

## **CABINET**

<b>DATE</b>	17 <sup>th</sup> February 2021
<b>REPORT OF</b>	Councillor Philip Jackson Leader of the Council
<b>RESPONSIBLE OFFICER</b>	Sharon Wroot Executive Director for Environment, Economy and Resources
<b>SUBJECT</b>	Future High Streets Fund
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	GENERAL EXCEPTION  Not included on the Forward Plan therefore, to be considered under the General Exception provisions of the Constitution.

### **CONTRIBUTION TO OUR AIMS**

The scheme will contribute to the Council's 'Stronger Economy' and 'Stronger Communities' priorities by creating the environment to revitalise the town centre through a transformational regeneration development. The scheme aligns with the ambitions of the Local Plan, the Town Deal Prospectus (2018) and the Grimsby Town Centre Masterplan 2020. All acknowledge the importance of developing the town centre to enhance and diversify its current offer, increase footfall and boost both day and evening town centre economies.

### **EXECUTIVE SUMMARY**

Cabinet received a report on 15<sup>th</sup> July 2020 outlining proposals for a transformational town centre development which would form a Future High Streets Funding (FHSF) bid asking for £25m of Government funding. The funding bid was then submitted to government on 31 July 2020. The Council received notification on 26<sup>th</sup> December 2020 of an in-principle grant award of £17.28m for the scheme. This report provides an update of the work undertaken since this announcement and outlines the approach used to review the original scheme. These revisions are an expectation of the Future High Street programme, resulting from the changes to the original funding package. Revisions must be submitted to the FHSF programme no later than the 26<sup>th</sup> February 2021.

### **RECOMMENDATIONS**

It is recommended that Cabinet:

1. Acknowledges the outline revisions to the original Future Hight Street Fund scheme and delegates to the Executive Director for Environment, Economy and Resources in consultation with the Leader of the Council authority to complete the submission to the Future High Streets programme by the closing date of 26 February 2021.
2. Authorises the Executive Director for Environment, Economy and Resources in consultation with the Leader of the Council to accept the resultant grant funding on behalf of the Council.
3. Delegates to the Executive Director for Environment, Economy and Resources in consultation with the Leader of the Council authority to develop the revised Future Hight Street Fund scheme and enter into negotiations with third party landowners and delivery partners with a view to delivering the scheme and bringing the same to fruition.
4. Supports approval for the Executive Director for Environment, Economy and Resources in consultation with the Leader of the Council to exercise powers to compulsory purchase various parcels of land and interests in land designated as the development site for the Future Hight Street Fund scheme where a negotiated position is impracticable, accepting that the final decision of completion of any such order rests with Cabinet and be subject to a further report.
5. Delegates to the Executive Director for Environment, Economy and Resources in consultation with the Leader of the Council authority to deal with all matters arising from and ancillary to the above.
6. Authorises the Monitoring Officer to complete and execute all requisite legal documentation in relation to the matters outlined above.
7. Receives a report at a later date detailing the scheme delivery timeline together with further detail on design development.

## **REASONS FOR DECISION**

To enable the Council to meet the requirements of the £17.28m 'in-principle' grant offer by submitting revisions to the scheme by the deadline of 26<sup>th</sup> February 2021. This is the next step required of the Council and its delivery partners, the owners of Freshney Place before Government agree the terms and conditions of the final funding award.

Further detail of the scheme will be presented at future Scrutiny and Cabinet meetings.

### **1. BACKGROUND**

- 1.1 On 15<sup>th</sup> July 2020 Cabinet reviewed proposals for a Future High Street scheme in Grimsby town centre. This was in response to a funding opportunity announced originally in 2018, by the Ministry of Housing, Communities and Local Government (MHCLG). The Future High Streets Fund (FHSF) aims to renew and reshape town centres and high streets in a way that improves experience, drives growth, and ensures future sustainability. The 1bn programme, was made available to Local Authorities on a competitive basis at a maximum intervention of £25m. The programme expects investment to be

made under the following themes:

- Investment in physical infrastructure
- Acquisition and assembly of land including to support new housing, workspace and public realm
- Improvements to transport access and traffic flow
- Supporting change of use and/or adaptation of the high street

1.2 Following submission of an expression of interest to Government in March 2019, the Council was shortlisted in August 2019 to progress a full Business Case.

1.3 The activity and outcomes that followed included:-

- a working partnership was formed between the Council and the owners of Freshney Place
- a team of technical professionals were commissioned to support the scheme development
- the preferred option was a transformational leisure-led scheme developed for the western end of Victoria St. and Freshney Shopping Centre
- the total scheme cost was estimated at £35m and would require grant funding of £25m
- the Council and the owners of Freshney Place agreed to a 50/50 contribution towards the remaining investment required
- the scheme was approved by Cabinet on 15<sup>th</sup> July 2020 and submitted to government on 31<sup>st</sup> July 2020
- on 26<sup>th</sup> December 2020 the Council received news the scheme had been successful in securing an in-principle grant offer of £17.28m.

