



Towns Fund (FHSF) Project Adjustment Request (PAR) Application & Assessment Form

Part A of this form the 'Project Adjustment Request Form' will be completed by the Accountable Body or by the Department in certain circumstances.

The Accountable Body should always contact their Departmental contact to discuss a Project Adjustment Request (PAR) before completing and submitting this form.

This form should only be completed in the adjustment falls within the 'Major Adjustment' category. Those within the 'Minor Adjustment' category are dealt with via a different process.

Minor Adjustments

It is anticipated that all projects will be subject to adjustments that will not impact on the delivery of the project or its stated outputs/outcomes and are reasonable and justifiable, for example, adjustments to individual project spend profile within any financial year, **which do not affect the overall spend profile for that financial year.**

If you have any doubts about whether your proposed adjustment is minor or major, please liaise with your Delivery Support Manager.

Major Adjustments

Material adjustments are defined as:

- Any adjustment to Future High Streets Fund allocation either in total or to individual projects.
- Any adjustment to co-funding allocation either in total or to individual projects.
- A substantive cumulative increase or decrease in the total number of project outputs and/or outcomes to be delivered compared to the original Memorandum of Understanding.
- Removal and/or addition of delivery partners where the adjustment may potentially destabilise the project.

- The complete removal of an intervention and its replacement with a new project. Please note in this occurrence, it is likely that a far more detailed submission would be required so please speak to your Departmental contact.

Additional documents may be submitted to the Department in support of a completed PAR form, but this must be in addition to fully completing the form. If the form is not fully completed, it may lead to delays in consideration of a PAR.

Part B of this form is the Project Adjustment Request Assessment Form. This will only be completed by the Department.

All adjustments to a project must be approved by the Department. There is no automatic right for an adjustment to be approved.

This is a request process, and the Secretary of State is entitled to reject, accept in part of or accept the whole request for a project adjustment. For the avoidance of doubt, an acceptance of an adjustment shall not act as a waiver of any project irregularity.

| | | |
|-----------------------|------------------------------|----------------|
| Identification | Local Authority/High Street: | Date received: |
|-----------------------|------------------------------|----------------|

PART A: PROJECT ADJUSTMENT REQUEST FORM

Part 1: Grant Recipient/Project Information

| | |
|--|--|
| 1.01 Project Name | Harrow |
| 1.02 Local Authority | Harrow Council |
| 1.03 High Street | Harrow on the Hill Metropolitan Centre |
| 1.05 Main contact | David Sklair |
| 1.06 Job Title / Position in the Organisation | External Funding Manager |
| 1.07 Email | David.Sklair@harrow.gov.uk |
| 1.08 Telephone Number | 07773 195 192 |

Part 2: Adjustment Details:

Please complete all sections relevant to the type of adjustment(s) being requested or tick the 'not applicable' checkbox.

| 2.1 Adjustment to Project Details | | | |
|--|---|--|--|
| | Current | Proposed Adjustment | Reason for Adjustment |
| Project Name | Wealdstone (Heart of Harrow Opportunity Area) | Harrow Metropolitan Town Centre (Heart of Harrow Opportunity Area) | Delays regarding the delivery of the main element of the project (Kodak Footbridge). |
| Project Objectives | Connectivity, inclusions economic growth | Connectivity, inclusions economic growth | The project objectives remain the same. The delivery method will change. This is because the costs of the original is over budget and it cannot be delivered within the DLHUC timelines. The adjusted project can be delivered within budget and in accordance with DHLUC deadlines. |
| Start Date | April 2021 | October 2022 | The adjustment reflects the start date to define the delivery methods to improve pedestrian connectivity |

| | | | |
|------------------------------------|--|---|---|
| | | | through inclusive multi-sensory design. |
| End Date | April 2024 | March 2025 | The DLUHC funding for the programme will be committed by March 2024 and implementation completed by March 2025. |
| Other Key Milestone Date(s) | Planning permission obtained – December 2021 | <u>Public Realm</u> May 23: Appointment of design consultant June/July 23: Public Consultation July-October 23: detailed design Mid-October/ December 23: Tender February 24: Appointment of works contractor May 24: construction on site <u>Meanwhile Use</u> May 23: Appointment of design team Public Consultation: June/July 23 Oct 23 – Jan 24: Planning Application/decision Nov 23: Tender | The decision to end the original pedestrian bridge project has meant that alternative projects will be delivered. |

| | | | |
|--|--|--|--|
| | | <p>February 24: Appointment of contractor</p> <p>May- Aug 24: construction</p> <p>Oct 24: opening</p> <p><u>Kiosks</u> Mar 23: Vendor engagement</p> <p>Apr/May 23: Concept design</p> <p>Public Consultation: June/July 2023</p> <p>Jul/Aug 23: Detail design</p> <p>Oct/Dec 23: Tender</p> <p>Feb 24: Appointment of contractor</p> <p>Nov 24: Completion /letting</p> | |
| <p>Not Applicable: <input type="checkbox"/></p> | | | |

2.2 Adjustment to Project Funding

If you are requesting an adjustment to the project funding detailed in the agreed Memorandum of Understanding, including any adjustments to the forecast expenditure across the financial years, then please tick the checkbox below, provide rationale for the adjustment and complete Annex A – Project Adjustment Finance*.

I confirm that we are requesting adjustments to the project funding as detailed in our Memorandum of Understanding and have completed Annex A - Project Adjustment Finance – copy attached.

Not Applicable:

Please provide rationale for adjusting the Project Funding (if applicable):

The majority of the FHSF funding (£6.5m out of total FHSF grant of £7.4m) was allocated to the delivery of the Kodak Pedestrian Footbridge. The pedestrian bridge spanning the railway line will not be delivered in accordance with the agreed programme deadlines with DLUHC. These are detailed further below.

We are therefore seeking to adjust the programme to deliver the same strategic objectives in Harrow Metropolitan Town Centre.

The pedestrian bridge will not be delivered in time for the following reasons. The construction of the footbridge in time was reliant on a combination of several interdependent elements as follows – planning permission; land assembly/compulsory purchase, construction costs; and track access.

Track access is only possible at Christmas and Easter by agreement with Network Rail so timelines for construction and delivery are reliant on both gaining this agreement and being ready to install the bridge when the track access has been granted.

