

## Report to Cabinet



Date of Meeting	29 <sup>th</sup> June 2021
Portfolio	Cabinet Member for Economy and Communications
Report Author	Gary Davies
Public/Private Document	Public

### **Future High Street Fund - Grant Award for Rochdale Riverside Phase 2 (Upperbanks)**

#### **Executive Summary**

- 1.1 Rochdale Development Agency, acting on behalf of Rochdale Borough Council, has recently secured an offer of £17,080,457 from the Ministry of Housing, Communities and Local Government (MHCLG) towards the Rochdale Riverside Phase 2 (Upperbanks) scheme in Rochdale town centre.
- 1.2 The purpose of this report is to secure authority to accept this funding offer and to sign the Memorandum of Understanding recently issued by MHCLG, before the deadline of 30<sup>th</sup> June 2021.

#### **Recommendation**

- 2.1 It is recommended that Cabinet agrees to
  - accept the funding offer from the Ministry of Housing, Communities and Local Government
  - to authorise the Chief Finance Officer to sign the Memorandum of Understanding

#### **Reason for Recommendation**

- 3.1 Approval to accept the funding offer will enable external funding to be secured to support delivery of the Rochdale Riverside Phase 2 (Upperbanks) scheme.

#### **Key Points for Consideration**

#### 4.1 **Background**

In March 2019, an Expression of Interest was submitted by Rochdale Development Agency, on behalf of the Council, to MHCLG for funding from the Future High Street Fund (FHSF). The Council was subsequently invited to submit a full business case for funding. Cabinet gave approval to submit the FHSF full business case bid to MHCLG in July 2020.

4.2 Following a clarification process in October 2020, the Council received an 'in principle' FHSF funding offer from MHCLG and this was reported to Cabinet on 26th January 2021. Following a further review of the FHSF funding offer by MHCLG, the Council has now received formal notification that it has been awarded £17,080,457 for Rochdale town centre. The funding offer is specifically allocated to the Rochdale Riverside Phase 2 (Upperbanks) scheme.

4.3 The Upperbanks scheme is a long standing project, which is intended to provide a major mixed use residential and hotel development in Rochdale town centre. The scheme presents a major opportunity to support the on-going regeneration of the town centre. The site is owned by the Council and the scheme has progressed on a number of fronts over the past year.

- The Council has funded the costs of the design works for the scheme and the partly funding the enabling works package, which is currently on site.
- The Council has secured £3.42m of Brownfield Land grant funding from Greater Manchester Combined Authority towards the costs of the enabling works.
- A detailed planning permission for the development was granted in April 2021.
- Subject to a further Cabinet approval in 2021 it is hoped to make a start on site on the main contract later in 2021.

4.4 This FHSF funding has been awarded under Section 31 of the Local Government Act 2003 and will help reduce the overall deficit for the scheme. An initial FHSF grant payment of £4,108,302 for the financial year 21/22 is due to be made in early June 2021, with a further £12,872,632 due to be allocated for the financial year 22/23. MHCLG have stated that funding from 2022/23 onwards will be subject to the outcome of the Spending Review.

4.5 The key terms of the MOU are

- MHCLG have confirmed that the MOU is not legally enforceable
- MHCLG expects the Council to use the funding provided for the purposes outlined in the business case approved by MHCLG (i.e. Upperbanks - Rochdale Riverside Phase 2)
- Should delivery not progress as agreed, MHCLG will review whether it is appropriate to grant the next tranche of funding
- The Council are to provide regular project, financial and risk reporting to MHCLG, along with monitoring & evaluation reports

- Funding from 2022/23 onwards will be subject to the outcome of the Spending Review which is anticipated to take place in November 2021. This is a standard requirement for all MHCLG funding and has been imposed on all FHSF awards across the country.

#### 4.6 Alternatives Considered

<i>Alternative option</i>	<i>Reason to why the option has been discounted</i>
Not accept the FHSF grant	The project would lose the opportunity to secure significant public sector funding needed to support the development of the scheme.
Delay accepting the FHSF grant	This would delay signing the MOU as required by MHCLG, would result in delays to delivery of the project and potentially put the external funding at risk

#### Costs and Budget Summary

- 5.1 There will be no additional costs incurred by the Council as a result of accepting the FHSF funding. The reporting and monitoring requirements set out in the MOU and the project itself will be managed by the RDA at no additional cost to the Council.
- 5.2 The funding will reduce the overall funding deficit for the Upperbanks scheme. A further report will be presented to Cabinet later in 2021 for an additional approval when the proposed funding and delivery structure for the scheme is confirmed. This report will include the proposed delivery and funding route for the scheme, along with financial, legal, commercial and tax due diligence. It will also seek consent to commence the construction of the main scheme.
- 5.3 Funding from 2022/23 onwards will be subject to the outcome of the central government Spending Review which is anticipated to take place in November 2021. This is a standard requirement for all MHCLG funding and has been imposed on all FHSF awards across the country.
- 5.4 Should delivery of the scheme not progress as via the MOU, MHCLG will review whether it is appropriate to grant the next tranche of funding, and there is a risk that funds may be delayed or withheld. This could leave the Council with a funding gap for the scheme and/or additional costs, leading to a pressure on the overall Council budget.
- 5.5 Pursuant to Section 31 of the Local Government Act 2003 Act, the Secretary of State is empowered to determine that grants shall be paid towards revenue or capital expenditure incurred or to be incurred by local authorities. This determination specifies the local authorities to which the grants are to be paid, the projects on which the grants may be spent, the amount which

the Secretary of State proposes to pay each of the authorities concerned and the manner of payment. It also specifies the conditions on which the grants are to be paid.

<b>Risk and Policy Implications</b>
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6.1 Key risks and mitigations associated with this report are identified below;

<b>Risk</b>	<b>Implications / Mitigation</b>
Funding from 2022/23 onwards will be subject to the outcome of the government Spending Review	The procurement plan for the scheme will seek to ensure it aligns where possible with the actual level of MHCLG confirmed funding and minimises financial exposure to the Council
Cabinet declines to accept the funding offer	Funding needs to be found from elsewhere or the viability gap of the scheme increases
Delay in accepting the funding offer means spend cannot be achieved by funding deadline	Cabinet agree to accept grant offer, with prompt signing of the MOU
Delays to programme mean full amount of grant not claimed by funding deadline	Prompt signing of MOU and procurement of the contractor giving maximum time to spend grant
Funds may be delayed or withheld by MHCLG due to lack of progress/delivery	Prompt signing of MOU and procurement of the contractor giving maximum time to spend grant; provision of regular project, financial and risk reporting to MHCLG, along with monitoring & evaluation reports

<b>Consultation</b>
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7.1 There is no requirement to consult on the offer of grant funding. The scheme has been subject to the usual consultation processes undertaken in large scale physical regeneration initiatives schemes, including public consultation during the planning application process).

<b>Background Papers</b>	<b>Place of Inspection</b>
Cabinet Report - 28 <sup>th</sup> July 2020	Committee Services
Cabinet Report - 26 <sup>th</sup> January 2021	Committee Services
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