

## **Title of report: Leominster Heritage Action Zone**

**Meeting: Cabinet**

**Meeting date: Thursday 23 September 2021**

**Report by: Cabinet member environment and economy;**

### **Classification**

Open

### **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

### **Wards affected**

Leominster East;

### **Purpose**

To approve expenditure and deliver activities as detailed in the Leominster Heritage Action Zone Delivery Plan.

### **Recommendation(s)**

**That:**

- a) The Director for economy and place, following consultation with the Section 151 Officer, the Cabinet member for environment and economy and the Cabinet member for infrastructure and transport, be authorised to approve expenditure required to deliver the public realm projects which will be procured in line with the council's contracts procedures rules<sup>1</sup>;**

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<sup>1</sup> Herefordshire Council Constitution; Part 4 – Procedure Rules Updated: 26 January 2021

- b) The Director for economy and place, following consultation with Section 151 Officer, in consultation with the Cabinet member for environment and economy and Cabinet member for infrastructure and transport, be authorised take all operational decisions necessary to deliver the balance of the programme, including grant schemes and information and engagement projects within the total project budget of £3.6m; and**
- c) The Section 151 Officer be authorised to reduce the grant element of the overall budget to up to £1.8m from the £2m originally estimated and approved at Council so that the overall capital programme budget for this project is £3.6m.**

## **Alternative options**

1. Do nothing – the council is not statutorily obliged to deliver this programme. Not delivering the programme would mean that the council would not have to incur up to £1.8m of capital expenditure to match fund the programme activities. This option has been discounted as the council would lose the grant funding and the ability to deliver the activities as detailed in Heritage Action Zone – Leominster decision taken on 23 July 2020.

## **Key considerations**

2. There are currently more than 60 High Streets Heritage Action Zones (HAZ) schemes across England in the HAZ Programme<sup>2</sup>. This is a £95m nationwide initiative designed to secure lasting improvements to historic high streets for communities who use them. The programme is funded with £40 million from the Department for Digital, Culture Media and Sport's Heritage High Street Fund, £52 million from the Ministry of Housing, Communities and Local Government's Future High Streets Fund, and a further £3 million from the National Lottery Heritage Fund.
3. The council worked closely with Leominster Town Council in the development and submission of the delivery plan which formed the basis of the HAZ for Leominster. On 23 July 2020 the council's Cabinet decided to "approve expenditure and deliver activities as detailed in the Leominster Heritage Action Zone"<sup>3</sup>. This allowed the council to enter into the funding agreement for the Leominster HAZ on 7 August 2020<sup>4</sup>. The final award to the Leominster HAZ from Historic England was £1.8m. This was matched by a commitment of £1.8m from the council giving a total budget of £3.6m.
4. The council is now putting in place the match funding, including funding for the public realm projects, and delegating operational decisions to the Director for Economy and Place. The match funding will allow the start of first stage of the public realm projects. This is the procurement of professional services support to carry out the consultation and design of the public realm schemes. This procurement will be carried out in consultation with the council's Commercial and Infrastructure teams and will follow the council's contracts procedures rules.
5. The originally planned start date for the programme was April 2020. However, the first Cabinet decision did not come into effect at the end of July as this was the earliest

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<sup>2</sup> <https://historicengland.org.uk/services-skills/heritage-action-zones/regenerating-historic-high-streets/>

<sup>3</sup> <https://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=7025>

<sup>4</sup> High Streets Heritage Action Zone agreement for Leominster; 6 August 2020

possible date following a communications embargo which ended in June. The series of lockdowns in 2020 due to COVID-19, together with uncertainty in the economy, made the launch of the grant schemes difficult. Property owners were difficult to contact or were reluctant to make investment decisions. The disruption in 2020 also made it difficult to recruit a project officer to manage the programme. The Project Officer (PO) was finally in place in January 2021 but unfortunately has since gone on sick leave. Despite this, a steering group has been set up to allow stakeholders to guide the direction of the programme, the grant schemes have been launched and are being marketed, the conservation area appraisal has started, and the procurement of the Heritage Web App is in progress. The project milestones are included in Appendix 1 – Projects that will form part of the Leominster HAZ.

