



Ministry of Housing,
Communities &
Local Government

Future High Streets Fund

Call for proposals

December 2018 Ministry of Housing, Communities and
Local Government

OGL

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December 2018

ISBN: 978-1-4098-5400-5

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Foreword

For centuries, our high streets have been where commerce and community meet. They have been the hubs of enterprise, where small businesses grow and local jobs are created, and they are the barometers of our prosperity and the heartbeats of the places we call home.

Today, as consumer patterns change and spending increasingly moves online, our expectations of high streets are changing too. A renewed emphasis on 'experience' brings convenience, valuable services and a powerful sense of the community to the fore – that intrinsic desire for something that cannot be replicated online. Where this has been achieved successfully, it can transform a community. It's something we've seen showcased brilliantly at our Great British High Street Awards.

This government is committed to helping more high streets adapt and meet these changing expectations; not just to survive, but to thrive. This is why we launched Our Plan for the High Street in autumn with a fund of £675m. Our Plan for the High Street includes a cut in business rates by up to a third for a wide range of retail properties for two years, a consultation on planning reform to make it simpler to create more homes, jobs and choice in our town centres, and the creation of a High Streets Task Force.

The Future High Streets Fund is an essential part of Our Plan for the High Street, providing co-funding towards capital projects that bring transformative change. We want to see the regeneration of our town centres through innovative proposals around transport, housing delivery and our public services.

Because no two high streets are the same, we are looking to work with visionary local leaders who understand what their local communities will need in the years to come. I'm looking forward to reading your Expressions of Interest and seeing your positive visions for our future high streets – places that can flourish for years to come.



MP,

Secretary of State for

Housing, Communities and Local

Government

The Rt Hon James Brokenshire

Jake Berry MP, Minister for the Northern
Powerhouse and Local Growth

Introduction

High streets and town centres lie at the heart of our communities and local economies, creating jobs, nurturing small businesses and injecting billions of pounds into our economy. But the way we shop and the way that communities use their high streets and town centres is changing: we are shopping more online, making fewer big shopping trips and shopping 'little and more often'. This changes the nature of what makes a high street successful.

The government is committed to helping local high streets evolve and adapt to these changes. We want to see thriving places created where the community feels engaged, and vibrant town centres where people live, shop, use services, and spend their leisure time.

At the Budget, we set out Our Plan for the High Street, including:

- cutting business rates by a third for up to 90% of retail properties for two years, to provide upfront support for high streets;
- supporting the transformation of the high street, by creating a £675 million Future High Streets Fund to help local areas make their high streets and town centres fit for the future;
- consulting on planning reform to make it simpler to create more homes, jobs and choice in town centres, and trialling a register of empty shops;
- setting up a High Streets Task Force which will support local leadership with expert advice on helping local high streets to adapt and thrive; and
- strengthening community assets, including the restoration of the historic buildings that make our high streets special, supporting community groups to use empty properties and providing business rates relief for public toilets and local newspapers.

The Future High Streets Fund forms a central part of this Plan. It will support places by cofunding transformative, structural changes to overcome challenges in their area. And it will support wider economic growth within local areas, delivering investment and growth across regions in England to deliver our modern Industrial Strategy.

This document sets out how the Fund will operate as a two-round fund with two stages to the application process. This first stage of the application process, Phase 1, calls for places to come forward with Expressions of Interest by 22 March 2019 setting out their challenges and strategic approach to regenerating town centres. We will assess these Expressions of Interest against criteria set out within this document and make an announcement on which places will move forward to Phase 2, development of full business cases.

During this second phase, shortlisted places will receive some revenue funding to support the development of their high street strategies which shall include specific project plans and associated business cases setting out how they shall regenerate these places. These

business cases will be assessed in accordance with departmental and HM Treasury Green Book appraisal methodologies and criteria to be published in due course.

£55m of the Fund has been allocated to the Department for Digital, Culture, Media and Sport to support the regeneration of heritage high streets. This has two elements: helping to restore historic high street properties through Historic England, and equipping communities with their own resources to put historic buildings back into economic use – for example as residential buildings, new work spaces or cultural venues, supported by the Architectural Heritage Fund. Further detail will be announced in due course.