Specifically, following the submission of the planning application in October 2021, permission was expected by December 2021. However, a number of issues were identified through the planning process relating to, for example, personal safety along the pedestrian routes to the bridge, and the practical delivery of these routes (through Kodak Barratts development). A potential need to submit a revised planning application to increase the “red line” boundary of the application was also identified. Planning permission was not going to be approved until these issues had been addressed.

The delay in obtaining planning permission then impacted on completing the Compulsory Purchase Order/Land Assembly process in time as the formal process to secure the land through a compulsory purchase order is dependent on the council obtaining planning permission for the bridge; There is an 18-month timeline between obtaining planning permission and completing a CPO.

Related to this delay was the need to obtain approval for track access from Network Rail. This is only available at Christmas and Easter. With the delays highlighted above, it was difficult to agree with Network Rail on when access would be available. Finally, at the same time, the overall costs for the delivery of the bridge including construction costs were increasing as a result of the increased time and inflation. It therefore became clear that the delivery of the bridge on time was unlikely.

Why are we focussing on Harrow Metropolitan Town Centre?

Issues

Decline of daytime economy & failure to stimulate evening economy

- Housing growth circa 60% - made up of new homes, plus conversions under permitted development. This creates an opportunity for a critical mass that supports an enhanced evening economy.
- Much of the town centre offer is made up of 'multiples' which creates a homogenous offer for local residents, rather than a high-quality variety of independent stores.
- Loss of daytime footfall due to the loss of office space from conversions to residential use (through e.g. prior approval) and a consequent loss of daytime office workers has a significant impact on the vibrancy of the town centre.
- The main route for commuters from Harrow on the Hill Station into St Ann's Road is through St Ann's Shopping Centre which closes at 9 pm
- After 6 pm, with the closure of shops in St Ann's Road, footfall drops significantly
- Other parts of the town centre are lacking footfall. This is particularly the case in the north east of the town centre following the permanent closure of the Debenhams Department Store on Station Road (and latterly the closure of Landmark on the same site) on Station Road, which acted as an anchor tenant for the area.
- Pedestrian access into and across the town centre is limited through physical and other related barriers.
- The central trading strip contains old trading kiosks which detracts from the overall appearance of the main pedestrianised shopping area
- The north of the town centre (near Greenhill Way Car Park) lacks footfall, traders have closed their businesses in Greenhill Place and the biggest store Landmark (2.5% of shopping frontages) has closed. There is little to pull shoppers to this part of the town, despite the population increase in the nearby Gayton Road and Lyon Road.
- The underpass from Pinner Road to the town centre should provide a key pedestrian route from new residential development. However, the route is deemed unsafe, dark, damp and rat ridden.
- Crime rates and criminal activity are high and there is a need to stimulate increased footfall and dwell time to deter this activity.

The following interventions are therefore proposed to address these issues:

Connectivity - By improving pedestrian links to the town centre,

- Specifically, by improving routes both around and into the town centre through investment in the public realm to encourage movement of pedestrians along underused parts of the town centre; and improving town centre severance.
- This includes investment between Harrow on the Hill Station and the town centre - along Clarendon Road, providing an alternative link to St Ann's Road when St Ann's Shopping Centre closes at 9 pm; and along College Road to encourage footfall along this part of the town centre
- The public realm improvements will also include multi-sensory design/adaptive sensory environments, which will provide information involving all 5 senses rather than just 1 or 2 senses to help people with disabilities and those with sensory impairments navigate the town centre

Inclusivity - By updating Harrow’s offer for new residents

- There has been a 60% increase in households in Harrow Town Centre as a result of new housing development. However, the town centre needs to adapt to ensure these new residents are “connected” to the town centre, this includes providing the infrastructure to support an evening economy and ensure there is more activity after 6 pm and reconfiguring the public realm will help do this. The multi-sensory design/adaptive sensory public realm improvements will support residents to better navigate and get around the town centre.

Economic Growth - By introducing new activity to the redesigned public realm

- Increasing footfall, dwell time and spend.
- Improving links and access into the town centre and providing a new link from the station into St Ann’s Road will stimulate the evening economy in the heart of the town centre and its surrounding links. This will be reinforced in St Ann’s Road, with a revised design for the central “strip”; to introduce new uses; provision of space for “al fresco” dining in St Ann’s Road and College Road.
- Provision of new kiosks in St Ann's Road.
- Introduction of Meanwhile Uses on Greenhill Way car park: to change the perception of an area prior to a site being developed, to attract people and increase footfall in the area, following the closure of Landmark.

2.3 Adjustment to Outputs and/or Outcomes

If there will be adjustments to the outputs and outcomes detailed in your approved M&E plan, then please tick the checkbox below, provide rationale for the adjustment and complete Annex B – Project Adjustment Outputs.**

I confirm that there are adjustments to the outputs and outcomes detailed in our approved M&E plan and have completed Annex B - Project Adjustment Outputs – copy attached.

Not Applicable:

Please provide rationale for adjusting the Outputs and/or Outcomes (if applicable):

The projects included in this Project Adjustment Proposal will deliver different outputs and outcomes to those in the original M&E Plan. The outputs and outcomes have been adjusted to reflect these changes.

***Annex A: Project Adjustment Finance** *(only applicable if adjustment request is asking for adjustment to project financial profiles and/or total spend)*

****Annex B: Project Adjustment Outputs** *(only applicable if adjustment request is asking for adjustment to project outputs and/or outcomes)*

2.4 Other Adjustment(s)

Please describe any other adjustment requested to the project not already covered – for each adjustment please clearly set out what is currently agreed, how you propose to adjust this, and the reason behind the adjustment.

If you are in any doubt as to whether an adjustment request is required, please contact your Departmental contact.

| | | |
|---------------|---------------------------|--|
| Adjustment #1 | Public Realm/connectivity | Investment in infrastructure including the public realm on College Road, Clarendon Road, Pinner Road, St Ann's Road. This will improve connectivity between Harrow on the Hill Station and the town centre, and between the adjacent residential areas and the town centre. |
| Adjustment #2 | New kiosks | The central strip of the pedestrianised St Ann's Road provides a tired, untidy clutter of dishevelled activity that lacks any positive identity or character. The new kiosks will have full access to power and water and follow a uniform design to create a distinct identity for the Metropolitan Town Centre. They will provide clear sight lines and provide the opportunity for al fresco dining during the Spring and Summer seasons. |
| Adjustment #3 | New Meanwhile Use | The area around Greenhill Way Car Park is ripe for development. Activity has substantially declined with the closure of Landmark on the former Debenhams site which occupied the biggest shop frontage in the town centre. However, there is a demand for affordable workspace and the meanwhile space will provide an opportunity to create workspace. During this period regeneration proposals for the long-term use of the site can be finalised from business case through to regeneration, design, to planning application and build. The successful tenants in the meanwhile space can then transfer their commercial activities into a permanent development. |

Not Applicable:

2.5: Please confirm that stakeholder engagement has been undertaken in respect of the proposed adjustments, if applicable?