6. Since May, the project officer and project budget has moved to the Project Management Office (PMO). A full time project manager is assigned to the project which is being managed using the council's standard Verto project management approach.
7. The Programme has the goal of making the high street a more attractive, engaging and vibrant place for people to live, work and spend time. The HAZ will achieve this through three complementary strands: (a) undertaking physical works to buildings, including enhancement reinstating lost features, supporting the conversion of historic buildings for new uses and improvement of shared spaces (b) facilitating cultural activities and events celebrating the history of the high street and its importance to local communities over the generations and, crucially, (c) giving local communities a key role in deciding what improvements they would like to see on their high street and what sort of place they want it to be. The programme has specific criteria which will be used to assess grant applications; the success of the community engagement programme will be measured by, amongst other things, the volume of footfall; and the public realm works will be subject to consultation as part of the design process.
8. Whilst high streets were once the focus for local commerce and for local communities, where businesses congregated and thrived, they are now facing significant challenges due to out of town retail parks, online shopping and, most recently, complete closure due to Covid19. In response to these challenges, the Leominster HAZ is responding by using heritage as a catalyst for wider economic and social regeneration.
9. The aims and the HAZ programme align closely with the council's County Plan 2020-2024. The HAZ programme is at its very heart about working in partnership and engaging communities to have a say in shaping their local high streets. The County Plan places arts and culture at the centre of its plans for Herefordshire and recognises the value heritage and creativity bring through generating income. One of the three main strands of the HAZ programme is facilitating cultural activities and events, celebrating the history of the high street and its importance to local communities.
10. The County Plan 2020- 2024 notes that: "as a council, we continue to be successful in attracting grants to support the economic and community development of the county... the significant town centre enhancement programme for Leominster following Leominster Town Council's successful application for Heritage Action Zone funding (up to £2m) which is being matched with county funds."
11. The Leominster HAZ also complements Leominster Town Council's Corporate Plan 2019-2022, which states "Creating and underpinning a sense of place for the town, whilst improving signage and information, is fundamental to developing the tourism

economy. Encouraging people to visit and providing incentives for businesses to invest in Leominster to secure the town’s economic future.” The Leominster HAZ also supports the first priority identified in the Rural Herefordshire Destination Plan 2018-22: to put the structures in place that develop the assets and image of Herefordshire, strengthen the visitor experience and improve its branding position and market share.

12. Historic England has confirmed that, due to the delayed start to the programme, the year 1 funding could be combined into year 2 but that any funds not spent at the end of year 2 will be lost. The project team are working to identify priority projects that are capable of spending grant funds between 23 September 2021 and the end of the financial year. The revised funding is shown in the table below.

Leominster High Street HAZ	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 2023/24	Total
Historic England Funding (£,000)	10	661	780	349	1,800
Herefordshire Council Funding (£,000)		338	1,437	25	1,800
<b>Total</b>	10	999	2,217	374	3,600

13. Historic England are currently reviewing funding across the HAZ programmes in order to maximise the overall use of grant funding. The council, Leominster Town Council and Historic England are developing a forecast of spend on the Leominster HAZ projects which will inform the review which will be completed towards the end of the year. It is currently forecast that £378k will be unclaimed at the end of year 2.
14. Appendix 1 outlines the projects that will form part of the Leominster HAZ. The scheme plan has been developed in close consultation with Leominster Town Council and Historic England. Partnership working is key to the successful delivery of the HAZ Programme.
15. The day to day administration of the Leominster HAZ Programme is led by a PMO Project Manager. A steering group is in place to guide the development of the programme, with representatives from a range of stakeholders including the council, Leominster Town Council and Historic England. A project board has been set up within the council to manage project delivery.
16. The first stage of the public realm schemes will involve consultation and design. It will also develop the documents needed to procure the construction partner. The council will run a formal procurement process for the public realm works that form part of the Leominster HAZ Programme in line with the council’s Contracts Procedures Rules to ensure value for money.

## Community impact

17. Delivery of the Leominster HAZ Programme is considered to be a collaborative effort with key stakeholders, local groups and organisations who will all work together to improve and celebrate Leominster’s heritage.
18. The Leominster HAZ Delivery Plan includes a community engagement section listing the various individuals, groups and organisations who will be key to a successful programme. The Steering Group comprises the council, Leominster Town Council and

representatives from a number of key stakeholder groups such as youth, disability, heritage and business. This will ensure that the planning and implementation of the projects take into account the needs and views of all.