Background: structural changes on high streets

Change on high streets is not a new phenomenon. Shop numbers have been steadily declining since at least the 1920s and over many years the ways in which people interact with their high streets and town centres have constantly evolved. Technological advances, new products, competition and changing consumer preferences have seen many high street retailers and industries rise to prominence or disappear. The rise in out-of-town shopping, for example, had a significant impact on the way that people engaged with high streets, in the same way that rising car ownership has transformed town centres.¹

In the past, high streets have shown themselves to be resilient to change, constantly needing to adapt to meet changing demands. They have continued to play a key role at the heart of many communities.

However, the speed of these changes has increased dramatically in recent decades. The unprecedented growth of online shopping in particular has had a big effect on high streets. Between 2007 and 2018 online sales increased six-fold while the growth of in-store sales lagged behind. In 2000 online retailing accounted for less than 1% of total retail sales while in October 2018 almost a fifth of all retail sales took place online.²

Technological advances, including the fast growth in personal computer use, smartphone use and improvements to broadband have facilitated this rapid rise in online retailing. We are starting to see online retailing replacing traditional "bricks-and-mortar" retailing seen on the high street as retailers are often able to offer competitive prices, more choice and greater convenience by moving their business online.

This has left a number of vacant or under-used spaces in town centres, with a proportion of the existing stock of retail stores on high streets becoming under-used. There is currently a mismatch between the supply of existing space and the demand for different types of space in town centres.³

The speed of this change has meant that high streets and local areas have not had sufficient time to adapt to meet these challenges. While there are examples of successful regeneration of town centres, many places across the country are struggling to transform in response to these structural changes.

Evidence shows that high streets with a wide choice of retail services alongside well-designed and planned residential and office space are more resilient to these changes and are adapting more successfully. In contrast, high streets that rely heavily on traditional

¹ Centre for Retail Research (2013), Retail Futures 2018: Shop Numbers, Online and The High Street

² Office for National Statistics (2018), Retail Sales, Great Britain: October 2018

³ British Property Federation (2016), Town Centre Investment Zones: Getting Investment Back Into the High Street

retail without sufficient office space and housing surrounding the high street have found it harder to adapt to these changes and tend to be the ones that are struggling.^{4,5}

People want local high streets to provide convenience, a sense of community and to add value through services not offered online. High streets can and should continue to play an important role in the life of communities – they are the locus for some of the highest levels of social interaction in places and can be important drivers of growth in local economies.⁶

Experience has shown that local areas need support, investment and guidance to help them meet these structural changes. To date many places have not been able to keep up with the speed of change to the detriment of town centres. We know that a scattergun approach of light touch interventions is not the solution for town centres facing large structural issues. Instead effective strategic thinking and masterplanning is needed, with local areas able to work across public and private sector organisations including local businesses, driven by strong local leadership.

⁴ Public Health England (2018), Healthy High Streets

⁵ British Property Federation (2016), Town Centre Investment Zones: Getting investment back into the high street

⁶ Parker, C., N. Ntounis, S. Quinn and S. Millington (2017), Identifying factors that influence vitality and viability

Scope of the fund

Objectives

Given the above challenges, the objective of the Fund is to **renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability.**

In this first phase of the programme we want local authorities to define the specific challenges faced by their high streets, to set out their overarching strategic ambition for

what the high street or town centre should become and what needs to be done to make this possible.

We would expect any identified need for investment to fall under the following themes:

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

How the Fund will work

- There will be two rounds of the Fund, both with a two-phase application process
- Phase 1 of application process: this is an Expression of Interest stage where we will assess places on the need for funding, nature of the challenge and the vision for the future of the town centre
- Phase 2 of application process: for those who pass to Phase 2, there will be an amount of revenue funding available to work up project proposals. Funding decisions will be based on project plans and business cases
- In the first round of the Fund, projects which are 'shovel ready' may be fast-tracked for funding
- We will make an announcement on the second round of the Fund in due course

There will be two rounds of the Future High Streets Fund; we will therefore open applications to the Fund twice. The first-round application phase will open with the publication of this prospectus and aims to co-fund projects and places that have already started to formulate a vision for the future of their town centres. We will confirm the date of the second round and publish assessment criteria in due course, but it will not open before 2020.