Confirmed:

Not Applicable:

2.6: Please confirm that following the proposed adjustments, "beautification" costs are still less than 5% of total ask.

Confirmed:

2.7: Please confirm that the proposed project adjustments have no detrimental effect on your BCR .

Confirmed:

Part 3: Strategic Fit

Only complete this section if you are proposing an adjustment within Section 2.1 Adjustment to Project Details and/or Section 2.4 Other Adjustment(s)

3.1: What is the cumulative impact of the above adjustments on the strategic vision you set out in the Business Case?

Please comment on your revised project's ability to:

(i) renew and reshape your high street in a way that improves experience, drives growth, and ensures future sustainability.

(ii) achieve transformational adjustment in the town centre area?

The strategic vision as set out in the original Business Case focused on

- Increasing the catchment area of the town centre, thus increasing the average disposable income and spend of visitors
- Improving the walking environment
- Improving access and particularly pedestrian links to the town centre
- Improving the image of the area
- Reducing the level and impact of Anti-Social Behaviour (ASB) and other associated activity
- Providing employment opportunities for local residents
- Providing affordable office and employment space
- Providing new community and experiential uses to the town centre

The above adjustments continue to contribute to this vision. The revised project will help to renew and reshape our high street by

- improving the pedestrian experience by creating a more inclusive environment and increasing perceptions of safety, therefore increasing footfall around the town centre
- providing new offers to the increased local resident population including increasing the town centre offer after 6 pm
- reducing severance between the town centre and the residential areas immediately adjacent to the town centre
- improving access between Harrow on the Hill Station and St Ann's Road
- installing new kiosks in St Ann's Road, providing an opportunity for new businesses
- providing new low-cost employment space, providing opportunities for new and start-up businesses

These changes will improve experience by updating the public realm in the core of the town centre and provide new retail and other town centre experiences throughout the town centre.

It will drive growth by attracting footfall to the town centre from the increased catchment population after 6 pm, and by introducing new uses and therefore increasing footfall in other parts of the town centre.

It will ensure future sustainability by helping to reposition the town centre offer for both new residents and the wider catchment area.

3.2: Please outline the stakeholder engagement undertaken in respect of the proposed adjustments?

The following stakeholders have been engaged as part of the proposed adjustments:

- Bob Blackman MP – a meeting was held with Bob Blackman on 27th January 2023 to confirm his support for the proposed adjustments
- Harrow Council Cabinet agreed to the adjustment in January 2023
- Harrow Business Improvement District (HA1 BID) – the Harrow BID Board met on 1st February 2023 to formally consider the revised proposals, following a number of meetings with Harrow BID Manager to input into the proposed projects. The HA1 BID represents over 200 businesses in the Harrow Metropolitan Town Centre
- Ward councillors – ward councillors from the areas affected were briefed on the revised proposals on 9th January 2023

A more detailed consultation exercise will be undertaken with stakeholders including businesses and residents as part of the public realm delivery plans

Part 4: New Project

Only complete this section if you are replacing a project with a new one. This section should be completed in conjunction with **Annex A - Project Adjustment Finance** and **Annex B - Project Adjustment Outputs**.

Strategic Fit

4.01: Rationale for Intervention

[Rationale for why government needs to intervene, and what would happen if the project or programme were not undertaken. What is the market failure being addressed?

If you will be working in partnership with other public or private sector bodies to deliver your scheme, please provide details of the contractual arrangements and provide a copy of any development agreement or other contractual arrangements with them. In particular, please provide evidence of sources of co-funding, the amounts, and the level of legal commitment that you have received from them and/or will receive.]

Market Failure

The town centre has lost a significant amount of daytime footfall due to the loss of office space from conversions to residential use (28,531 sq m through prior approval) and a consequent loss of daytime office workers. Annual footfall in the town centre reduced from 20,937,762 in 2019 to 17,408,340 in 2022 (January to October).

At the same time, the resident population of the town centre has increased substantially due to these conversions and new build housing in and around the town centre. As a result, the catchment area of the town centre has grown by 60%. Most of this increase is only present in the area in the evenings after commuting out of the area during the daytime, noting that the increase in working from home has to some extent replaced the loss of the daytime office worker in the town centre.

However, the town centre has failed to adapt to these changes in catchment. Many of the shops in the town centre shut at 6pm while the direct pedestrian through route through St Ann's Shopping Centre from Harrow on the Hill Town Centre to St Ann's Road closes at 9 pm.

A revised daytime and evening offer is now needed to replace daytime footfall from office workers and to attract the new resident population. However, as noted above the key route from Harrow on the Hill Station through to the main pedestrianised shopping street is through St Ann's shopping centre. As the shopping centre closes at 9 pm, alternative safe pedestrian routes are needed both to access and to stimulate evening economy.

Public sector investment is therefore required to address the market failure and to

- improve the public realm
- provide new uses in an underused part of the town centre
- provide capital investment into new kiosks

4.02: Objectives of Intervention

[Specify the key objectives and high-level outcomes the investment is aiming to achieve and by when. How do these objectives link to the objective of the Future High Streets Fund: “to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability”?

Will the projects achieve transformational change in the town centre area?

Is there evidence that the delivery method/approach of the project can be successful?

Will the project unlock further investment and growth?]

The proposals for Harrow Town Centre aim to address changes in the local catchment, and address market failure of the town centre to adapt to these changes.

Although the town centre is functioning well, there are some key structural issues that need to be addressed to fulfil its potential. The key objectives that this investment is aiming to achieve are therefore:

- to improve pedestrian access to the town centre and improve pedestrian movement across the town centre through improved public realm
- to provide new opportunities to widen the overall offer of the town centre at key strategic locations to improve footfall across the town centre

These objectives link to the Future High Streets Fund: “to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability by

- identifying areas in the town centre that need investment to upgrade the appearance and offer

The project will unlock further investment and growth by providing the opportunity for new town centre uses to be piloted in the meanwhile space and the new kiosks at a reduced cost.