19. The programme's main aim is to improve access to Leominster's heritage, to include key historic buildings and make them more accessible to all. Some of the key outputs for the programme include the restoration of 50 heritage assets and key buildings, the removal of six assets from the local heritage at risk register, improved public access into three key buildings, more markets and events, 30 improved and restored shopfronts; public realm, road surfacing and pedestrian access improvements. In addition the Leominster HAZ Programme hopes to increase overnight stays, provide training opportunities, develop a heritage app, erect heritage plaques, list 34 additional entries into the National Heritage list for England, increase footfall and reduce shop vacancy rates as well as install Wi-Fi and footfall counters at key areas within the town.
20. The improvements to the public realm will include some road resurfacing, improvements to pedestrian areas and works to Corn Square which will take into account accessibility of the conservation area for pedestrians, wheelchair users, parents with buggies etc.
21. Visitors to the town centre will be better orientated with the help of the heritage app and heritage plaques.
22. The listing enhancement project will provide an opportunity to reassess the town's listed buildings and heritage assets and may highlight additional assets for inclusion in the national register. This work provides opportunities for volunteers to participate in heritage related activities.
23. The enhanced visual landscape and historic character of Leominster is expected to attract more visitors, including local people, especially post Covid19 when people will be wanting to visit towns for their historic character rather than just their retail offer.

## **Environmental Impact**

24. Grant development will be overseen by the council's Built and Natural Environment Team which will approve all grants in cooperation with Historic England. They will ensure that all approved applications support the council's [environmental policy commitments](#) and aligns to the following success measures in the County Plan.
  - Increase flood resilience and reduce levels of phosphate pollution in the county's river
  - Reduce the council's carbon emissions
  - Work in partnership with others to reduce county carbon emissions
  - Improve the air quality within Herefordshire
  - Improve residents' access to green space in Herefordshire
  - Improve energy efficiency of homes and build standards for new housing

- Increase the number of short distance trips being done by sustainable modes of travel – walking, cycling, public transport

25. The environmental impact of this proposal will be addressed through grant conditions and the commissioning strategy of the public realm works, including the specification, and will include appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management.

## Equality duty

26. Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

27. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services. We do not believe that it will have a detrimental impact on our equality duty but will advance equality of opportunity as the project seeks to enhance the historic fabric of Leominster Town’s heritage assets, improving access to all. To improve the road surfaces and public realm to make them more accessible to wheelchair and pushchair users whilst maintaining its historic significance. Furthermore historic buildings will be restored and some will once again be accessible to visit. Interpretation plaques and a heritage app will be developed to enhance the visitor experience to the town centre.

28. Grants will be offered to secondary grant applicants on their compliance with the eligibility criteria set by The Historic Buildings and Monuments Commission for England. Grant recipients will need to ensure that they have in place all relevant policies in order to deliver their projects.

29. The public sector equality duty requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services. We believe that this project demonstrates that the council takes its Equality duty seriously and our providers will be made aware of their contractual requirements

in regards to equality legislation. 29. In addition to the Herefordshire Council and Leominster Town Council being members, the Steering Group will also include members of representative groups such as youth, disability, business and heritage.

## Resource implications

30. The Leominster HAZ is included in the capital programme of the medium term financial strategy. The final offer from Historic England was £1.8m over the 4 years of the programme, from financial year 2020/21 to financial year 2023/24.
31. The funding profile agreed by Cabinet on 23 July 2020 and included in the funding agreement (7 August 2020) between the council and Historic England was:

Leominster High Street HAZ	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 2023/24	Total
Historic England Funding (£,000)	216	532	703	349	1,800
Council Funding (£,000)	79	309	1,412		1,800
<b>Total</b>	295	841	2,115	349	3,600

32. The lockdown associated with the global pandemic caused the programme to be paused from April to June 2020. On 23 July 2020 Cabinet decided to “approve expenditure and deliver activities as detailed in the Leominster Heritage Action Zone”. This allowed the council to enter into the funding agreement with Historic England for the Leominster HAZ on 7 August 2020.
33. A number of issues have affected the start of High Street HAZ programmes across the country, including: the initial delay; difficulties in communicating and marketing the schemes during a pandemic that has included periodic lock downs; and caution amongst businesses in difficult economic environment. These factors have led to a risk that the year 1 and year 2, grant funding is underspent. The Ministry of Housing, Communities and Local Government has therefore allowed Historic England to transfer any unspent funds from year 1 into year 2.
34. The total Historic England (HE) funding for year 1 and year 2 is £661k. This comprises HE contribution to renovation grants of £486k; and contribution to other projects of £175k. At the end of year 2, any unspent funds from the 21/22 £661k grant allocation approved with HE will be lost and the unspent grant withdrawn for that year. The project is currently forecasting total spend of HE grant of £283k: £175k contribution to projects and £108k contribution to renovation grant funding. Therefore, the current estimate is that £378k out of the possible £661k will remain unclaimed, and will be lost. Budgets for the remaining years of the programme are not affected.
35. The revised budget for the Leominster HAZ is shown below:

