

Yeovil Key Sites Change of Scope Request

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| Executive Portfolio Holder: | Cllr Peter Gubbins, Yeovil Refresh |
| Strategic Director: | Jan Gamon, Director of Place and Recovery |
| Service Manager: | Natalie Fortt, Regeneration Programme Manager |
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Purpose of the Report

1. The report is advising District Executive of a potential change of scope to the delivery of the development aspects of the Future High Streets Fund (FHSF). The report outlines a process of discussion with the Department of Levelling Up, Housing and Communities (DLUHC) to support a formal change request relating to the project.
2. The report outlines the process to date, possible solution and potential outcomes relating to the delivery of the FHSF in Yeovil.
3. If agreed by District Executive, a request will be submitted to DLUHC which aims to secure existing allocations of FHSF and access further funds to unlock a portfolio of residential developments in Yeovil Town Centre.

Forward Plan

4. This report appeared on the District Executive Forward Plan for consideration in August 2022.

Public Interest

5. The report outlines a potential change of project scope relating to the Yeovil Key sites which, if successful, would secure the current FHSF funding that has been awarded to the council to deliver specific parts of the Yeovil Refresh project.

Recommendations

6. That District Executive endorse the proposal that officers submit a formal scope change request to DLUHC in relation to the FHSF in Yeovil.

Background

7. The aim of the FHSF is to renew and reshape town centres and high streets in a way that drives growth, improves experience and ensures future sustainability. The fund assessed bids based on a Benefit Cost ratio (BCR) with heavy weighting given to those projects that would be securing jobs and creating new homes.



South Somerset District Council

8. The council secured £9.757m from the FHSF. An Memorandum of Understanding (MOU) was signed with MHCLG (now DLUHC) which led to the payment of the full year's allocation for 21/22, which amounts to £4.873m.
9. As members will be aware the FHSF grant supports a number of projects and the bid contained a mix of private/public co-funding which is required in order to secure the full funds. Unfortunately, the projects which attracted private co-funding have been negatively impacted by the pandemic and/or are now undeliverable in the timescale necessary for the FHSF.
10. The Financing the Yeovil Refresh Report to District Executive in February 2022, highlighted the risk that if these development sites did not progress quickly enough then the BCR of the project would be impacted to such a degree that the full FHSF would be at risk. Further work has since showed that the BCR of the project would drop from 4.25 to below 1 without these development sites. The threshold for FHSF bids is a central BCR of 2.

Current Position

11. Since the report in February, officers have been in discussion with DLUHC liaison officers seeking to identify possible opportunities to deliver alternative development projects that would realise the necessary benefits for the Town Centre and help to retain the grant funding already received.
12. The team has also worked with planning colleagues to produce a set of smaller deliverable development sites within Yeovil town centre which can be grouped together to create sufficient gross benefits to maintain the BCR. Work to recalculate the BCR in light of this new proposal is underway and will be ready in time to be reported verbally at the meeting. The proposed approach recommends using FHSF funding to facilitate these stalled developments through addressing phosphate levy costs in order to enable construction to occur and new homes to be delivered.
13. This report seeks District Executive endorsement for officers to submit this proposal formally to DLUHC for consideration through the FHSF project adjustment process.
14. If the proposal is successful, officers will continue to work with owners of buildings/land to progress their sites and work with planning colleagues to address the required phosphate mitigation measures.