The meanwhile use proposals for Greenhill Way Car Park will support the medium to long term regeneration of this part of the town centre by increasing the footfall in the area.

The proposed delivery methods for each of the three projects that make up the overall package of proposals are based on tried and tested project delivery methods. For example, the public realm improvements and kiosks will be delivered via the Council’s Transport Highways and Asset Management Team via a specific Framework Contract to deliver these works in Harrow Town Centre. The aim of this is to ensure that the appointed contractor has been pre-vetted through the framework and there is dedicated and sufficient resources to deliver the programme within the timeframe required.

The Meanwhile Use proposals will be delivered via a procurement process led by the Council’s Regeneration Team and supported by the Procurement Team, basing the approach on other such projects delivered in London including for example Blue House Yard in Wood Green (Haringey) and Caravanserai, Canning Town (Newham).

4.03: Stakeholder Issues

[Identify and explain any stakeholders and support for the project. How have stakeholders been engaged in the process and how will they be engaged going forward.

Does the scheme demonstrate joint working between local partners to support the strategic objectives?

Does the scheme have support from relevant local stakeholders?

Does the scheme have support from the local community including local businesses and the private sector?

Does the scheme help to meet other departmental or government policy objectives?

Are there any issues with stakeholders and how are these being dealt with?]

The revised proposals have been developed in conjunction with relevant stakeholders, including local ward councillors and Harrow Town Centre Business Improvement District.

The adjusted project proposal has been discussed and agreed with the key local stakeholders. These include the Harrow Business Improvement District's board, which includes major business rate payers, together with microbusinesses with representatives from the Metropolitan Police, and senior officers and the Cabinet Member from Harrow Council. The BID Board met on 1st February 2023 to formally consider the revised proposals, following a number of meetings with Harrow BID Manager to input into the proposed projects.

The BID Manager will be directly involved as the project is delivered as part of the Project Delivery team.

Harrow Council Cabinet agreed on 19th January 2023 to this proposed adjustment. The local ward members have also given their support for the proposal following a briefing on 9th January 2023.

A meeting was held with Bob Blackman MP on 27th January 2023 to confirm his support for the proposed adjustments.

A detailed consultation and engagement programme is being developed in conjunction with Harrow Council's Communications team. This will be delivered once FHSF funding is confirmed.

4.04: Key Risks

[What are the key risks to the success of the project?]

- Increase costs of construction due to inflation, reducing scope of the work delivered
- Delays in securing relevant agreements including for example internal governance processes, obtaining planning permission
- Submitted tender costs are higher than budget, leading to need to value engineer proposals and delay to start construction
- Delays in construction due to unforeseen circumstances
- Downturn in economy leading to decrease in demand for meanwhile use space and kiosks

Financial Case

This section should be completed in conjunction with **Annex A - Project Adjustment Finance**

4.05: Source of Funding

[Please provide further detail on sources of funding that are already committed, as well as co-funding that will support the programme]

Harrow Council's Borough Community Infrastructure Levy will provide the co-funding. This has already been committed as part of the Council's annual Capital budget setting process and will be re-confirmed at Cabinet on 16th February 2023.

Economic Case

4.06: Benefits Appraisal

Your cost-benefit analysis should include the following in accordance to the appraisal guidance.

- Appraisal period: 30 years for large scale regeneration schemes, to reflect what the guidance considers as "useful asset life"; While an appraisal period of 10 years for schemes that are expected to have a shorter asset life (e.g. public realm improvements)

- Discount rate for costs and benefits: 3.5% per annum (consistent with HM Treasury Green Book)

- Cost estimates include an adjustment for inflation, where available (e.g. using of constant 2018 prices via the relevant GDP deflators at market prices (see HM Treasury Spring Statement).)

Please provide a cost-benefit analysis and appraisal for, where appropriate, for both:

- 1. the sum of Future High Streets Funding requested for this project**
- 2. the overall programme of transformational change for your town centre (including the co-funding)**

For your cost-benefit analysis of (1) above, please outline your assumptions of which benefits are attributed to this element of the Fund

1. Overview of the Value for Money assessment

A Value for Money (VfM) assessment has been undertaken to understand the type, and magnitude, of economic benefits and costs delivered by the programme of interventions. The assessment captures the economic benefits (and costs) both quantitatively and qualitatively, in which the latter should be considered also when determining whether the programme of interventions delivers VfM (as per the HMT Green Book guidance). In this section, we set out:

- Section 2: General approach
- Section 3: Economic benefits
- Section 4: Economic costs
- Section 5: Summary of assessment
- Section 6: Non-monetised benefits

Our calculations produce the following cost-benefit analysis

1. the sum of Future High Streets Funding requested for this project
2. the overall programme of transformational change for the town centre

| | |
|--|-------------|
| BCR (based on FHSF costs only) | 1.95 |
| BCR (based on all public sector costs including co-funding) | 1.74 |

Further details are given below.

2. General approach

The methodology underpinning the Value for Money assessment is aligned with key government departmental guidance, including HM Treasury’s Green Book and DLUHC’s (formerly DCLG) Appraisal Guide. The general assumptions and parameters include:

- As the programme of interventions mainly consist of projects with a relatively short lifespan, we have assumed a 10-year appraisal period.
- The GDP deflator series (DfT 2022) have been used to convert the financial costs from nominal prices to real prices.
- Discount rate of 3.5% per annum (consistent with HM Treasury Green Book) has been applied.
- For the purpose of the Economic Case, the values are presented in 2020 real prices, and are then discounted to 2020 base year. The rationale of presenting the values in real 2020 prices is to remain consistent with the price year used for the original FHSF submission.

3. Economic Benefits

The main benefit attributed to the interventions funded by the FHSF is **land value uplift (LVU)**, and has been quantified for the VfM assessment. We have assumed the cumulative effect of the three interventions selected by Harrow Council will enhance the attractiveness of the town centre and wider area around Harrow-on-the-Hill station, which will in turn induce land value uplift around the intervention area. Evidence-based studies such as the Pedestrian Pound – The business case for better streets and places (Living Streets, 2018)¹ and Paved with Gold (CABE, 2007)² have demonstrated the link between public realm improvements / property activation and increases in property prices.

