

Decision Report - Executive Decision
Forward Plan Reference – FP/24/04/15
Decision Date – 12th August 2024
Key Decision – Yes
Confidential Information
Appendix B – Glovers Walk purchase price



Use of Future High Streets Fund – Yeovil 2024/25

Executive Member(s): Cllr Ros Wyke - Lead Member for Economic Development Planning and Assets

Local Member(s) and Division: Cllr Andy Soughton / Cllr Faye Purbrick

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Summary / Background

1. This paper outlines the planned usage of Future High Streets Fund (FHSF) to support the delivery of projects in Yeovil. The report also seeks approval for the Executive Director for Climate and Place in consultation with the Lead Member for Economic Development, Planning and Assets to commission and deliver these projects using the FHSF in Yeovil throughout the 2024/25 financial year. The funds are provided by the Ministry of Housing Communities and Local Government (MHCLG) with their use being strictly controlled through the funding agreement to the projects specified in this report.
2. The funding was originally secured by South Somerset District Council forming an element of the funding available to support the delivery of a series of projects within the Yeovil Refresh regeneration programme. The Future High Streets Fund was awarded primarily to support two themes of the Refresh work so was focused on transformation of the public realm within the town and on major development sites. The total value of the award was £9,756,897. This split into £4,784,378 for public realm schemes and £4,972,519 on development schemes.
3. The public realm schemes are in the process of being delivered with expected completion of this element of the Yeovil Refresh in late summer 2024. So, this element of the funding has been fully utilised.
4. The development schemes unfortunately were impacted by a range of issues including the covid pandemic which impacted timing and the nature of schemes followed by the subsequent inflationary pressures created in the economy. This resulted in these schemes becoming undeliverable within the timescales for delivery of FHSF.
5. The original funding agreements required expenditure allocated by the fund to be delivered by 31st March 2024. If funds and outcomes related to the FHSF

approval were not expended by that date repayment was likely to be required by MHCLG.

6. Due a range of issues MHCLG provided an opportunity to a range of places to extend that expenditure deadline by a year to 31st March 2025. This did require an Extension of Time (EoT) application to extend the life of the project. In order to ensure funding remained in Yeovil we have identified four alternative schemes which meet the original business case requirements and the FHSF thresholds for investments. These schemes were contained within a Project Adjustment Request (PAR) which sought to reallocate funds to enable delivery. This application works in tandem with the EoT.
7. The PAR and EoT were approved and signed off on 22nd May 2024. This means we now have an extremely tight deadline to deliver the schemes identified in the PAR. Within the time extension there is a requirement to have all schemes in contract by 30th September. This application was supported by key local stakeholders.
8. The four projects approved by MHCLG, and the funding allocated to them is listed below:
 - a. The acquisition, demolition and provision of a meantime use at Glovers Walk Shopping Centre. Somerset Council. £ 2,728,019.
 - b. Provision of 43 units of affordable accommodation, 19 -21 Wyndham Street. Developer £ 1,440,500.
 - c. Provision of 18 units of affordable accommodation and commercial space, 66 Middle Street. Developer £ 502,500.
 - d. Provision of 9 units of affordable accommodation and commercial space, 96 Middle Street. Developer £ 301,500.

This enables the usage of the remaining £4,972,519 of funding available within the FHSF to facilitate regeneration of Yeovil town centre. This is included in the Memorandum of Understanding (MOU) attached to this report as Appendix A.

9. These four projects are all located within the eastern end of the town centre so are seen as key to regenerating this area of the town. They will create additional residential properties which is a key component to the FHSF objectives through diversification of town centre space. A short explanation of the projects is outlined below:

Glovers Walk, Middle Street Yeovil

10. As stated above the project is focused on acquisition, demolition and creation of a meantime use on the site whilst future development plans are developed. This presents an opportunity to remove this outdated space triggering the regeneration of this part of the town centre. The site contains a range of empty commercial units, a number of flats and the town's bus station. It occupies a significant area of eastern end of the town centre.