The Fund will operate via a full competition over two phases, with the first acting as a lighttouch process in order to reduce the burden on places and minimise wasted resource. This prospectus acts as the launch of Phase 1 and invites places to come forward with Expressions of Interest setting out their challenges and strategic approach.

As the first phase concerns identifying places to work with, we will not have regard to specific schemes included in submitted proposals when assessing bids.

We will assess these Expressions of Interest against criteria set out within this document and the application form. We expect to be able to make an announcement in summer 2019 on which places will move forward to Phase 2, where they will develop full business cases.

During Phase 2 shortlisted places will receive some revenue funding from government to support the development of their high street strategies and the business cases for their proposed projects. The High Streets Task Force, once established, will provide support to places in developing their cases. Places will also receive some support from within the Ministry of Housing, Communities and Local Government.

We expect the full business case development phase to take 6 to 12 months, with some places taking less time and receiving decisions on capital funding at an earlier stage. At the end of each places' business case development phase we expect them to submit specific project plans and associated business cases which will be assessed against departmental and HM Treasury Green Book appraisal methodologies. We will then make decisions on which places will receive capital funding and any further revenue funding as well as the level of this funding.

- December 2018: Phase 1 opens and Expressions of Interest invited
- 22 March 2019: deadline for Expressions of Interest
- Summer 2019: announcement on places moving to Phase 2
- Late 2019: first round of final business cases to be submitted
- Spring 2020: all remaining final business cases to be submitted
- Not before 2020: Second round of applications opens

Funding decisions

Phase 1

Places shortlisted to move forward to Phase 2 will be granted some revenue funding in 2019/20 to support the development of their project plans and associated business cases.

We expect places to give in their Expressions of Interest an indication of the level of revenue funding they would need to deliver this; however, places are not guaranteed the full amount they propose as the amount of revenue funding is limited.

Phase 2

There is no guarantee of further investment funding to shortlisted places if the proposals put forward at the end of Phase 2 are not sufficiently developed or fail to demonstrate adequate value for money or deliverability. From the outset, places should consider how schemes could be flexed to reflect the options available and consider the best intervention to make a significant and transformative difference within their areas.

Final decisions on the amount of capital funding (and any further revenue funding needed to support the delivery of this) for a shortlisted place will be made considering the quality of the proposals put forward at the end of Phase 2. When we make individual capital funding awards following the submission of business cases, we will announce the full funding amount for the scheme. We will also give an annual profile, which will need to be spent in the year allocated.

Given the scale of investment proposed, any bids taken through to Phase 2 and shortlisted for capital funding will need to produce fully worked up business cases. **We expect projects to be co-funded** by public and private sector additions and this will be taken into consideration as part of the assessment of projects. We will expect an element of cofunding, either on a project basis or to delivery a local area's wider strategy for the high street. This co-funding could either be public (e.g. from local areas' own budgets) or private finance (e.g. co-financing housing infrastructure).

The Fund will contribute up to a **maximum of £25 million** to each successful place. However, we expect to see a range of project sizes coming forward, many of which are in

the region of £5-10 million per town centre. As such we do not expect to allocate that full amount to each area. When making funding decisions, we will consider the funding available in each financial year.

The size of agreed funding packages, once approved, will be fixed. Should cost increases occur the Department will not provide additional funding, and this will need to be accounted for within local budgets or from private investment.

Eligibility

Eligible places

Given their control over the strategic levers that will be necessary to bring forward the types of projects that will meet the objectives of the Fund, we recognise that local authorities are best-placed to bid for the funding and develop and deliver proposals.

We therefore invite bids from unitary authorities, metropolitan districts, London boroughs and, where there is a two-tier system, from district councils, in England.

We will not accept bids covering town centre areas that are not facing significant challenges. We expect places to come forward with proposals that cover high streets or town centres as defined as areas that exhibit high levels of social and economic activity, that contain a variety of uses and functions and that act as important service centres for extensive catchment populations.