In order to estimate the land value uplift factor, a Healthy Streets Assessment (HSA) (developed by Transport for London) was undertaken to assess the incremental change in the quality of the pedestrian environment, by scoring against a range of indicators including permeability, surface quality, safety, and air quality. The outcome of the HSA is then translated into a proxy land value uplift impact, based on the methodology set out in Paved with Gold study (CABE, 2007).

We have considered an impact area for the calculation of LVU of a 0.5 km radius around Harrow-on-the-Hill station. Existing property rental values are based on CoStar data as of

¹ Living Streets, 2018, “The Pedestrian Pound: The business case for better streets and places”

² CABE, 2007, “Paved with gold: the real value of good street design”

January 2023 (CoStar is a live database of the latest real estate information). Rental values are then converted into land values based on the following assumptions:

- Based on the lowest recorded rental rate (conservative assumption) and most recent recorded average yields for London (5.2% for office³ and 6.8% for retail⁴).
- Real land value inflation of 5% per annum has been applied (consistent with DLUHC's Appraisal Guide).

Once land values are estimated, we determined the potential uplift in land value following the intervention. Based on the outcome of the HSA, a land value uplift factor of 4.9% has been estimated and applied to the baseline land valuation of commercial properties (retail and offices). **The assessment produces a total land value uplift of £13.1m** (undiscounted 2020 prices).

4. Economic Costs

The economic costs are derived based on the cost of implementing the programme of interventions. The costs of all three interventions we have assumed to be incurred in the financial year 2023/24. The costs comprises both the base costs and optimism bias, as set out in below.

Programme costs (undiscounted 2020 prices, £m)

| Scheme | Base cost (£m) | Optimism bias (%) | Optimism bias (£m) | Total cost |
|--|----------------|-------------------|--------------------|--------------|
| Public Realm & Connectivity Improvements | £5.0m | 20% | £1.3m | £6.3m |
| Meanwhile Use Space | £0.6m | 20% | £0.1m | £0.7m |
| St Ann's Kiosk | £0.4m | 20% | £0.1m | £0.5m |
| Total | £5.9m | | £1.5m | £7.4m |

5. Summary of assessment

The following table presents the results of the CBA, presented in discounted 2020 prices. The economic indicators Benefit Cost Ratio (BCR) and Net Present Value (NPV) have been estimated. The BCR(s) has been estimated based on both the FHSF allocation only, and all public sector funding (both FHSF and co-funding). This includes the FHSF allocation of £5.87m (2020 discounted prices), as well as Harrow Council contribution of 11% of total programme costs, currently estimated at £0.73m (discounted prices).

Based on the assessment, the economic benefits outweighs the costs, delivering a benefit-cost ratio of 1.74. In other words, the uplift in land value delivered by the set of intervention to Harrow's town centre is greater than the initial public funding required to

³ CBRE Q3 2022, <https://news.cbre.co.uk/prime-uk-commercial-property-rents-increased-15-in-q3-2022-but-yields-also-rise>

⁴ CBRE Q3 2022, <https://news.cbre.co.uk/prime-uk-commercial-property-rents-increased-15-in-q3-2022-but-yields-also-rise>

deliver. According to the VfM framework⁵, the programme of interventions is anticipated to deliver 'Medium' VfM (above 1.5).

Summary of the VfM assessment (discounted 2020 prices, £m)

| Summary of VfM | | Value (£m) |
|--|----------------------|----------------|
| Benefits | | |
| Land Value Uplift | | £11.46m |
| Total Benefits | (a) | £11.46m |
| Costs | | |
| FHSF | (b) | £5.87m |
| Harrow Council | (c) | £0.73m |
| Total public sector funding | (d) | £6.59m |
| Private sector funding | (e) | - |
| Benefit-Cost Ratio | | |
| BCR (based on FHSF costs only) | (a)-(e) / (b) | 1.95 |
| BCR (based on all public sector costs including co-funding) | (a)-(e) / (d) | 1.74 |

Furthermore, it's important to note the VfM assessment not only considers the quantitative analysis, but should also consider the non-quantified benefits, as well as the bid's ability to address the local issues and barriers set out in the Strategic Fit. The next section sets out an overview of the non-quantified benefits the bid delivers.

6. Non-monetised benefits

In addition to the (quantified) LVU, the programme is anticipated to deliver the following benefits:

- Increased Footfall:* Improving abilities to walk and cycle as a result of public realm improvements, whilst activating spaces encourages people to visit different places and incentivises residents and visitors to spend more time in the area. This has numerous benefits: it builds a greater appreciation of spaces, helping to shift place perceptions, whilst also reducing carbon emissions, improving active travel and dwell time, which has direct benefits for people's health. Furthermore, the Pedestrian Pound (2018)⁶ report finds active travel investments can increase retail sales by 30% or more, as higher footfall increases spending, generating higher income for businesses and improving the local economy. For Harrow Town Centre, the programme of interventions, including the proposed alfresco dining (St Ann's Kiosk project) and the meanwhile use space, may lead to an increase in footfall, encouraging higher local spend.

⁵ Department for Transport, 2015, "Value for Money Framework"

⁶ <https://www.livingstreets.org.uk/media/3890/pedestrian-pound-2018.pdf>

- *Catalyst for further development:* Public realm investment can inspire further private sector development of areas, supporting the wider economy. For example, public realm investment improving two key approaches to Preston’s City Centre decreased its vacancy rate from 18% at the start of project in 2012, to 8% by 2015 where the project had finished, as the improvements created the right conditions to attract businesses⁷. For Harrow Town Centre, if for example, the meanwhile use space and St Ann’s Kiosk has the ability to attract more residents and visitors, the improved economic conditions may incentivise private sector investment in order to capitalise on the higher footfall.
- *Increased social interaction and sense of community:* Road reconfigurations and improving space priority for pedestrians, such as alfresco dining, and meanwhile use spaces can create a focal point for communities, encouraging people to gather and engage with one another in shared spaces.
- *Increased safety perceptions:* Safety plays an important role in an individual’s ability to use space. Lighting pedestrian routes and cycle paths can increase their usage by up to 38% and 62% respectively⁸, importantly increasing footfall at night to improve the evening economy. Encouraging movement along underused parts of town, such as Clarendon Road and College Road, repurposes streets and brings vibrancy to spaces. A street lighting project in Croydon and Lewisham led to a benefit cost ratio of 7.36, with benefits including crime reduction and improved road safety, improving perceived safety and thus providing better access to local services⁹.

