



**Report for: Cabinet**

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| <b>Date of Meeting:</b>             | 29th June 2023  |
| <b>Subject:</b>                     | DLUHC Future High Streets Fund – Project Adjustment & Memorandum of Understanding   |
| <b>Key Decision:</b>                | Yes<br>Relates to more than £500,000 and covers more than one ward  |
| <b>Responsible Officer:</b>         | Dipti Patel - Corporate Director of Place;<br><br>Mark Billington - Director of Inclusive Economy, Leisure and Culture  |
| <b>Portfolio Holder:</b>            | Cllr Norman Stevenson – Portfolio Holder for Business, Employment and Property<br><br>Cllr Anjana Patel - Portfolio Holder for Environment and Community Safety<br><br>Cllr David Ashton - Portfolio Holder for Finance and Human Resources |
| <b>Exempt:</b>                      | No  |
| <b>Decision subject to Call-in:</b> | Yes   |
| <b>Wards affected:</b>              | Greenhill, Harrow on the Hill, Headstone, Marlborough, West Harrow.   |
| <b>Enclosures:</b>                  | Appendix 1 – EqIA Future High Streets Fund  |

## **Section 1 – Summary and Recommendations**

This report provides an update on the Project Adjustment request submitted by The London Borough of Harrow to the Department for Levelling Up, Housing and Communities (DLUHC) to re-allocate funding from the Future High Streets Fund to deliver a range of projects in Harrow Town Centre.

### **Recommendations:**

Cabinet is requested to

- 1) Agree entry into a revised Memorandum of Understanding between DLUHC and The London Borough of Harrow to use the grant from the Future High Street Fund to invest in the projects identified in Table 1.
- 2) Delegate authority to the Corporate Director of Place to agree minor amendments to the Memorandum of Understanding following consultation with the Portfolio Holder for Business, Employment & Property, Portfolio Holder for Environment and Community Safety, Portfolio Holder Finance and Human Resources.
- 3) Delegate authority for the Corporate Director of Place following consultation with the Director of Finance and the respective Portfolio Holder for Business, Employment & Property, Portfolio Holder for Environment and Community Safety, Portfolio Holder Finance and Human Resources to approve the tender packs at a future date
- 4) Delegate authority for the Corporate Director of Place following consultation with the Director of Finance and the respective Portfolio Holder for Business, Employment & Property, Portfolio Holder for Environment and Community Safety, Portfolio Holder Finance and Human Resources to award the contracts following a compliant procurement process.
- 5) Agree to consultation on future designs for capital programmes in Harrow Town Centre.

### **Reason: (for recommendations)**

Cabinet agreed in January 2023 a further report be submitted to Cabinet to seek approval for the adjusted Future High Street project. The recommendations will enable investment in Harrow Town Centre to proceed.

## **Section 2 – Report**

### **Introductory Paragraph**

This report sets out the next steps for the council following the Department for Levelling Up, Housing and Communities (DLUHC) approval of the Council's proposals for Harrow Town Centre as submitted in the Project Adjustment Form to DLUHC in February 2023. The report follows on from January's Cabinet report where it was agreed to stop the Future High Streets project to deliver a footbridge connecting Harrow View East to Wealdstone District Centre and to deliver a project in Harrow Town Centre.

### **Options considered**

The following options were considered in the recommendation to Cabinet.

#### Option A

Agree to a revised Memorandum of Understanding between DLUHC and The London Borough of Harrow to use the grant from the Future High Street Fund to be invested in the projects identified in Table 1.

#### Option B

Not to enter into a revised Memorandum of Understanding with DLUHC and not to use co-funding in Harrow Town Centre. This would mean that the council would not be able to invest in Harrow Town Centre.

#### Preferred Option

Option A is the preferred option because it enables the Council to invest in Harrow Town Centre.

### **Background**

In 2021, London Borough of Harrow successfully secured £7.4m in funding from the Government's Future High Streets Fund (FHSF) to deliver a project focussed on improving connectivity, inclusivity, and economic growth in Wealdstone Town Centre. This primarily focussed on the construction of a pedestrian bridge across the railway line that links the new housing on the "Kodak" development with Wealdstone town centre.

Following Cabinet approval in January 2023, a Project Adjustment Form was submitted in February 2023 to the Department for Levelling Up, Housing and Communities (DLUHC) that set out the revised proposals for Harrow Metropolitan Town Centre.

The following three projects were included in the revised proposals submitted to DLUHC.

#### 1. Public Realm Investment

This will improve pedestrian connectivity between Harrow on the Hill Station and the town centre, and between the adjacent residential areas and the town centre.