Small parades of shops of purely neighbourhood significance are not regarded as high streets or town centres for purposes of this fund. Additionally, the Fund is not directed at central business districts of major city centres. Proposals that cover entire city regions, rather than a single high street or town centre, will not be eligible for funding.

Local and stakeholder support

While we feel local authorities are best-placed to bid for funding, projects will likely be stronger and more successful if they tie into a broader economic market. We would like to see places link to the delivery of emerging Local Industrial Strategies and any wider strategic vision for the area at various levels.

We therefore would expect to see Expressions of Interest come forward with proof of engagement with, and support from, a number of stakeholders including the following (where applicable):

- Mayoral and non-Mayoral Combined Authorities
- Local Enterprise Partnerships
- Other tiers of local government in the area
- Business Improvement Districts
- Private sector
- Community groups

Type and size of projects

We expect bidding local authorities to put forward a single, transformative submission covering one high street or town centre in their area. This may comprise of more than one intervention, but that will need to be subject to a strong business case. For example, a local authority may wish to consolidate its town centre offer across a number of high streets to provide additional residential or commercial space. In that case we would

consider applications which saw interventions across the network of high streets assuming there was a sufficiently robust strategic business case.

We would expect any identified need for investment to fall under the following themes:

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

Funding will not be provided for surface-level projects that only make a difference to the appearance, rather than the use, of the area or those that would not have a long-term impact.

Assessment process

The competition will take place over two phases.

Phase 1 is this light-touch process calling for Expressions of Interest by 22 March 2019. We will assess the definitions of places and need in these Expressions of Interest as well as the level of strategic ambition before making a decision on places we will take forward.

During Phase 2 we will provide some support to these shortlisted places to develop their strategic vision and full business cases which will be assessed in accordance with the HM Treasury Green Book, MHCLG appraisal guidance and other departmental guidance where necessary. Places successful in moving to Phase 2 will receive capacity funding to support this. Based on the strength and merits of the final business cases, we will make a decision on which projects will receive capital funding and any further revenue funding.

Phase 1: shortlisting places

Places need to complete the application form in the annex. This is based around three themes against which places will be selected:

1. Defining the place

- a. The geography of the high street/town centre
- b. The centre's catchment and link to wider economic areas

2. Setting out the challenges

- a. Clear description of the issues and challenges facing this area
- b. Why central government funding is needed to meet these challenges
- c. Evidence to support this

3. Strategic ambition

- a. Set out a high-level vision for improving their area and how this links with need expressed in Section 2
- b. Cover how investment from government will support the area and help overcome these challenges
- c. Demonstrate engagement with and support from local stakeholders including other tiers of local government, if applicable, and the private sector
- d. Demonstrate how this ambition will align with other funding streams (public or private)
- e. Show how this will link to wider strategic plans e.g. around housing and local growth
- f. Detail of capacity arrangements to ensure robust governance and delivery

Applications will be sifted on the basis of the responses to these key themes. We will publish further guidance on the scoring criteria and weighting for Expressions of Interest before the end of January 2019.

We will decide on the relative merits of each bid and shortlist places for the next phase of the competition.

We are not asking for specific scheme proposals at this stage, as we will make a decision on which places to take forward based on the challenges and ambition set out in the application form.

However, if as part of their strategic vision places would like to identify specific schemes they feel are “shovel-ready” and would be in a position to receive capital funding in the near future, we invite them to make this clear here and provide further supporting evidence if available. If this place moves forward to Phase 2 we would examine the proposed projects at an early stage of co-development.

The use of qualitative and quantitative evidence from government bodies and well-respected independent sources is encouraged. The suitability and validity of this will be scrutinised as part of the bid.

Where the Fund is oversubscribed we will take into account factors such as the available profile of the Fund, ensuring a geographical spread of impact, and wider economic considerations. The Secretary of State for the Ministry of Housing, Communities and Local Government will make the final decision on funding.

Phase 2: Business case development

Shortlisted places will be invited to develop their strategic vision and business cases for specific projects. They will receive capacity funding at this stage to be spent on revenue needs and will be expected to seek additional private and local investment. They will also receive some support from the Department.