4.07: Risk Appraisal

Please refer to the Green Book Guidance. Your appraisal should include consideration for:

- **Optimism bias – this is the proven tendency for appraisers to be too optimistic about key project parameters, including capital costs, operating costs, project duration and benefits delivery.**
- **Risks – these are specific uncertainties that arise in the design, planning and implementation of an intervention.**

The key risks and uncertainties have been identified that could affect the overall VfM includes (but not limited to):

- **Overestimation of the LVU uplift:** the anticipated LVU uplift may, in reality, be more optimistic than assumed for the VfM assessment, lowering the (quantitative) VfM of the bid. We have tested a lower LVU assumption (as shown in Q5.4.1) to test the impact on the BCR to reflect this uncertainty.

⁷ <https://investprestoncity.co.uk/article/2895/Fishergate-Public-Realm-Investment>

⁸

- **Underestimation of the costs:** as the UK economy currently experiences high inflation (9.2% in December 2022 according to ONS data), future cost increases for labour, materials and other related costs are highly uncertain at this stage. An **optimism bias of 20%** has been accounted for, as detailed in the previous section.
- **Land value inflation uncertainty:** the current recession and changing behaviours shifts in office-working and shopping patterns poses the risk of subdued growth on retail and office land value at least in the short-term.

The next section outlines the sensitivity analysis in which we test four changes in variables relating to the above identified risks.

4.08: Sensitivity Analysis

This is a very important part of an economic appraisal and must be carried out. It tests the vulnerability of your benefit estimates to changes in the key assumptions and variables from which they are derived. If only a slight change to a variable means that benefits fall so substantially that they are outweighed by the scheme costs, then it is likely you should not proceed with that chosen option.

Alongside the base scenario and on top of the optimism bias of 20% already included in the total cost figures, we have carried out the following sensitivity tests (see summary in table below):

- **Sensitivity Test 1: Lower land inflation** - a lower land inflation rate of 3% per annum has been tested instead of the original 5% per annum, applied to the office and retail properties in the 0.5 km radius around the intervention.
- **Sensitivity Test 2 - Lower land value uplift:** a conservative land value uplift factor of 2.5% (compared to the original 4.9% uplift factor) has been tested.
- **Sensitivity Test 3 - Higher funding / costs:** an increase of 20% of total project costs has been tested.
- **Sensitivity Test 4 - Lower additionality factors:** a lower additionality factor has been tested, in which 10% for both the displacement and deadweight factors has been applied.

Summary of sensitivity tests

| Sensitivity test | Base scenario | Sensitivity test |
|-------------------------|---------------|------------------|
| Lower land inflation | 5% pa | 3% pa |
| Lower land value uplift | 4.9% | 2.5% |

| | | |
|------------------------------------|------------------------------------|------------------------------------|
| Higher funding / costs | - | 20% increase in costs |
| Lower additionality factors | 35% displacement 20% deadweight | 10% displacement 10% deadweight |

Results

Overall two of the scenarios maintain a BCR above the threshold of 1.50. Some sensitivities have a higher impact than others, as detailed in the summary and table below.

Lower land inflation

In the event that land value inflation is below the 5% applied in the core scenario (DLUHC's Appraisal Guide figure) and fell to 3%, the BCR would fall from 1.74 to 1.71, demonstrating a relatively minor impact if the land value inflation was lower than anticipated.

Lower land value uplift

If the land value uplift derived from the Healthy Street assessment was lower than the assessed 4.9%, based on a more conservative assumption of 2.5% uplift factor, the BCR declines from 1.74 to 0.89. This is due to the heavily interdependent nature of the BCR and land value uplift: a 50% reduction in the assumed land value uplift has a nearly 50% reduction on the BCR.

Higher funding / costs

In the event that costs increased by 20% (on top of the 20% contingency already included in the base case) due to risks highlighted in the previous section, total funding requirements would rise from £6.59m to £7.91. With the same total benefits, the BCR would fall from 1.74 to 1.45.

Lower additionality factors

Finally, if we reduced the additionality factors from the base scenarios of 35% (displacement) and 20% (deadweight) to 10% for both, the BCR would increase from 1.74 to 3.09.

Summary of sensitivity tests results (discounted 2020 real prices, £m)

| Sensitivity test | Present Value Benefits (PVB) | Present Value Costs (PVC) | BCR (based on all public sector funding) |
|-------------------------|------------------------------|---------------------------|--|
| Core scenario | £11.46m | £6.59m | 1.74 |
| Lower land inflation | £11.24m | £6.59m | 1.71 |
| Lower land value uplift | £5.85m | £6.59m | 0.89 |
| Higher funding / costs | £11.46m | £7.91m | 1.45 |

| | | | |
|------------------------------------|---------|--------|------|
| Lower additionality factors | £20.37m | £6.59m | 3.09 |
|------------------------------------|---------|--------|------|

Commercial Case

4.09: Market Analysis

Please provide details of how the proposed scheme fits with local demand. Please provide supporting evidence of relevant value assumptions in the area, including:

trends and patterns in the local retail, office, housing, and public and third sector markets

market absorption, commercial rents and housing sales rates

local demographics

Attachments can be submitted

There is high demand for town centre uses in Harrow, evidenced by low vacancy levels over a significant period of time. Although rental levels aren't high as such, the demand for space means that there are a significant number of multiples in the town centre competing for limited space.

The proposed scheme has been developed based on local knowledge of the market. The proposals for Meanwhile Use focus on providing floorspace for uses that are currently not offered in the town centre such as for "makerspace" and at rental levels that would be attractive to local, independent businesses.

For example, a business case was developed for the meanwhile use, with rental levels based on the rents being charged to existing tenants across the town centre including at Greenhill Place kiosks, and St Ann's Road kiosks.

The average rates for Harrow area ranges as follows:

- Offices - £25 to £35 per sq ft (depending on the facilities offered)
- Retail/shops - £20 to £25 per sq ft
- Kiosks - £15 to 25 per sq ft
- Industrial - £10 to 15 per sq ft

Various office suites currently under offer in Harrow range between £25-£30/ft². These units have car parking, disabled access, lifts and good natural light.

4.10: Delivery Confidence

You should provide all evidence necessary to demonstrate confidence in your ability to deliver your scheme within the time and budgetary constraints of the FHSF, and the scheme's ability to deliver its aims and objectives

You should demonstrate a suitable governance structure for the delivery of your scheme reflecting established best practice.

