



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 3.5

March – Future High Streets Funding Bid: Additional Combined Authority Match Funding.

- To: Cambridgeshire and Peterborough Combined Authority Board
- Meeting Date: 28 July 2021
- Public report: Yes. This report contained appendices which are exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendices.
- Lead Member: Mayor Dr Nik Johnson
- From: John T Hill, Director for Business & Skills
- Key Decision: Yes
- Forward Plan ref: KD 2021/037
- Recommendations: The Combined Authority Board is recommended to:
- a) Note and consider the four options identified from the independent appraisal report in response to Fenland District Council's application for an additional £1.1m of Combined Authority funding towards the March Future High Streets Fund Programme,
 - b) Approve the addition of a 'subject to approval' budget for the preferred funding option to the Capital Programme, drawdown of which would be subject to the items listed at 3.4 in addition to the normal assurance framework requirements.
- Voting arrangements: Recommendation a) note only, no voting required.

Recommendation b) simple majority of Members present and voting

1. Purpose

- 1.1 To seek Combined Authority Board consensus and approval of the preferred funding option in response to an application received from Fenland District Council in request of additional CPCA funding towards the March Future High Street Fund (FHSF) Programme.

2. Background

- 2.1 On 27th January 2021, the Combined Authority approved £900,000 of capital funding under the Market Towns Programme as matched investment towards the March FHSF Programme (see background papers 8.1).
- 2.2 This investment, alongside the Ministry for Housing, Communities and Local Government (MHCLG) FHSF, aims to arrest the decline in March town centre focussed around Broad Street. The River Nene and Broad Street are major barriers in the town centre and there are a number of derelict, unused and underused buildings throughout the town centre. To address this, Fenland District Council are proposing the delivery of five transformational projects:
- A dramatic intervention to transform Broad Street - Creation of a major new public space following the removal of one side of the carriageway in the centre of March (£2,888,237).
 - Opening the Riverside areas to improve visibility and access - Reconnect March town centre to the River Nene by providing new banked seating down to the water's edge and improvements to the riverbanks (£1,979,055).
 - Redeveloping the historic Market Place - Creation of a new market square with improved infrastructure to support the town's market offer and help to bring more life into the town centre (£1,155,000).
 - Acre Road & Backlands - This project will enhance a major development site within the town centre with public realm improvements (£1,740,019).
 - Reactivating vacant units & Flats Over Shops programme - Upgrade and repurpose key vacant units across the town centre with a local grant scheme designed to incentivise the conversion of space over shops to residential use (£684,818).
- 2.3 The total cost of the March FHSF Programme is £8,447,129, with £6,447,129 of funding secured from MHCLG under the Future High Street Fund, and £900,000 from Combined Authority, which leaves a funding gap of £1.1m for the Programme.
- 2.4 On 7th October 2020, the previous Mayor for Cambridgeshire and Peterborough, James

Palmer, signed a letter with Fenland District Council in support that the CPCA would commit to finding an additional £1.1m of funding towards the March FHSF bid, subject to a successful FHSF bid and CPCA Board approval (see Exempt Appendix 1 for a copy of the letter).

- 2.5 Subsequently, Fenland District Council have applied for additional CPCA grant funding to cover the £1.1m funding gap. This is in addition to the £900,000 which has already been allocated under the Market Towns Programme (see Exempt Appendix 2 for a copy of the application).
- 2.6 When first submitted in October 2020 the package cost £11.33m and sought £9.33m from the Future High Street Fund. The CPCA's £2m represented a 17.6% contribution to the total funding package. In December 2020 MHCLG offered £6.447m (a 30% reduction). FDC have sought to address this deficit by reducing costs to £8.447m and retaining the full £2m from the CPCA. This increases the CPCA percentage contribution to 23.7% of the revised funding total.
- 2.7 As a result of the reduced offer, MHCLG asked FDC to alter the original bid plans to reflect the new total funding of £8.447m (i.e. £6.44m + £2m match funding from CPCA). The reduction in project scope has been achieved by reducing the project in Acre Road, March – the redevelopment of a site close to the town centre. Within the March programme workstreams this is the only scalable workstream that would have reduced costs sufficiently to match the funding offer from MHCLG.
- 2.8 The application for this additional funding request has been independently appraised where the strategic need, economic and commercial case is assessed against an agreed set of appraisal metrics. A copy of the Appraisal Report (Exempt Appendix 3) and the Assessment Scoring Matrix (Exempt Appendix 4) are included for members information and to inform their decision on the preferred option outcome.