11. There is significant provision of empty commercial space across the town centre which is in line with a range of town centres across the country. This has been driven by a range of factors which accelerated post covid pandemic when a range of retail and restaurant chains went into receivership. This has coupled with increases in the use of internet for purchases to create fundamental changes in the way we use town centre spaces. This acquisition and demolition removes that surplus space and the dereliction associated with its current condition. This enables the site to be re-purposed for a range of other uses enabling a diversification in use of the site.
12. In the short term this will lead to the creation of “meantime uses” which will be supported by a community consultation aimed at establishing specific activity on the cleared space. Initially some of the space will become a public open space to support this meantime activity making the area accessible to the public. This is likely to include planting and greening of the area.
13. In the longer-term, development plans will be needed for the site and with the presence of other council assets such as the former Wilko building in Middle Street this presents a wider strategic opportunity consider how this area of the town might develop. This could include increased residential space, a range of commercial and business uses, cultural space and leisure activity.
14. Concerns have been raised with regards to the Yeovil bus station as a key transport hub. The council will ensure that it remains operational throughout the demolition work although of course there will inevitably be some disruption. There are key requirements which will need to be addressed to meet the lease requirements of First Bus and other operators. We will be working with them to ensure these are addressed. In tandem with the operator requirement, we will need to ensure that appropriate facilities are provided. These needs will be a key part of the project delivery approach going forward.
15. As would be expected with a project of this scale there are a wide range of other steps and activities needed to deliver the project outcomes.
16. Initially this will commence with acquisition of the site and this report seeks approval to complete this acquisition within the recommendations section stated below. The property was placed on the market with a guide price of £1.75 million in October 2023. A maximum purchase price has been agreed which is stated in Confidential Appendix B of this report. Permission is sought for the Executive Director to complete this purchase in conjunction with the lead member for Economic Development, Planning and Assets. In addition, for the price within Appendix B to remain confidential to minimise any commercial risk during the conclusion of the purchase.
17. To carry out demolition of the site the appointment of a specialist demolition contractor is required. Due to the tight deadline relating to signed contracts this exercise commenced in April 2024. A further key decision report will deal with

this exercise and seek approval to contract demolition contractors for this part of the project.

18. We intend to run a community consultation led by local organisations which will inform the meantime uses of the site. Through this approach we hope to engage local organisations in shaping the future of the Glovers Walk site and support wider strategic considerations for the area. We also expect that this approach may enable us to apply for grants through third party organisations to support operation of identified meantime uses.

19 -21 Wyndham Street, Yeovil

19. This project will provide 43 residential units supported by a grant of £1,440,000. The grant is split into two components providing funding to address viability of the development dealing with specified costs to enable the delivery of the units. The grant is intended to unlock the delivery of the scheme by bridging viability gaps.
 - a. Phosphate Mitigation Costs. Sum provided to support delivery of this element of the development.
 - b. Provision of Affordable Housing focused on key workers. The approved scheme doesn't include provision of any form of affordable housing due to viability issues. This element of the grant will enable this provision to be provided so is effectively "windfall" affordable accommodation.
20. The provision of key worker focused accommodation in this scheme supports the economy of the town and specifically the central area. This will enable individuals working and studying in key employers to live and work in the area. This assists in meeting housing needs within Yeovil.
21. The scheme will see the demolition of existing buildings in Wyndham Street combined with the use of adjacent space to create a striking development. This site is situated in the eastern gateway to Yeovil occupying a key strategic position within the town centre.
22. The grant will be provided through a legal agreement with the developer which will ensure the site is delivered and the units are occupied in accordance with its provisions.

66 Middle Street, Yeovil

23. This project will provide a mixed residential and commercial development. It will consist of commercial premises on the ground floor and basements combined with residential across 3 floors above these areas. The grant is split into two components providing funding to address viability of the development dealing with specified costs to enable the delivery of the residential units. The grant of £502,500 is intended to unlock the delivery of the scheme by bridging viability gaps.

- a. Phosphate mitigation costs. Sum provided to support delivery of this element of the development.
 - b. Provision of affordable housing focused on students and key workers. The approved scheme doesn't include provision of any form of affordable housing due to viability issues. This element of the grant will enable this provision to be provided so is effectively "windfall" affordable accommodation.
24. The commercial element of the building will be aimed at a food and beverage usage and is likely to be offered for rent near the completion of the Glovers Walk demolition. The premises is ideally located adjacent to the Triangle public space which will host events and activities.
25. The grant is focused on the residential element of the scheme. The provision of student/key worker focused accommodation in this scheme will support the economy of the town and specifically the town centre. This will enable individuals studying at the local college and working for key employers to live in this area. This assists in meeting housing needs within Yeovil for this specific sector.
26. The residential element of the scheme has been designed as shared accommodation. This was done in consultation with the potential users to create something which meets their needs.
27. The building is in a key position adjacent to the Triangle so occupies a key strategic position within the town centre. The renovation of this property is fundamental to supporting the regeneration of this area of Middle Street. The mixed nature of the development provides diversification of uses in line with the FHSF objectives.