Financial Implications

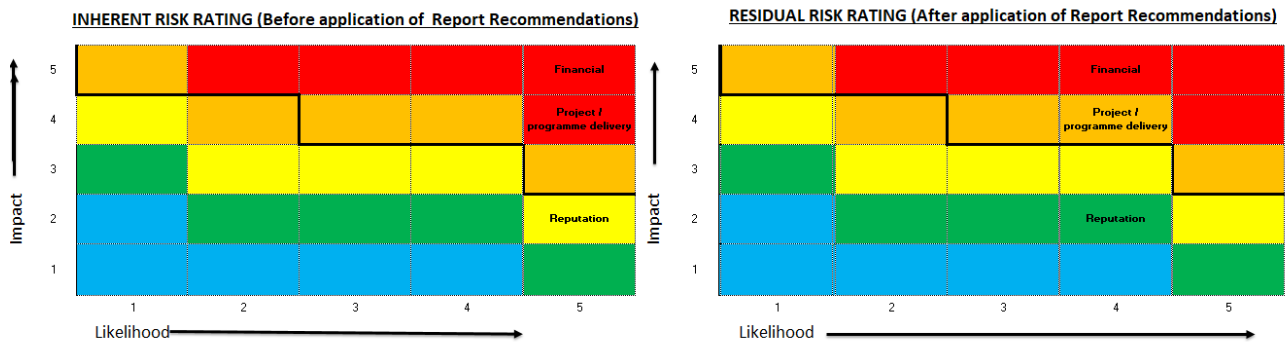
15. There is a risk that the FHSF grant would need to be repaid if the Benefit Cost Ratio (BCR) does not meet the required rate of 2. In addition, if District Executive agree to officers formally submitting a revised proposal to DLUHC, there is no guarantee that a proposal with a BCR rating above 2 would be accepted.
16. Both scenarios would require a repayment of the FHSF grant received to date of £4.873m.
17. However, in February 2022 Full Council approved the creation of an earmarked reserve of £4.784m to mitigate the risk if the grant funding were required to be repaid and the Public Realm works needed to be funded fully by SSDC.

18. This would mean there are no additional financial implications, but a change in the source of funding for an element of the project would be seen.

Legal implications and details of Statutory Powers

19. If this approach was approved appropriate legal agreements would be required. We would also need to explore implications of funding developments in this way to ensure all appropriate action was taken by SSDC to comply with relevant legislative provisions.

Risk Matrix



| Risk Ref | Risk Category | Inherent Risk Rating | Residual Risk Rating |
|----------|------------------------------|----------------------|----------------------|
| 1 | Project / programme delivery | 21 | 20 |
| 2 | Financial | 25 | 24 |
| 3 | Delivery of Services | 0 | 0 |
| 4 | Staffing & Capacity | 0 | 0 |
| 5 | Reputation | 11 | 10 |
| 6 | Health & Safety | 0 | 0 |
| 7 | Governance & Legal | 0 | 0 |

| Risk Description | Mediation / Controls |
|--|---|
| Unable to deliver the development workstream of the Yeovil Refresh | Submit a project adjustment form to DLLHC |
| Required to pay back FHSF grant | Submit a project adjustment form to DLLHC |
| 0 | 0 |
| 0 | 0 |
| The council has to return the FHSF grant | Submit a project adjustment form to DLLHC |
| 0 | 0 |
| 0 | 0 |

Council Plan Implications

20. The Yeovil Refresh is a council plan priority for 2022/23. The retention of FHSF to support the overall strategic goals of the Refresh is therefore important in supporting delivery of the plan.

Carbon Emissions and Climate Change Implications

21. This report seeks relates to a change of approach in tackling project delivery. Carbon Emissions and climate change considerations will be a key element of any developments which become part of the programme. The proposal itself involves offsetting phosphate costs to developers to enable development. This will enable the full delivery of phosphate mitigation measures associated with each of this portfolio of developments.

Equality and Diversity Implications

22. Equality and diversity has been considered in all of the projects at design and construction phases. This will continue to be applied but is not directly applicable to this report content.

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| <i>An Equality Impact Relevance Check Form has been completed in respect of the Proposal?</i> | Yes |
| <i>The Impact Relevance Check indicated that a full EIA was required?</i> | No |
| <i>If an EIA was not required please attach the Impact Relevance Check Form as an Appendix to this report and provide a brief summary of its findings in the comments box below. – Attached</i> | |
| Additional Comments | |
| None | |

Privacy Impact Assessment

23. There are no identified impacts in this area of assessment related to this report.

Background Papers

24. Financing the Yeovil Refresh Report, District Executive February 2022