3. Funding Options

- 3.1 The Appraisal Report identified four main funding options for the Combined Authority Board to consider:

	Option	Total CPCA contribution	Comments
1	Approve the additional £1,100,000 requested by FDC	£2,000,000 (23.7%)	Cost per job of £20,800; MHCLG leverage improved; FDC have confirmed budget to progress the project.
2	Reduce the CPCA's funding in line with MHCLG's reduction	£1,491,510 (17.6%)	Cost per job is more favourable (£15,500); CPCA honour their original % contribution; FDC have confirmed budget to progress the project.
3	Defer any request for additional funding until RIBA	tbc	Potential delays to project development; FDC reluctant to commit resources developing the

	stage 2 designs and costs are produced		scheme until all funding is in place; possible delays contracting with MHCLG.
4	Reject the request for additional funding above the current offer	£900,000 (12.2%)	MHCLG may reduce or withdraw their funding award; FDC would have to remove at least two of the 5 packages to stay within the available budget.

- 3.2 Should the CPCA's match funding of £1.1m for this project not be agreed by the Combined Authority Board, then FDC would need to review the overall Programme scope. The public realm projects are the principle transformative projects within the March Future High Streets Fund Programme and are not scalable. They would remain, with the Acre Road project being removed altogether. However, MHCLG has an expectation of match funding and should the additional £1.1m grant be declined then it is anticipated that MHCLG would take a view that either funding is found elsewhere or that their grant is reduced accordingly. Should a reduction be the case, the final year of the Vacant Units Activation fund workstream would also have to be removed – as a minimum – along with the removal of the Acre Road workstream. These changes would significantly weaken the overall project but would still allow delivery of the key public realm workstreams.
- 3.3 The Combined Authority Board is asked to note that the independent appraisal identifies Option 2 as a viable alternative, and to approve an additional £591,510 of funding to make the CPCA's total contribution to £1,491,510 with preconditions. Option 2 may accord with the CPCA and enables the Council to continue its development of the scheme; gives the project a confirmed budget; and honours the original level of commitment given to central government.
- 3.4 If the Combined Authority Board decide to progress the application, it is recommended that the following terms and preconditions are considered –
- Confirmation that the CPCA market town funding will be drawn down by March 2023
 - Invitation for the CPCA to have representation on the March Town Development Board
 - Submission of a set of measurable economic outputs for each of the 5 packages by October 2021
 - RIBA Stage 2 costings produced for each of the 5 packages by October 2021
 - Submission of Subsidy Control / state aid advice by August 2021
 - Meeting the requirements of the Assurance Framework around new investment, with full business case and value for money sign-off.

Significant Implications

4. Financial Implications

- 4.1 The Combined Authority has a process set out in the Assurance Framework for considering new investments, including business case production and the sign off of a value for money

statement. A proportional approach is applied to projects, thus those that fell under the Market Towns Scheme (which are generally low value) were approved via a light touch approach – given the combined value of the ask from the CPCA for this project is £2m it would be proportionate to apply a higher standard here.

- 4.2 This is reflected in the recommendation to make the budget ‘subject to approval’, which would therefore require the project bring forward a business case to the Combined Authority Board for approval before it could draw down the funds for the project.
- 4.3 This is a request for new funding outside the Board-approved MTFP and would therefore require allocation of the Combined Authority’s reserves beyond what was included in the MTFP. The forecast capital single pot reserve level is shown below to the end of 2023/24, it shows a minimum at this point of £7.1m (the forecast level for 2024/25 recovers to £13.7m), approval of a funding option would reduce the minimum level by the amount approved.

Source of Funding	2021/22				2022/23				2023/24			
	Available Funds in Year	Approved Expenditure	Subject to Approval Expenditure	Balance at Year End	Available Funds in Year	Approved Expenditure	Subject to Approval Expenditure	Balance at Year End	Available Funds in Year	Approved Expenditure	Subject to Approval Expenditure	Balance at Year End
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Capital Single Pot	- 65,443	20,461	31,512	- 13,471	- 46,471	4,038	31,630	- 10,803	- 22,803	38	15,700	- 7,065

- 4.4 While there is sufficient capacity within the reserves to pay for this project there is a reprioritisation exercise currently ongoing which may lead to significant changes from the current approved MTFP, approval of new funds to any project will reduce the funds available for other projects that have not yet been brought forward.

5. Legal Implications

- 5.1 No significant legal implications.

6. Other Significant Implications

- 6.1 None.

7. Appendices

- 7.1 Exempt Appendix 1 – Mayor Palmer Letter (October 2020)
- 7.2 Exempt Appendix 2 – Fenland District Council Application for Additional CPCA Funding
- 7.3 Exempt Appendix 3 – Appraisers Report
- 7.4 Exempt Appendix 4 – Assessment Scoring Matrix

7.5 Appendices 2-4 are exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendices.

7.6 An accessible version of the report is available on request from democratic.services@cambridgeshire.gov.uk

8. Background Papers

8.1 [Combined Authority Board meeting 27 January 2021](#)