96 Middle Street, Yeovil

28. This project will provide a mixed residential and commercial property following the demolition of the existing building. The ground floor will be commercial with nine residential units situated on the two floors above. The grant is split into two components providing funding to address viability of the development dealing with specified costs to enable the delivery of the residential units. The grant of £301,500 is intended to unlock the delivery of the scheme by bridging viability gaps.
 - a. Phosphate mitigation costs. Sum provided to support delivery of this element of the development.
 - b. Provision of affordable housing focused on key workers. The approved scheme doesn't include provision of any form of affordable housing due to viability issues. This element of the grant will enable this provision to be provided so is effectively "windfall" affordable accommodation.
29. The grant is focused on the residential element of the scheme to enable these units to come forwards. The building is located near to the junction of Middle

Street with South Western Terrace which contains a number of food and beverage/leisure related units. The commercial space is expected to be complementary to these uses.

30. This scheme is in a key part of Middle Street so will enable removal of the existing dated structure and creation of new usable units. This is a visible location which would create positive change in this location.
31. Whilst the value of this grant is below the threshold for a key decision it is included in this report due to its status as a FHSF scheme. This non-key decision is incorporated in the recommendations section of this report.

General

32. All of the grant aided schemes will provide updated uses diversifying the town centre offer in this area. There is also a significant increase in the number of residential units in town which meets with the densification principles included in the FHSF principles.
33. In each case the grant agreement will contain payment triggers and re-payment provisions in case of non-delivery of schemes. We are also creating a subsidy statement to ensure compliance with relevant legislation on the use of this type of funding.

Recommendations

34. The following are proposed to deliver the FHSF requirements:
 - A. Recommend that the Executive Director for Climate and Place in consultation with the Lead Member for Economic Development, Planning and Assets is authorised to complete the purchase of Glovers Walk.
 - B. Recommend that the case for applying exemption information provision as set out in the Local Government Act 1972, Schedule 12A is applied to the Glovers Walk purchase price and therefore treat the attached confidential Appendix B in confidence, as it contains commercially sensitive information, and as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.
 - C. Recommend that the Executive Director for Climate and Place is authorised to provide a grant to the owner of 18 -21 Wyndham Street, Yeovil of £1,440,000. The grant will deal with the phosphate costs related to the development and enable the delivery of affordable housing focused on key workers.
 - D. Recommend that the Executive Director for Climate and Place is authorised to provide a grant to the owner of 66 Middle Street, Yeovil of £502,500. The grant will deal with the phosphate costs related to the development and enable the delivery of affordable housing focused on key workers and students.

- E. Recommend the Executive Director for Climate and Place is authorised to provide a grant to the owner of 96 Middle Street, Yeovil of £301,500. The grant will deal with the phosphate costs related to the development and enable the delivery of affordable housing focused on key workers.

Reasons for recommendations

35. The recommendations implement the formally agreed approach with MHCLG for use of the FHSF. This is laid out in the grant agreement. The funds must be spent on the specified projects within the timescales of that agreement.
36. The projects all create positive change for this area of Yeovil town centre enabling delivery of much needed regeneration schemes. This mix of commercial and residential space meets the parameters of the FHSF helping diversify uses in the town centre.
37. The acquisition and demolition of Glovers Walk enables a significant area of dereliction to be removed. This will create a positive change in this area enabling a re-development of this key part of the town centre.
38. The sites are all brownfield sites which makes positive re-use of the existing town centre spaces rather than utilising new greenfield sites. This is line with wider adopted planning principles.

Other options considered.

39. Due to the nature of the funding as stated above this funding has a narrow focus on these schemes. In essence the schemes outlined in the report are supported by the MHCLG approval. The tight timescale for delivery means there are no real alternative approaches that can be applied using this funding. The only other alternative is to not deliver these schemes which would result in repayment of the funds to MHCLG and loss of funding for the regeneration of Yeovil.

Links to Council Plan and Medium-Term Financial Plan

40. This decision and the wider delivery of the links directly with the 2023 – 2027 Council plan in the following ways: -
- **A Greener, More Sustainable Somerset** – These schemes re-use brownfield sites helping meet the broader ambitions of this area of the plan.
 - **A Fairer and Ambitious Somerset** – These proposals provide affordable housing for key workers and students helping contribute to this element of the plan. We will use existing town centre sites regenerating the core centre to support the wider town. This supports broader principles to deliver a better quality of living with Yeovil town centre supporting this concept.

