferring the LUF2 for the delivery of the transport and public realm elements of the project. This would only be entered into if the risks to KCC are deemed acceptable. Invicta Law advice will be sought prior to entering into the Funding Agreement should the funding bid be successful.
- 4.3 Should the Council be successful in these funding bids, the award of any contracts to deliver these requirements will be in full compliance with all relevant procurement and governance regulations.

5. Equalities implications

- 5.1 An Equality Impact Assessment (attached as Appendix C) was carried out by Folkestone and Hythe district council in July 2022. The assessment indicates that 'there are no concerns at this stage which indicate the possibility of inequalities or negative impacts'. No key issues were found in the assessment and therefore any mitigation has not been included.
- 5.2 The assessment identifies that the project offers an opportunity to promote equality and/or good community relations as there has been an extensive public engagement to date, both with the development of the Folkestone Place Plan and the shaping of the LUF application for Folkestone- A Brighter Future. This project will provide an excellent opportunity to continue with this engagement and will promote equality and good community relations.
- 5.3 Should the funding bid be successful, and KCC act as delivery partner, an EQIA will be completed for the Transport and Public Realm elements which will be regularly reviewed as the project progresses.

6. Other corporate implications

- 6.1 None identified

7. Governance

- 7.1 The Corporate Director of Growth, Environment & Transport is likely to inherit the main delegations via the Officer Scheme of Delegation.

8. Conclusions

- 8.1 Folkestone and Hythe District Council (FHDC) has submitted a bid to the Department for Levelling Up, Housing and Communities (DLUHC) for Levelling Up Fund Round 2 (LUF2) for £19,791,819 to deliver the Folkestone – A Brighter Future scheme.
- 8.2 The funding decision is expected to be made in January 2023, and if successful, FHDC has requested that KCC act as the delivery partner for the transport and public realm elements of the bid. Through acting as delivery partner; KCC will have greater control over the scheme delivery.
- 8.3 Taking the role of delivery partner will not require any revenue or capital funding from KCC as all officer time and costs associated with the project delivery would be capitalised against the scheme.

9. Recommendation(s):

The Cabinet Member for Highways and Transport is asked to agree, subject to a successful bid to Department for Levelling Up, Housing and Communities (DLUHC) for Levelling Up Fund Round 2 (LUF2) for £19,791,819 to deliver the Folkestone – A Brighter Future scheme to:

- i. Delegate to the Corporate Director of Finance the authority to enter into a delivery partner agreement with Folkestone and Hythe District Council, to deliver the transport and public realm elements of the Folkestone – A Brighter Future scheme aimed at improving gateway to town centre, public realm, and town centre connections.
- ii. Delegate to the Corporate Director of Growth, Environment & Transport the authority to enter into the appropriate land and development agreements, commission detailed design and relevant surveys and the award of the construction contract, and all other acts and consents and any subsidiary contracts required to allow the scheme to be implemented.
- iii. Delegate to the Corporate Director of Growth, Environment & Transport, under the Officer Scheme of Delegations following prior consultation with the Cabinet Member, any further or other decisions as may be appropriate to deliver the Folkestone – A Brighter Future LUF scheme.

10. Background Documents

- 10.1 The following background documents are included as Appendices to this report:
- Appendix A: PROD

- Appendix B: Folkestone – A Brighter Future outline plan:
<https://democracy.kent.gov.uk/documents/s115763/Appendix%20B%20Folkestone%20LUF%20Outline%20Plan.pdf>
- Appendix C: Equalities Impact Assessment:
<https://democracy.kent.gov.uk/documents/s115764/AppendixCEqIAFolkestoneABrighterFuture.doc.pdf>

11. Contact details

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KENT COUNTY COUNCIL – RECORD OF DECISION

DECISION TO BE TAKEN BY:

David Brazier, Cabinet Member for Highways and Transport

DECISION NO:

22/00111

For publication

Key decision: YES

Subject Matter / Title of Decision

Folkestone – A Brighter Future – Levelling Up Fund Round 2 bid

Decision:

As Cabinet Member for Highways and Transport, subject to a successful bid to Department for Levelling Up, Housing and Communities (DLUHC) for Levelling Up Fund Round 2 (LUF2) for £19,791,819 to deliver the Folkestone 'A Brighter Future' scheme, I agree to:

- I. Delegate to the Corporate Director of Finance the authority to enter into a delivery partner agreement with Folkestone and Hythe District Council, to deliver the transport and public realm elements of the Folkestone 'A Brighter Future' scheme aimed at improving gateway to town centre, public realm, and town centre connections.
- II. Delegate to the Corporate Director of Growth, Environment & Transport the authority to enter into the appropriate land and development agreements, commission detailed design and relevant surveys and the award of the construction contract, and all other acts and consents and any subsidiary contracts required to allow the scheme to be implemented.
- III. Delegate to the Corporate Director of Growth, Environment & Transport, under the Officer Scheme of Delegations following prior consultation with the Cabinet Member, any further or other decisions as may be appropriate to deliver the Folkestone 'A Brighter Future' LUF scheme.

Reason(s) for decision:

Authority to enter in to a delivery partner agreement with Folkestone and Hythe District Council so that KCC act as the delivery partner for the transport and public realm elements of the Folkestone – A Brighter Future Levelling Up Fund Round 2 bid. This will enable the scheme design and construction to be progressed.

Cabinet Committee recommendations and other consultation:

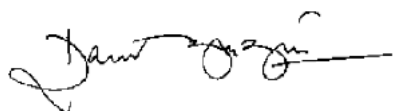
The proposal was considered and endorsed by Members of the Environment and Transport Cabinet Committee at their meeting on 19 January 2023.

Any alternatives considered and rejected:

The option to not act as delivery partner for the scheme was discarded as this would jeopardise the delivery of the scheme and therefore carry reputational risk for KCC.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

None



20 January 2023

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signed

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date