You should demonstrate that the overall level of skills and capabilities are in place within the scheme delivery team now, as well as demonstrating their availability in the future.

FHSF funding must be spent not later than 31 March 2024, but this is not a deadline for completion of your scheme. Co-funding can continue to be spent after this date to bring your overall scheme to a conclusion. If your scheme will not be completed by 31 March 2024 you should clearly demonstrate the following:

- All co-funding necessary to complete your scheme is legally committed as soon as a capital award from FHSF is confirmed. In particular you should demonstrate that co-funding necessary for schemes that will not be completed until after 31 March 2019.**
- Suitable funding is available for future maintenance and renewal of assets created in part or whole using funding from the FHSF for the lifetime of the asset or 60 years, whichever is the shorter.**

The proposed projects will be managed and delivered through the Council's existing project management and governance arrangements. The Council's Project Plan sets out the council's delivery timescales for these projects, demonstrating that they can be delivered within the required timeframe.

A dedicated Programme Manager will oversee the delivery of the FHSF funded projects and provide the relevant reporting information required by DLUHC. The Programme Manager will be responsible for reporting progress to the Council's Contracts Board while day to day project management of the programme will be through a dedicated FHSF Project Board. The Project Board will include representatives from Planning, Economic Development, Transport, Highways, Corporate Estates and Regeneration.

The Public Realm project will be delivered through a framework agreement. A detail design and works implementation package will be prepared in accordance with the agreed programme and the consequential delivery programme will be prepared by the appointed contractor following the Council's procurement procedure in conjunction with DLUHC's funding criteria.

The Meanwhile Use project will be delivered through a public tender process that meets the council's procurement guidelines. The project is underpinned by a design brief undertaken by Council officers together with a business case developed by a meanwhile use specialist to ensure deliverability.

The specification of the project will look to procure a team that has both design capabilities, implementation and management experience of similar spaces.

The delivery of the new kiosks will follow a design process with extensive consultation and collaboration with the council's estate and facilities department, the Business Improvement District together with existing traders to get the best possible outcome. It will ensure the design is fit for purpose, flexible to adjust to the changing economic conditions and easy to maintain for the long-term future. A specialist kiosk contractor will be appointed and work alongside the main contractor for the public realm work for a seamless delivery of the project.

The costs of the programme have been reviewed to take into account inflation and a contingency amount.

Harrow Council's Borough Community Infrastructure Levy will provide the co-funding after March 2024. This has already been committed as part of the Council's annual Capital budget setting process and will be re-confirmed at Cabinet on 16th February 2023.

There is suitable funding available for future maintenance and renewal of assets. For example, the public realm investment will be maintained by Transport Highways and Asset Management's existing capital budget.

The costs of maintenance of the kiosks will be included within the licencing/lease rental level as agreed between Harrow's Corporate Estates Team and operators occupying the space.

The costs of maintenance of the meanwhile use space will be included within the licencing/lease rental level as agreed between the company that the Council appoint to manage the meanwhile use space and the businesses occupying the space.

4.11: Delivery Model

[Who will deliver the programme/investment? What procurement might be needed?]

The public realm improvements will be delivered via the Council's Transport Highways and Asset Management Team via a specific Framework Contract to deliver these works in Harrow Town Centre. The kiosks will be delivered via the same contractor as the public realm.

The Meanwhile Use proposals will be delivered via a procurement process led by the Council's Regeneration Team and supported by the Procurement Team, basing the approach on other such projects delivered in London including for example Blue House Yard in Wood Green (Haringey) and Caravanserai, Canning Town (Newham).

4.12: Contractual Issues

[Note any known or anticipated legal, contractual or procurement issues]

There are no anticipated legal, contractual or procurement issues.
In developing the projects, the relevant legal and procurement advice has been sought to confirm that issues have been considered and have been accounted for in the overall delivery timeframes.

Management Case


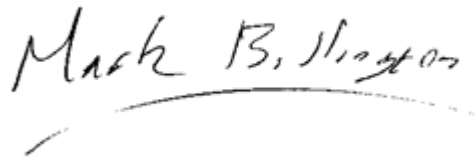

4.13: Governance Structure

Please confirm below whether there are any changes to the overall governance structure of your interventions.

No changes to Governance Structure

Changes to Governance Structure, which are outlined below

Authorisations

| | |
|--|---|
| Adjustment Request Submitted By: | David Sklair |
| Electronic Signature (image of actual 'wet' signature): |  |
| SRO Name | Mark Billington |
| Electronic Signature of SRO (image of actual 'wet' signature): |  |
| s151 Officer Name | Dawn Calvert |
| Electronic Signature of s151 (image of actual 'wet' signature): |  |
| Date of Submission: | 13 th February 2023 |



PART B: PROJECT ADJUSTMENT REQUEST ASSESSMENT FORM

For DLUHC use only, using Project Adjustment Guidance

| | |
|------------------------|--|
| Local Authority | |
| High Street | |
| Assessor | |
| Date | |

| Changes to projects | |
|--|---|
| <p>1. Is the rationale for the adjustments they are considering sound?</p> <p>Consider</p> <ul style="list-style-type: none"> Is the information provided sufficiently detailed? Are the arguments being made logical? <p>Out of Scope guidance is here Out of scope guidance</p> | <p>Y/N and explain why.</p> |
| Changes to funding | <p>Put N/A if this does not apply. Otherwise complete the questions below.</p> |
| <p>2. Are the changes to individual project funding appropriate?</p> | <p>Y/N. If no, please note if we need to follow-up to obtain missing information.</p> |
| Changes to outputs | <p>Put N/A if this does not apply. Otherwise complete the questions below.</p> |
| <p>3. Are the changes to outputs appropriate?</p> | <p>Y/N. If no, please note if we need to follow-up to obtain missing information.</p> |
| Other Adjustments | <p>Put N/A if this does not apply. Otherwise complete the questions below.</p> |
| <p>4. Are the proposed changes appropriate?</p> | <p>Y/N. If no, please note if we need to follow-up to obtain missing information.</p> |