Leominster High Street HAZ	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 2023/24	Total
Historic England Funding (£,000)	10	661	780	349	1,800
Herefordshire Council Funding (£,000)		338	1,437	25	1,800
<b>Total</b>	10	999	2,217	374	3,600

36. The Leominster HAZ team has been working to maximise grant spend in Leominster by allocating Historic England grant and council match funding that makes best use of

the grant funding. The Council, Leominster Town Council, and Historic England are working to maximise the number of grant applications received that are likely to lead to spend in the current financial year.

37. The pipeline of grant applications is being monitored and projects likely to incur spend in FY21/22 are being prioritised. The project team are looking to add to projects on this list which currently includes 4 projects suitable for applications to the Premises Restoration Fund. The total value of these projects is £135k with £108k from grant funding and £27k external match funding from the applicant. If the current forecasts are correct that this will mean that £378k of potential grant funding from Historic England (maximum £487k) is unlikely to be claimed by the end of the financial year.
38. The current priority projects are:
  - a. Buttercross feasibility: £25k
  - b. Rankin Club: £25k
  - c. Old Priory feasibility: £50k
  - d. Shop front project: £35k
39. At the same time as maximising grant spending in FY 21/22, the project team will bring forward proposals for approval by Management Board, the Cabinet Member for Environment Economy and Skills, and Historic England to maximise the level of Historic England grant spending in the current financial year. Grant funding will only be spent on capital items and in line with council processes. These proposals may include:
  - a. Reallocating spend between Historic England and the council in order to maximise the use of available grant funding in year 2;
  - b. Increased grant funding contribution to the initial stage of the public realm projects in FY 2021/22;
  - c. Increasing grant funding for specific projects, for example the free town WiFi project, conservation area appraisal, and Heritage Web App.
40. Despite these mitigating activities, there is still a risk that the grant funding for FY 21/22 will be underspent. This risk is being monitored, reported, and managed via the project board and escalated as appropriate. The current forecast is that £378k of grant funding will not be claimed – if the currently identified priority projects complete in this financial year and none of the mitigating actions identified above are taken. This will lead to a reduction in the overall grant from Historic England and may mean that there is a reduced requirement for match funding by Herefordshire Council.
41. The revenue and capital costs of the project are shown below.

<b>Capital cost of project</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Future Years</b>	<b>Total</b>
	£000	£000	£000	£000	£000
<i>Renovation grant awards</i>		526	494	344	1,364
<i>Infrastructure investment and project delivery</i>		375	1,703		2,078
Projects and project officer	10	98	20	30	158
<b>TOTAL</b>	<b>10</b>	<b>999</b>	<b>2,217</b>	<b>374</b>	<b>3,600</b>

<b>Funding streams</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Future Years</b>	<b>In</b>
	£000	£000	£000	£000	£000
<i>External grant</i>	10	661	780	349	1,800
<i>Capital receipts</i>	-	338	1,437	25	1,800
<b>TOTAL</b>	<b>10</b>	<b>999</b>	<b>2,217</b>	<b>374</b>	<b>3,600</b>

<b>Revenue budget implications</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Future Years</b>	<b>Total</b>
	£000	£000	£000	£000	£000
<i>Already allocated within the economic development budget</i>		10	10	20	40
<b>TOTAL</b>		<b>10</b>	<b>10</b>	<b>20</b>	<b>40</b>

42. The revenue budget is included to cover project officer costs that cannot be capitalised.
43. The capital budget allocation was approved at council in February 2020 and provision for £2m had been made within the capital budget which now needs to be reduced to £1.8m in line with the funding agreement with Historic England that was signed on 7 August 2020.