- **A Flourishing and Resilient Somerset** – This work supports the regeneration of physical assets whilst supporting economic growth through new uses and more homes in the town centre.
41. In terms of links to the MTFP the acquisition, demolition and meantime usage at Glovers Walk are funded by FHSF. The community consultation work is intended to enable access to grants via third party organisations. Future development of the bus station component will also be explored through Bus Service Improvement Plan (BSIP) and any other suitable sources.
 42. We also intend to use materials from the public realm schemes from de-scoped public realm schemes and any other decommissioned sites which may present materials able to support the meantime uses.

The three grant schemes are funded through the use of FHSF grant. These schemes will be delivered by external developers. Appropriate legal agreements will be in place to ensure delivery of these schemes which will be supported by the grant. No future costs would fall onto the council with broader development costs being funded by the developer.

These are key projects supporting the corporate plan and wider regeneration of Yeovil. The overall programme aims to support growth of the local economy.

Financial and Risk Implications

43. Financial

This report deals with several projects which will use the £4,972,519 of FHSF to support the Yeovil Refresh. The risk to the Council's MTFP is therefore substantially mitigated by the use of this funding. This was provided as a section 31 discretionary grant to enable the projects agreed by MHCLG. The funding is for delivery of the agreed capital projects and can be utilised to support delivery of those projects.

The three grant funded schemes described in this report are subject to legal agreements with developer. These agreements will include a number of clauses ensuring delivery of the projects and where these fail, repayment will be required. The financial and legal risks are therefore mitigated as fully as possible in these schemes.

The Glovers Walk project has three components namely acquisition, demolition and provision of a meantime use. The acquisition has been supported by external solicitors who deal with commercial purchases. Any risks associated with the site have been highlighted and where possible mitigated.

In the demolition phase specialist contractors will be appointed and their contract will incorporate dealing with a range of issues such as removal of asbestos and other hazardous materials. This contract will be NEC4 so will require specialist skills and assistance to manage. We also require party wall surveyors to be in

place so plan to appoint a contractor to deliver on this specialist skill set as part of the work.

In describing what we intend to do on the site we have used the phrase “meantime uses”. This is a recognised term within the regeneration community so was used in the MHCLG bid. This means a short to medium term use while longer term development plans are considered and developed for the site. This short-term usage may present a financial challenge as the available funding allocated through the FHSF grant is limited. The available funding though will cover a range of initial costs such as insurance and set up of the site post demolition which would include some temporary structures and creating a basic green space. This will enable this capital element of the project to be delivered.

A plan for revenue generation or further investment will be needed to develop this short to medium term use. To deliver this an element of this funding is allocated to a community consultation exercise which will provide data for the initial uses that can feed into longer term thinking to development of the site. A secondary but important intention of using third sector organisations to lead this work is around their potential to access grants. As a council many funding routes are closed to us so we hope this will assist delivery of the short to medium term use of the site. We are also exploring some commercial opportunities with major employers who have social value commitments to deliver in the community which could fit onto the site.

One other area for consideration is the bus station operation on the Glovers Walk site. The council already incurs costs through the sub-let of elements of the bus station to First Bus. As site owners this becomes a direct arrangement so presents an opportunity to control that cost. The future development of the bus station will be explored through external sources such as the BSIP.

Contingency for risks during demolition of Glovers Walk has been included in the contract. This will ensure risks are mitigated and costs actively controlled through reduction in prelims and other costs which are being actively managed.

44. The key risks that occur are listed below:

Risk:

Failure to complete contracts on projects by 30th September 2024 and complete expenditure of FHSF allocations by 31st March 2025. This will result in the possible repayment of all or some of the FHSF grant.

Mitigation

Ensure that all legal agreements and contracts related to the projects are signed off and funding committed by 30th September 2024. This will be achieved by completing the acquisition of Glovers Walk, completing the procurement and signing a contract with a demolition contractor. In addition, completing legal agreements and making all payments related to grant aided projects.

Likelihood	3	Impact	3	Risk Score	9
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Risk:

Communication of this investment during the ongoing financial emergency could create negative publicity unless we are absolutely clear that this is externally funded.

Mitigation

This work will be communicated via the comms team and updates created on the Yeovil Refresh pages of the Somerset Council website.

Likelihood	2	Impact	4	Risk Score	8
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Risk:

Increased costs in the acquisition and demolition elements of the Glovers Walk Project leave minimal funding available for meantime usage.

Mitigation

Control costs on acquisition and demolition via negotiation with vendor and contractor. Design meantime usage which fits available funds via community consultation exercise.