## 2. Meanwhile Use in Greenhill Way Car Park

Development of affordable commercial workspace on Greenhill Way Car Park is proposed to change the perception of the area, to attract people and increase footfall in the area, following the closure of Debenhams/Landmark.

The London Borough of Harrow will enable the project by providing part of the car park as the project site, funding the procurement of the team and operator for the design and business case, together with the capital funding for the construction of the approved design proposal.

The finished development will then be leased to the successful operator with a signed agreement, and it will be the operator's responsibility to manage the operation of the site for the next 5 years.

No further funding will be provided by the Council for the running of the project.

## 3. New Kiosks in St Ann's Road

It is proposed to replace the existing kiosks which are of poor quality with new kiosks, which will have access to power and water, and be more secure. The design will be undertaken in house.

**Table 1 Harrow Town Centre Project Costs & Funding**

| <b>Project Name and Description</b>  | <b>Project Cost<br/>(incl contingency and professional fees)</b> |
|--|--|
| Public Realm - Investment in the public realm on College Road, Clarendon Road, Pinner Road, St Ann's Road. | £6,769,000   |
| Meanwhile Use - Development of affordable commercial workspace on Greenhill Way Car Park.                  | £1,022,000   |
| St Anns Road Kiosks - Replacement of existing kiosks with new kiosks                                       | £491,000   |
| <b>Total Cost</b>  | <b>£8,282,000</b>  |
| <b>Funding Summary</b>   |  |
| FHSF Funding   | £7,147,326   |
| Co-funding (Borough CIL)   | £1,134,674   |
| <b>Total Funding</b>   | <b>£8,282,000</b>  |

## **Current situation**

Cabinet agreed in January 2023 that the Corporate Director of Place be authorised to agree a Project Adjustment to the Council's existing FHSF Grant Agreement with the Department for Levelling Up, Housing and Communities to deliver a range of projects in Harrow Metropolitan Town Centre.

A formal Project Adjustment Form (PAF) was submitted to DLUHC in February 2023. DLUHC confirmed on 26<sup>th</sup> May 2023 that the PAF has been approved and that a new Memorandum of Understanding will need to be agreed between DLUHC and The London Borough of Harrow.

## **Why a change is needed**

The ability to deliver the grant and maximise funding is dependent on committing full FHSF spend by the end of the 2023/24 financial year. This will involve completing the procurement of contractors, undertaking consultation on designs for public realm improvements and raising purchase orders in this financial year to enable implementation in 2024/25. Cabinet has been asked to approve the recommendations in this report to allow the projects to proceed now that DLUHC has approved the revised proposals and therefore maximise investment in Harrow Town Centre.

## **Implications of the Recommendation**

### **Considerations**

The revised project enables the council to deliver its amended objectives. By entering into a new Memorandum of Understanding (MoU) with DLUHC, the Council is bound by the terms of the agreement. The MoU requires that DLUHC's Future High Streets funding needs to be committed by the end of the financial year 2023/24.

It should be noted that the delivery of the project can continue after this date, with Borough CIL co-funding.

### **Resources, costs**

Table 1 summarises the projects and related costs that are to be funded through the FHSF and the Borough CIL co-funding. The projects have been developed by council officers, taking into account the timescales and funding requirements of the FHSF. The delivery of the projects has been designed to ensure that FHSF is spent first, and that further costs related to project delivery will be funded by the identified co-funding.

### **Staffing/workforce**

A Programme Manager is funded by the FHSF to oversee the programme and ensure that the projects and the monitoring and reports that are required by DLUHC are compiled and submitted within the timescales agreed in the MoU.

### **Ward Councillors' comments**

Ward councillors were consulted in January 2023 in developing the proposals for Harrow Town Centre. Ward councillors will be consulted further when

DLUHC funding is confirmed and more detailed designs for the projects have been developed.

### **Performance Issues**

The proposals to deliver a range of capital projects in Harrow Town Centre supports the Council's Corporate Priority of "A Borough that is Clean and Safe" in that it provides funding for the council to deliver projects to improve Harrow Town Centre and support the delivery of the new public realm and new workspace measures that are identified under the "Protecting the character of Harrow" action in the Corporate Plan.

The Council was required to submit a range of "indicators" as part of the Project Adjustment Form.

The key indicators are summarised below. The complete set of documents submitted to DLUHC are available as supporting documents to the report.