| | |
|---|--|
| Value for Money | Put N/A if this does not apply. Otherwise complete the questions below. |
| 5. Does the Value for Money need analytical assessment? | Y/N. If no, please note if we need to follow-up to obtain missing information. |
| Legal | Put N/A if this does not apply. Otherwise complete the questions below. |
| 6. Do the proposed changes require Legal input? | Note here if everything agrees. If not, record any exceptions. |
| Strategic Fit | Put N/A if this does not apply. Otherwise complete the questions below. |
| 7. Do you have any concerns about the revised project(s) achieving strategic objectives? [Consider (a) how different the revised project is from the original one and (b) the degree of challenge facing the local authority] | Describe here and raise any issues at the moderation meeting. |
| Stakeholder Engagement | Put N/A if this does not apply. Otherwise complete the questions below. |
| 8. Has there been adequate stakeholder engagement? [Is there sufficient variety - Consider internal and external including MPs. Is the description sufficiently detailed or is it vague?] | Note if good, average or weak. And explain why. |
| Gateway Criteria | |
| 9. Does the project still meet the Gateway Criteria? Gateway criteria is as follows: a. Demonstrates Market Failure. b. Delivers Investment. c. FHSF spend completed by 31/3/24. d. BCR above 2:1 or 1.5:1 with strong strategic reason. e. Overall proposal still has co-funding. | Y/N |

| | |
|---|---|
| New Projects | Put N/A if this does not apply. Otherwise complete the questions below. |
| 10. Does the new project demonstrate strategic fit with FHSF objectives? | Y/N and explain why |
| 11. Does the new project demonstrate strategic fit with wider objectives? | Y/N and explain why |
| 12. Is there evidence of local challenges that relate to the aims of the fund and demonstrate that the market failures link to the proposed interventions? | Y/N and explain why |
| 13. Is the new project deliverable? | Y/N and explain why |
| Sign Off | |
| 14. Has the form been signed off by the s151 Officer? | Y/N. If no note the issue. |

Optional section completed only if the Departmental Contact has referred for legal advice

| | |
|-------------------------------|--|
| 3. Legal Comments | |
| Name of Legal Advisor | |
| Date Comments Provided | |
| Comments: | |
| | |

Optional section completed only if the Departmental Contact has referred for appraisal

| |
|---|
| 4: Appraiser Comments |
| In the box below, the appraiser should: <ul style="list-style-type: none"> • Consider the details of the proposed Adjustment(s) • Consider the comments from the Departmental contact (part 2) • Re-appraise all relevant aspects of the project in accordance with the Adjustments proposed – the re-appraisal must be commensurate with the size, scope, and nature of the Adjustment • Recommend any conditions if appropriate |

| | |
|---|---|
| Appraiser Recommendation | |
| 4.1. Area Lead/DSM - adjustment request review | <input type="checkbox"/> (a) Approve <input type="checkbox"/> (b) Partially Approve <input type="checkbox"/> (c) Approve with conditions <input type="checkbox"/> (d) Defer <input type="checkbox"/> (e) Reject |
| 4.2 Recommendation Rationale | |
| <p><i>Free text explaining the reasoning behind the recommendation. If the recommendation is 'partially approve', this section should be used to explain which adjustments should/should not be approved and why.</i></p> | |

| | |
|--|--|
| Recommended Conditions (applicable only if recommendation is to partially approve or approve with conditions) | |
| 1. | |
| 2. | |
| 3. | |

| | |
|-----------------------|--|
| Appraiser Name | |
| Date | |

| | |
|---|--|
| 5. DLUHC Decision | |
| <input type="checkbox"/> (a) Fully Approved <input type="checkbox"/> (b) Partially Approved <input type="checkbox"/> (c) Approved with conditions | <input type="checkbox"/> (d) Deferred <input type="checkbox"/> (e) Rejected |

| | |
|---|--|
| Conditions (applicable only if (c) selected above) | |
| 1. | |
| 2. | |
| 3. | |

5.1 Decision Rationale

Free text explaining the reasoning behind the recommendation. If the recommendation is 'partially approve', this section should be used to explain which adjustments should/should not approved and why.

| | | | |
|----------------------|--|--------------|--|
| Completed By: | | Date: | |
| Reviewed By: | | Date: | |

Once completed the applicant should be informed of the decision. If adjustments impact on clauses within the Memorandum of Understanding, then a Memorandum of Understanding variation should be completed and issued to the Grant Recipient within ten working days.

Out of scope guidance

As outlined in the Prospectus and Guidance for the FHSF, we expect to see interventions which fall under the general headings of:

- o Investment in physical infrastructure;
- o Acquisition and assembly of land including to support new housing, workspaces and public realm;
- o Improvements to transport access, traffic flow and circulation in the area;
- o Supporting change of use including (where appropriate) housing delivery and densification; and
- o Supporting adaptation of the high street in response to changing technology.

Local authorities are advised to consider carefully how proposed interventions align with these broad categories and communicate this clearly in their business case. Where interventions have future revenue implications, such as the provision of new public facilities like libraries, workspaces and community hubs, business cases should demonstrate that the future revenue costs of such facilities will be available and guaranteed. Similarly, the ability to meet the cost of future maintenance and renewal of new or reclaimed assets should be clearly demonstrated.

Items with relatively modest capital cost, but significant on-going revenue costs

The FHSF will not normally be able to fund these unless a strong strategic and economic case can be made for them. More specifically:

| | |
|----------------------|--|
| CCTV | Capital costs likely to be relatively small, but ongoing revenue costs likely to be high. Likely to need additional resource from police and other agencies to be effective. Need to demonstrate that commitment and evidence that revenue costs can be managed. |
| Broadband upgrade/5G | Installing broadband in high streets and town centres is a valid ask of the FHSF where none currently exists. The case for upgrading existing broadband, such as by moving from copper to fibre transmission would have to be well made in strategic and economic terms. Upgrading existing facilities to 5G are likely to be beyond the scope of the FHSF, but other government funds may be available. There may be better sources of funding for broadband upgrade such as the Digital Infrastructure Investment Fund https://www.gov.uk/government/speeches/digital-infrastructure-investment-fund-launch-exchequer-secretary-speech and 5G Create https://www.gov.uk/government/publications/5g-create |

| | |
|--|---|
| EV charging points | Where proposed to decarbonise local taxi or private hire fleets, these are likely to be within the scope of the FHSF. For private and other commercial vehicle charging infrastructure we would suggest that you consider the Charging Infrastructure Investment Fund https://www.gov.uk/government/publications/charging-infrastructure-investment-fund |
| Building illumination | This is not within the scope of the FHSF. |
| Digital advertising screens | This is not within the scope of the FHSF. |
| Wayfinding and digital information screens | This is not within the scope of the FHSF. |