Likelihood	3	Impact	4	Risk Score	12
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Legal Implications

45. The expenditure of funds must be in accordance with the MHCLG funding agreements. This report shares general details of the four projects which are identified in this agreement. The recommendations, if agreed, will ensure compliance with this agreement.
46. In the case of the three grant aided projects these will be the subject of legal agreements containing a range of conditions and requirements to support project delivery. These have been prepared by the council's solicitors based on experience of historic enabling grants schemes. Agreements will seek to mitigate the risks associated with these enabling projects and securing affordable housing for key workers in accordance with the goals for these grants.
47. The Glovers Walk acquisition has been dealt with by appointment of external commercial solicitors. They were appointed following a mini competition held by the council's legal service. The purchase negotiation work has been supported and carried out by them to ensure it meets council requirements.
48. The Glovers Walk demolition procurement is under way due to time restrictions implementing a non-key decision. This has been supported and managed by the

procurement team with specialist input from the regeneration team and PM/QS external support. A separate report will deal with appointment of these contractors on completion of this exercise. The contract format will be NEC4 which will require support to monitor and implement.

HR Implications

49. There are no HR implications directly associated with this decision.

Other Implications:

Equalities Implications

50. Specific equality considerations around the Glovers Walk redevelopment will be included within in a separate paper. That paper will address the accessibility impacts of demolition work and creating a public meantime space.

The three other development projects, which are included in this report will be delivered by private developers. There are three potential impact areas which have been identified:

- Maintaining accessibility where building work could block or reduce footpaths. This will be addressed through contract arrangements and site checks on the individual developments.
- The conduct and language of staff and contractors on site. This will be addressed through contract arrangements and site checks.
- Accessibility of what will be built. This will be addressed through design and meeting building regulations.

Community Safety Implications

51. The four projects described in this report deal with sites which are currently underutilised and in the case of Glovers Walk is a focus for anti-social behaviour. The demolition of that site will provide a new start in that area. The meantime and future uses of the Glovers site will need to be carefully designed to address community safety issues giving consideration to them, but this is not a topic dealt with by this report. The three developments which are planned will ensure that empty buildings and sites within the town centre are re-used creating a more positive active usage for each development. This will in a broad sense discourage anti-social behaviour in and around these sites through a reduced perception of disuse.

Climate Change and Sustainability Implications

52. This report deals with four projects. The acquisition of Glovers Walk will enable a range of buildings which do not meet current standards to be removed. Consideration of the demolition impacts will be included in the report dealing with appointment of contractors. The remaining three projects seek to make best

uses of existing sites re-using brownfield sites, and where possible the existing structures, to minimise carbon impacts.

Health and Safety Implications

53. This report deals with allocation of funding to schemes. Health and Safety will be key when these are delivered. The third-party developer schemes will be their responsibility although of course the council has obligation for adjacent highways so will work to mitigate those implications.

Glovers Walk acquisition will create some issues around site management. These will need to be incorporated into the general management of the property portfolio until demolition contracts come into place. The issues relating to demolition will be dealt with in a separate report dealing with appointment of a specialist contractor. The hazard assessment process and mitigation of safety risks will be a core component of that contract.

Health and Wellbeing Implications

54. The delivery of these schemes will have a wider effect on the town centre. These building and spaces have fallen into disrepair and are underutilised. Their existing condition creates a feeling of negativity in this area which will be tackled by their regeneration.

Social Value

55. All of the projects present opportunities to support employment and training through the construction process with local and sub-regional training centres. The projects proposed also enable further economic activity. This specifically applies to the meantime and future uses of Glovers Walk where a range of possible opportunities can be explored through the community consultation. This should enable a range of benefits to be explored and delivered. This may include initial greening of the space, training and cultural opportunities which add value to the local community.

Scrutiny comments / recommendations:

56. No comments received from scrutiny following consultation process.

Background Papers

57. FHSF funding agreement – Appendix A

Appendices

- **Appendix A – FHSF funding agreement.**
- **Confidential Appendix B – Purchase Price of Glovers Walk**

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	09/07/24
Communications	Peter Elliott	22/07/24
Finance & Procurement	Nicola Hix	09/07/24
Workforce	Dawn Bettridge	04/07/24
Asset Management	Oliver Woodhams	12/07/24
Executive Director	Mickey Green	17/07/24
Service Director	Paul Hickson	
Strategy & Performance	Alyn Jones	N/A
Executive Lead Members	Cllr Ros Wyke	02/08/24
Consulted:	Councillor Name	
Local Division Members	Cllr Andy Soughton and Cllr Faye Purbrick	15/07/24 (Cllr Purbrick)
Opposition Spokesperson	Cllr Mark Healey	No comments received
Scrutiny Chair	Cllr Martin Dimery	No comments received