Local authorities will then be asked to submit their final full business cases for specific projects. These business cases will then be assessed according to appraisal methodologies across the five cases as outlined in the HM Treasury Green Book, MHCLG guidance and other departmental guidance as necessary.

More detail on appraisal and assessment at Phase 2 will be announced in early 2019.

We expect to undertake business case development to allow those ready to move quickly to do so and avoid moving at the pace of the slowest. The Ministry will then take a final funding decision for each place who will then deliver the projects funded.

It is expected that evaluation processes will be developed in tandem with the development of business cases. All funded places will be expected to complete an evaluation of interventions after the completion of the Fund proportionate to the level of investment agreed.

Successful bids will be announced on a rolling basis.

Application process

Application form

Places will be expected to apply via the application form attached as an annex to this document.

Applications to the Fund will be assessed against the criteria set out in the annex. Further information on the scoring criteria and their weighting will be published by the department before the end of January 2019.

A panel will moderate the final score of each bid to ensure consistency. The places taken forward to Phase 2 will be agreed by the Secretary of State after the proposals have been fully scrutinised.

All applicants should evaluate whether their project will comply with the rules on State Aid under European Union law.

Submission of bids

All bids should be submitted electronically to highstreetsfund@communities.gov.uk no later than 2359 on Friday 22 March 2019.

We may wish to discuss the content of bids with local authorities to seek clarity on any aspects following the deadline.

When authorities submit a bid for funding, as part of the Government's commitment to greater openness in the public sector under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, they must also publish a version excluding any commercially sensitive information on their own website within two working days of submitting the final bid to the Ministry. The Ministry reserves the right to deem the business case as non-compliant if this is not adhered to.

As well as increasing transparency, publishing bids will also help create a network of places engaged in the process and support those places looking to bid for the second round of funding.

Enquiries

Enquiries about the Fund may be directed to highstreetsfund@communities.gov.uk.

Transparency and privacy

Local authorities will be expected to spend funds in an open and transparent way. We would expect plans relating to the projects to be publicly available. In addition, we will expect details of the projects and progress to be made available to local authorities and MHCLG over the duration of the project including taking part in monitoring and evaluation.

Any personal data provided through the application will be processed in line with data protection legislation. The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018.

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gov.uk. Data protection legislation sets out when we are lawfully allowed to process your data. The lawful basis that applies to this processing is 6(1)(e) of the GDPR: the processing of personal data is necessary for the performance of a task carried out in the public interest or in the exercise of official authority.

Your personal data is being collected to identify places to receive support from the Future High Streets Fund. We are processing your data as part of Phase 1 of the application phase deciding which places will move forward to Phase 2. We may also use it to contact you about further opportunities to apply for this project if we expand the Fund in future.

We may share the information with external assessors as we assess the applications. Your personal data will only be shared with the assessor for that purpose and will only be retained by them for the duration of the assessment process. Your personal data will be held for the duration of the Fund, including monitoring and evaluation.

The data we are collecting is your personal data, and you have rights that affect what happens to it. You have the right to:

- know that we are using your personal data
- see what data we have about you
- ask to have your data corrected, and to ask how we check the information we hold is accurate
- ask to have your data deleted
- complain to the ICO (see below)

In some circumstances you may also have the right to have all data about you deleted, or to object to particularly types of use of your data. We will tell you when these rights apply. Your personal data will not be sent overseas.

We will not use your data for any automated decision making. Your personal data will be stored in a secure government IT system.

When we ask you for information, we will keep to the law, including the Data Protection Act 2018 and General Data Protection Regulation.

If you are unhappy with the way the department has acted, you can make a complaint. If you are not happy with how we are using your personal data, you should first contact dataprotection@communities.gov.uk.

If you are still not happy, or for independent advice about data protection, privacy and data sharing, you can contact:

The Information Commissioner's Office:

Wycliffe House

Water Lane

Wilmslow

Cheshire SK9 5AF

Telephone: 0303 123 1113 or 01625 545 745 <https://ico.org.uk/>