**Table 2: Future High Street Fund Project Adjustment – Key Indicators**

| <b>Project Name &amp; FHSF Indicator</b>                           | <b>Amount</b> |
|--|---------------|
| <b>Public Realm</b>  |               |
| Amount of Public Realm Improved (square metres)                    | 16497         |
| Total length of resurfaced/improved road (km)                      | 0.9           |
| Total length of roads converted to cycling or pedestrian ways (km) | 1.6           |
| Total length of new pedestrian paths (km)                          | 2.07          |
| Total length of new cycle ways (km)                                | 2             |
| <b>Meanwhile Use</b>   |               |
| Amount of new office space (square metres)                         | 300           |
| <b>St Ann's Road Kiosks</b>  |               |
| Amount of new commercial space (square metres)                     | 120           |

### **Environmental Implications**

The proposals aim to improve experience, drive growth, and ensure future sustainability of Harrow Town Centre.

The public realm investment will improve accessibility for pedestrians and the overall experience.

By focussing investment in Harrow Town Centre, there is the best opportunity for shoppers to use public transport to access the town centre.

### **Data Protection Implications**

There are no data protection implications.

### **Risk Management Implications**

Risks included on corporate or directorate risk register? **NO**

Separate risk register in place? **YES**

The relevant risks contained in the register are attached/summarised below.

**YES**

The following key risks should be taken into account when agreeing the recommendations in this report:

| Risk Description   | Mitigations   | RAG Status   |
|--|---|--------------|
| If the recommendations are not agreed, it would mean that the Council would not be able to invest in Harrow Town Centre  | <ul style="list-style-type: none"> <li>Acceptance of the report's recommendations will fully mitigate this risk</li> </ul>  | <b>GREEN</b> |
| Project capital and investment costs are significantly higher than expected in the current and uncertain economic climate and are not covered by available funding leading to increased cost pressures and/or to projects being delayed or scaled back | <ul style="list-style-type: none"> <li>Contingency costs are included on a per project basis in the overall project costings</li> <li>If costs increase greater than contingency, we can review the projects and if necessary, scale back the public realm project</li> <li>Tenders for the Meanwhile Use caps the cost of these projects to the Council</li> </ul> | <b>AMBER</b> |
| Revenue costs for the projects increase and are higher than expected   | <ul style="list-style-type: none"> <li>This relates to the Meanwhile Use project and as above the tender caps our costs in this area and it is the responsibility of the successful tenderer to cover any increase</li> </ul>   | <b>GREEN</b> |
| Increased operator costs and also decreasing demand and footfall reduce the attractiveness of the project for potential operators leading to low take-up of the project offer and/or to the Council reducing or subsidising operator costs             | <ul style="list-style-type: none"> <li>Further to the tender for the Meanwhile Use project we would not subsidise operator costs as these costs are completely the responsibility of the successful tenderer</li> </ul>   | <b>GREEN</b> |

| Risk Description   | Mitigations  | RAG Status   |
|--|--|--------------|
| Better and more deserving projects in Harrow Town Centre have not been selected to receive the FHSF funding.   | <ul style="list-style-type: none"> <li>• Consultation was undertaken with key stakeholders to identify the projects for the funding, including members of the Harrow Business Improvement District (HA1 BID), noting that the FHSF has clear guidance on projects that are considered “out of scope”.</li> </ul> | <b>GREEN</b> |
| The Council does not fully comply with the terms and conditions of FHSF, for example in regard to the grant review and claims process, leading to funding being delayed, withheld or ceasing | <ul style="list-style-type: none"> <li>• A Programme Manager oversees this process including stringent internal financial management processes and regime by the finance directorate</li> <li>• Any issues would be escalated to Director-level</li> </ul>   | <b>GREEN</b> |

### Procurement Implications

Each individual project will be procured in compliance with the Council’s Contract Procedure Rules and the Public Contracts Regulations 2015 in consultation with the Portfolio Holders for Business, Employment and Property, Environment and Community Safety and Finance and Human Resources.

This report seeks authority to delegate authority for the Corporate Director of Place in consultation with the Director of Finance and the respective Portfolio Holder for Business, Employment & Property, Portfolio Holder for Environment and Community Safety, Portfolio Holder Finance and Human Resources to approve the tender packs at a future date, and to enter into contracts following a compliant procurement process.

The proposed projects will require procurement as follows:

| Project Name | Project Description   | Procurement Approach | Lead                                | Cabinet approval required                       |
|--------------|---|----------------------|-------------------------------------|---|
| Public Realm | Investment in public realm to encourage movement of pedestrians along | Framework            | Transport Highways Asset Management | Cabinet to approve the procurement strategy and |



|               |  |   |                                 |   |
|---------------|--|---|---------------------------------|---|
|               | underused parts of the town centre; and improving town centre severance, including Clarendon Road, College Road.   |   |                                 | associated Invitation to Tender documents   |
| Meanwhile Use | The Council wishes to appoint a combined Design Team and Operator to develop a business case, design concept and operation strategy for meanwhile use in the Greenhill Way Car Park. | Framework agreement                                   | Regeneration /Corporate Estates |   |
|               | Construction of meanwhile space  | A further separate tender will be required to appoint |                                 | Cabinet to approve the procurement strategy and associated Invitation to Tender documents |
| Kiosks        | Design and construction of new kiosks for St Ann's Road  | Tender  | Regeneration /Corporate Estates |   |

### Legal Implications

The Department for Levelling Up, Housing and Communities' Memorandum of Understanding (MoU) will be considered by HB Public Law once issued to the council. The main legal implications of signing the MoU highlighted in the report are based on the existing MoU and from guidance from DLUHC.

