

## **CABINET**

<b>DATE</b>	20 <sup>th</sup> October 2021
<b>REPORT OF</b>	Councillor Philip Jackson, Leader of the Council
<b>RESPONSIBLE OFFICER</b>	Sharon Wroot, Executive Director Environment, Economy and Resources
<b>SUBJECT</b>	Future High Streets Fund
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	CB 10/21/04

### **CONTRIBUTION TO OUR AIMS**

The Future High Street Fund 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. This scheme aligns with the ambitions of the Local Plan, the Town Deal and the Grimsby Town Centre Masterplan 2020. All acknowledge the importance of developing the town centre to enhance, protect and diversify its current offer, to ensure it is more resilient and can adapt to the structural change taking place in the High Street economy by increasing footfall and boosting both day and evening town centre economies.

### **EXECUTIVE SUMMARY**

Cabinet has received a number of reports on this topic, most recently on 16<sup>th</sup> June 2021 which resulted in approval to undertake a procurement exercise for the appointment of a professional delivery team to cover the full suite of disciplines required to deliver the scheme. This report further updates Cabinet in respect to:

- the wider project progress;
- an update of the project programme;
- procurement of the professional team which will be appointed on behalf of the Council.

### **RECOMMENDATIONS**

It is recommended that Cabinet:

1. note the current programme timeline and wider progress as outlined in the body of this report.
2. receive a further update on the scheme design from the Executive Director Environment, Economy and Resources at a future meeting of Cabinet and prior to a planning application being submitted.
3. reaffirm its commitment to match funding the project together with the owners of Freshney Place.

## **REASONS FOR DECISION**

To update Cabinet on the current position of the project and reaffirm the Council's commitment to match funding for the project.

### **1 BACKGROUND AND ISSUES**

- 1.1 On 15<sup>th</sup> July 2020 Cabinet reviewed and approved proposals for a Future High Street Fund (FHSF) scheme in Grimsby town centre as set out within the background papers included with this report.
- 1.2 On 17<sup>th</sup> February 2021 Cabinet approved all recommendations within the FHSF report which also enabled the Council to accept the grant funding and complete the submission to the Future High Streets programme by the deadline of 26<sup>th</sup> February 2021.
- 1.3 The 17<sup>th</sup> February report also provided authority to develop the revised Future High Street Fund scheme and enter into negotiations with third party landowners, namely those situated in the Old Market Place and Flottergate, together with delivery partners with a view to delivering the scheme and bringing the same to fruition.
- 1.4 At this juncture, the Council is in negotiations for vacant possession of the retail units at Old Market Place. If negotiations do not prove fruitful, officers will initiate compulsory purchase proceedings and bring a further report to Cabinet on the matter.
- 1.5 In terms of the agreement as to how the Council and the owners of Freshney Place will work together, there have been extensive negotiations and subject to approval, it has been agreed, for the sake of contractual efficiency, that the Council will lead the contracting arrangements for both the professional team and the appointment of a contractor. There will need to be very close working with Freshney Place and there will be a mechanism for them to input to decision making.
- 1.6 Since the last update to Cabinet, negotiations between the Council and Freshney Place have continued at pace. High level Heads of Terms have been agreed on the majority of matters and it has been determined that the most appropriate delivery model is for the Council to act as lead developer on this project with a robust contractual partnership in place with Freshney Place. The contractual partnership will take the form of a Development Agreement which will set out both parties' respective roles within the project.
- 1.7 The Council's Legal Team have instructed external lawyers to work up the details for the Heads of Terms and legal structure in respect to the Development Agreement in consultation with the Council's delivery team. The Development Agreement will set out the implications for the Council and Freshney Place in respect to the new scheme.
- 1.8 Once the terms of the Development Agreement are finalised, this will be presented to the Executive Director for Environment, Economy and Resources to consult with the Leader of the Council and make a decision pursuant to the Cabinet report of 17<sup>th</sup> February 2021.