## Legal implications

44. The council is the accountable body for the grant scheme and signed a funding agreement with Historic Buildings and Monuments Commission for England “Historic England” on 7 August 2020 to administer the programme.
45. The grant scheme has been established in accordance with sections 57, 77, 79 and 80 of the Planning (Listed Buildings and Conservation Areas) Act 1990 which empower local authorities and the Commission to provide grants and loans and Section 33 of The National Heritage Act 1983 which sets out the duties of the Commission to promote the preservation and enhancement of the character and appearance of conservation areas.
46. The funding agreement was reviewed by legal services before being signed.
47. Under the terms of the funding agreement Historic England reserves the right to withdraw the uncommitted balance of the council’s allocation for a given year if the council or Historic England are of the reasonable opinion that the council will have not offered the total of the agreed contribution by the end of that year of the Programme Design.
48. Grant offers made under the Programme design are made in a standard form which is set out in an Annex to the Supplement to the Delivery Guidance and subject to any other terms or conditions required by Historic England.

## Risk management

49. Regular budget control meetings give assurance on the robustness of budget control and monitoring, highlight key risks and identify any mitigation to reduce the impact of pressures on the council’s overall position.
50. There are various categorises of risk, including financial, legal, and reputational. A list is provided as part of the council’s [Risk Management Framework](#).
51. A summary of the risks / opportunities and associated mitigations is shown in the table below.

<p>Risk / opportunity</p> <p>Risk: that the delayed start to the scheme leads to a reduction in the overall investment in Leominster's heritage</p> <p>The currently forecast spend on grant scheme projects will lead to £378k of grant funding for FY2020/21 and FY 2021/22 being unclaimed and therefore lost.</p>	<p>Mitigation</p> <p>The grant scheme has been defined and policies and application forms are available. There has been a positive response to the scheme and the built environment team, and a separately commissioned conservation consultant, are working with property owners to assess and develop schemes</p> <p>Grant spending will be prioritised maximise spending on the programme</p> <p>Progress and risk will be monitored and reported</p> <p>Other mitigating actions have been proposed, including reducing the required level of match funding and changing the level of Historic England funding for some projects</p>
<p>Risk: that the uptake of restoration grants lower than expected</p>	<p>The resources allocated to the grant schemes is an estimate and the total spend will depend on the number of approved grant applications from property owners who are willing and able to provide match funding</p> <p>Grant spending will be prioritised maximise spending on the programme</p> <p>Progress and risk will be monitored and reported</p>
<p>Risk: that the delay to consultation on the public realm schemes causes a delay in delivery</p>	<p>Consultation on the public realm schemes will not be completed by the end of October. It is still expected that the procurement of the construction partner can start early in the next financial year.</p>
<p>Risk: Key staff leaving / unavailable - lack of continuity: Conservation Officer; Project Officer</p>	<p>The Project Officer has been unavailable since April. The project officer role has been undertaken by other members of the team and some additional work has been carried out by Town Council staff. Additional Conservation Officer support is being recruited to support applicants through the process.</p> <p>PMO are providing project support and project management for the programme.</p>

<p>Risk: Nutrient management plan – Leominster is one of the areas affected by the moratorium on planning permissions which will prevent developments that increase the level of phosphates</p>	<p>It is expected that a scheme to allow schemes to contribute to the development of wetlands will be introduced by the end of calendar year 2021 – this will allow residential schemes to go forward</p>
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52. Risks will be managed by the PMO team who will identify risk owners and escalate risks as appropriate to the directorate or corporate level ensuring that they are entered in the appropriate risk register.

## Consultees

53. Leominster Town Council were closely involved in the development of the HAZ Delivery Plan that was submitted to Historic England and included in the Herefordshire Council Cabinet decision of 23 July 2020. Leominster Town Council's mayor chairs the Leominster HAZ Steering Group and the council is represented on the Cultural Consortium.
54. The Legal Team were consulted on the Funding Agreement that was signed with Historic England on 7 August 2020, have reviewed the grant guidance documentation, and have contributed to this report.
55. A political group consultation has taken place and a number of suggestions have been received and incorporated in the project: it was confirmed that the conservation area appraisal review will review current conservation area boundaries and make recommendations as appropriate; and the scope of the listing review will include all Leominster's historic buildings.
56. The portfolio holder for Environment and Economy was consulted with and views included in this report.
57. The portfolio holder for Infrastructure and Transport was also consulted, specifically on the approach to public realm projects.

## Appendices

Appendix 1 – Projects that will form part of the Leominster HAZ

## Background papers

None identified