The forms submitted to DLUHC (see supporting documents) including Annex A -Finance and Annex B - Outputs will form part of the MoU with DLUHC.

The proposed projects will be procured in compliance with the Council's Contract Procedure Rules. The Authorisation and Acceptance Thresholds Table states that authorisation for contracts with a value of £500k and above or where they relate to a Key decision, must be obtained by Cabinet.

Furthermore, as the value of some of the individual projects are likely to exceed the thresholds set out in the Public Contracts Regulations 2015, either a formal tendering exercise will be sought or a compliant framework will be used.

## **Financial Implications**

The use of FHSF is subject to the approval of Project Adjustment Form by DLUHC. In the project adjustment request, a revised match funding of £1.135m from BCIL is included.

In the original FHSF project, there was a match funding requirement of £1.760m from BCIL. This is included in the Council's approved Capital Programme.

Now that the Project Adjustment Form has been approved, the BCIL match funding requirement would be £1.135m. This would release £0.625m of BCIL funding for other purposes.

Total funding award under FHSF was £7.448m. After accounting for the spend in 2021/22 and 2022/23 of £264k, the remaining FHSF available for the new town centre project is £7.184m. This is broadly in line with the funding request in the Project Adjustment Form.

The revenue implications for each of the projects in the Project Adjustment Form have been considered as part of the development process, and the delivery of these projects is not anticipated to create a revenue cost burden for the Council.

**Public Realm:** There are no additional revenue implications of the public realm works. As a result of the new capital investment, maintenance costs will be reduced.

**Meanwhile Space:** The tender specification for the meanwhile space requires the operator to be responsible for paying any ongoing revenue costs of the newly created space. No further funding will be provided by the Council for the running of the project.

**Kiosks:** Any ongoing costs will be either the responsibility of the new tenants or where it is the responsibility of the council, covered by the rental income received from the tenants. The installation of new infrastructure will allow the tenants to be charged directly for power and water that they use.

## **Equalities implications / Public Sector Equality Duty**

An Equalities Impact Assessment (EqIA) has been undertaken for the proposals (see Appendix A).

In summary, the EqIA findings are:

1. We do not anticipate that these projects will have a negative impact on Harrow residents or result in any direct or indirect discrimination of any group that shares protected characteristics.
2. Outcomes including the physical improvements to public realm, including better paving, wayfinding, will make the town more accessible.
3. Where appropriate, the public realm improvements will support the access needs of disabled people such as wheelchair users and those with visual impairment e.g. step free access.

### **Council Priorities**

The projects outlined in the report both fulfil the action under the “A Borough that is Clean and Safe” theme of the Corporate Plan to “Invest in the physical infrastructure of Harrow” and fulfil the specific measure in the Corporate Plan “to secure investment through the Future High Street Funds”.

## **Section 3 - Statutory Officer Clearance**

### **Statutory Officer: Dawn Calvert**

Signed by the Chief Financial Officer

**Date: 05/06/2023**

### **Statutory Officer: Patricia Davila**

Signed on behalf of the Monitoring Officer

**Date: 31/05/2023**

### **Chief Officer: Dipti Patel**

Signed off by the Corporate Director Place

**Date: 15/06/2023**

### **Head of Procurement: David Hayes**

Signed on behalf of the Head of Procurement

**Date: 09/06/2023**

### **Head of Internal Audit: Neale Burns**

Signed on behalf of the Head of Internal Audit

**Date: 01/6/2023**

**Has the Portfolio Holder(s) been consulted? Yes**

### **Mandatory Checks**

Ward Councillors notified: YES

EqIA carried out: YES

EqIA cleared by: Yasmeen Hussein

## **Section 4 - Contact Details and Background Papers**

Contact: David Sklair, External Funding Manager

[David.Sklair@harrow.gov.uk](mailto:David.Sklair@harrow.gov.uk)

### **Background Papers:**

- FHSF Project Adjustment Form – Word document
- Annex A - Project Adjustment Finance - Spreadsheet
- Annex B - Project Adjustment Outputs - Spreadsheet
- Annex C - Project Adjustment Value for Money – Spreadsheet

**Call-in waived by the Chair of Overview and Scrutiny  
Committee - NO**