1.4 Before the grant offer can be finalised the FHSF programme have asked the Council to respond with any revisions to the original scheme by 26<sup>th</sup> February 2021. It is their intention to respond quickly to these revisions and move to a final grant award by the end of March 2021. They emphasise the £17.28m offer has now been ring-fenced for Grimsby and that this will be the final stage of the application process.

## **2. THE ORIGINAL SCHEME**

2.1 The conceptual scheme sent to Cabinet on 15<sup>th</sup> July 2020 was intended to have a transformational impact on the town centre, alongside the emerging Towns Fund programme. At its core, the scheme was seeking to reduce retail space and deliver a leisure-led development, incorporating an enhanced market, together with an appropriate food and beverage offering set within an improved public setting.

2.2 The £25m bid submitted in July, was an ambitious ask of the Future High Street programme, as this was the maximum amount any Local Authority could apply for. The subsequent in-principle grant offer of £17.28m received from the FHSF whilst creating a number of viability challenges, nonetheless, offers a significant opportunity to begin the regeneration and revival of this section of the town centre. It will help to future proof the town centre, enhance its assets and complement the current improvements taking place at St James Square, due for completion in the spring of 2021.

### **3. REVISIONS TO THE ORIGINAL SCHEME**

3.1 As a result of offering 57 towns a reduced grant offer the FHSF programme has given these towns, Grimsby being one of them, a two-month period in which to review and amend their original plans. They expect revisions to include either the removal of some projects (for towns with multiple projects) or some scaling down of plans. Any revisions to the original scheme must remain true to the original FHSF objectives and no fundamental changes will be accepted.

3.2 In response to this latest request for clarification from the FHSF, and with the ongoing support from all parties the project team began work in early January 2021 to identify feasible options to continue the delivery of the Grimsby scheme. The key objectives of the scheme had to remain the same, in that the scheme must still achieve transformational change to the identified location, remain a leisure-led development and provide value for money.

3.3 The review process identified the following options for consideration:-

- I. Could the original scheme still be delivered?
- II. Could the scheme be reconfigured?
- III. Could the scheme be scaled back?

3.4 The first two options have been fully considered. This resulted in them both being discounted, the third option however is still being explored. On this basis work is ongoing to explore a scaled back version of the original scheme.

3.5. The first option was discounted due to substantial viability challenges.

3.6 The second option explored the potential reconfiguration of the original layout of the scheme, moving the various components to a different location within the site. It considered re-modelling the layout of the leisure box/cinema and different locations for the market, one of these positioned it within the shopping centre. There were, however concerns this would not create the critical mass required of the development. Renovating the current market hall was another consideration, however this would not achieve material cost reductions for the Council due to the likely increase in ongoing revenue costs resulting from

management and repair commitments. This option was therefore discounted as no material savings could be made.

- 3.7 The third option, which is still being explored further, is looking at how the original scheme can be scaled back and re-modelled. Some of the work which has already taken place has looked at redesigning the layout of the site. It has examined where space can be reduced and where any demolition, and construction costs can be reduced. This option has to date, produced more positive results, however further, more detailed work is required before scaled back revisions can be finalised. Due to the tight deadline set by the FHSF programme of 26<sup>th</sup> February this work will continue at pace, seeking to finalise a revised scheme proposal which will be subject to financial viability.
- 3.8 The site location of the development will remain the same and is shown at Appendix A.
- 3.9 Due to the tight timeframe for completing the scheme review agreement is being sought from Cabinet to give delegated authority to the Executive Director for Environment, Economy and Resources and the Leader of the Council to finalise and approve the additional detail required of this scheme prior to its submission on 26<sup>th</sup> February.

#### **4. ENGAGEMENT WITH STAKEHOLDERS**

- 4.1 There has been limited opportunity within the timeline given by Government, to engage fully with all the key stakeholders, however as the revised scheme is developed further over the coming weeks, we will communicate directly with stakeholders. More regular communication is planned with all direct stakeholders, as the scheme moves closer to delivery.

#### **5 RISKS AND OPPORTUNITIES**

- 5.1 The £17.28m grant offer provides a significant opportunity to secure the financial package needed for this revised scheme. Investment in the heart of the town is an essential element of the Council's regeneration plans and will contribute to an enhanced experience for residents and visitors.
- 5.2 If the FHSF programme is unable to give final approval to the scaled back version of the scheme it will not be able to proceed. A response to this could be to look at other Government funding streams, however another opportunity to access a grant of this value is unlikely in the foreseeable future.
- 5.3 The risks relating to the scheme costs and viability will continue to be a focus of the ongoing review work.

- 5.4 Ongoing support from stakeholders for the scheme will be paramount to ensure the development is successful and can benefit all concerned. Early engagement took place in July 2020, this will continue when the options review is developed further.

## **6. OTHER OPTIONS CONSIDERED**

- 6.1. Not responding to government's offer of investment would be an option which would not achieve the Council's key strategic aims for the regeneration of the town centre, as described in the Local Plan and Grimsby Town Centre Masterplan (2020).
- 6.2 Development of an alternative scheme - Any revisions to the scheme have had to remain focused on the original objectives of the FHSF bid made in July 2020. This original site at the west end of Victoria Street and Freshney Place has also remained at the heart of any re-engineering of the scheme. A requirement of the FHSF programme is that there are no fundamental changes made in light of the reduced funding offer.
- 6.3 Revising the original scheme – As explained in section 3 of this report the review of the original scheme has already examined two options and is continuing to explore the third. This option is still being worked on further with the scaling back option being pursued at pace, in order to establish costs and financial viability. A key economic measurement required by the FHSF programme is the value for money element of the scheme, notably job creation, socio-economic benefits and place-making, so this remains at the centre of the options review work.

## **7. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

- 7.1 A successful conclusion to the FHSF grant offer will generate positive reputational and communications impacts and enhance our reputation with Government. This will result from the significant visible investment in Grimsby town centre, and the associated benefits for local residents, investors, businesses and visitors.
- 7.2 There will be reputational risks for the Council due to the time constraints in carrying out this review and the resultant restrictions in being able to fully engage.
- 7.3 Reputational risks will be another factor for the Council if the revisions to the original scheme are not submitted to Government, and additionally if the FHSF programme decides not to approve them.

## **8. FINANCIAL CONSIDERATIONS**

- 8.1 The Council on behalf of the delivery partnership, intend to accept the offer of £17.3m of Future High Street Fund towards the cost of delivering the scheme. The basic principle of the delivery partners contributing additional funding to bring the scheme forward will continue to be applied to the development of the revised scheme.
- 8.2 The key focus of the work going forward is to achieve a cost reduction to the scheme as well as driving value and minimising the viability gap. The detailed financial aspects are being considered by the project team and will be subject to further assessment as part of the next phase of the process.
- 8.3 The revised scheme costs will include all the demolitions costs, professional fees, financing costs and construction costs as well as a contingency budget.

## **9. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

- 9.1 This proposal will make an overall positive contribution to the Councils published commitments on climate change and the environment. This will be ensured by incorporating appropriate weighting within the design and procurement process. New and refurbished building designs will incorporate innovative construction features and low carbon technologies which will reduce carbon emissions and minimise environmental impacts. The public realm design will also consider best practice in terms of design and climate change, for example one design feature could be the introduction of watering through rainwater harvesting.

## **10. CONSULTATION WITH SCRUTINY**

This report will be presented to Scrutiny on 9<sup>th</sup> February 2021.

## **11. FINANCIAL IMPLICATIONS**

- 11.1 The development will be funded through a combination of the external grant funding, public and private sector investment. The total cost will include all demolition costs, professional fees, financing costs and construction and also includes an element for contingency. It is expected that any scheme that is brought forward would generate sufficient returns to meet the ongoing financing costs arising from any additional borrowing required.

## **12. LEGAL IMPLICATIONS**

- 12.1 Immediate legal implications arising will be around the terms and conditions of the external grant funding and the completion of funding agreements and

ancillary documentation. Legal Services will support this process, ensuring the interests of the Council are protected.

12.2 As individual projects arise throughout the delivery phase Legal Services will continue to support colleagues.

12.3 The delegations sought are appropriate for an exercise of this nature.

### **13. HUMAN RESOURCES IMPLICATIONS**

13.1 There will be no human resource implications from this Scheme

### **14. WARD IMPLICATIONS**

The Scheme is within the West Marsh ward but is also expected to benefit residents from across all wards of North East Lincolnshire as the social and economic benefits resulting from this regeneration will be borough wide.

### **15. BACKGROUND PAPERS**

Background papers include the previous Cabinet report and Appendices 1, 1A and the closed item Appendix 2, from the 15<sup>h</sup> July 2020.

### **16. CONTACT OFFICER(S)**

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**Councillor Philip Jackson**  
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# Appendix 1 Grimsby's Future High Street Scheme – Site Location