- 1.9 Cabinet was also advised at the 17<sup>th</sup> February meeting that a report at a later date detailing the scheme delivery timeline together with further detail on design development would be brought back to Cabinet. The project team are looking at all opportunities to deliver the scheme as quickly as possible whilst managing risk and the timeline at Appendix One sets out a current high-level draft summary programme (subject to change) for information.
- 1.10 The delivery team continue to work up the detailed designs relating to the scheme. Proposed plans for the new scheme have advanced and the detail is being assessed by the team, including Freshney Place. Given the cost increases being experienced across the construction industry, the feasibility is being reviewed and will be developed further following the appointment of a Development Manager (see below).
- 1.11 Once the scheme design and feasibility has evolved to meet the project objectives and the design team have been appointed to inform the robustness of the costings and wider deliverability, there will be further engagement with Scrutiny and Cabinet ahead of the submission of a detailed Planning Application later in spring 2022.
- 1.12 On the 16<sup>th</sup> June 2021 Cabinet approval was given to tender and thereafter, appoint a professional delivery team to cover the full suite of disciplines required to successfully deliver the project.
- 1.13 The appointment of a Development Manager (DM) is currently out for tender at the time of writing and the assessment process will be undertaken on 13<sup>th</sup> October 2021. The DM will be a key appointment for the Partnership and is an integral part of the delivery strategy, to bring specialist resource to undertake day to day management of the project on behalf of the Council and Freshney Place. An early action by the DM will be to lead the design team appointments in accordance with the Council's procurement requirements and explore any opportunities to deliver the project as early as is prudently possible.
- 1.14 The programme is both challenging and fast paced with the headlines on key milestones for planning and consultation timing being ambitious. External consultants are working up the detailed programme to ensure this meets with the financial profiling and reporting required by Central Government which has taken place in April and September with Monitoring and Evaluation outputs being provided in August and December 2021.
- 1.15 Quarterbridge have been appointed to assist with the development of the Market Hall Business Case, which includes the vision for the new Market Hall and detailed public and stakeholder engagement has commenced.
- 1.16 Bi-monthly Board meetings attended by both the Council's delivery team and Freshney Place representatives are taking place to ensure the effective delivery of the scheme remains on track.

## **2 ENGAGEMENT WITH STAKEHOLDERS**

- 2.1 There has been wide engagement with stakeholders in the development of the FHSF proposals, given the nature of the scheme the focus of the engagement has been with Freshney Place.

- 2.2 An initial letter has been sent to all Market Traders and a meeting held at the Market to provide an update on the scheme. Further individual consultation will take place as part of the scheme development and detailed design work now that Quarterbridge have been appointed.
- 2.3 Public and Stakeholder questionnaires are being issued to gauge the wider public opinion regarding the potential offer for the new Market which will feed in to the options and Business Case.

### **3 RISKS AND OPPORTUNITIES**

- 3.1 The £17.28m grant award provides a significant investment opportunity in the heart of the town and is an essential element of the Council's regeneration plans which will contribute to an enhanced experience for residents and visitors.
- 3.2 There are risks in relation to ensuring the scheme maintains momentum and all funding spend deadlines are met to enable successful delivery. Risks will be mitigated through a combination of the Development Agreement, which will set out the contractual obligations of both parties, including securing the financial contribution from Freshney Place (and the Council) and also, a clear delivery strategy led by the Development Manager, acting in the partnership's interests, to manage the design team and oversee the design development to secure planning and manage the construction phase.
- 3.3 The increase in construction costs (notably materials) due to global supply chain constraints is a risk. This is being mitigated through the use of experienced cost consultants and a continuous review of expected costs. Cost certainty will increase as the programme progresses and any material risk to budget will be escalated if required.
- 3.4 There is a further risk around demand from the wider market given financial pressures and the Covid pandemic. This is mitigated to an extent in that the Council owned Market will be occupying a significant proportion of the new development and Heads of Terms have been provisionally agreed with a cinema operator. All efforts will be made to secure pre-lets where possible.
- 3.5 Support from stakeholders for the scheme is paramount to ensure the new development is successful and can benefit all concerned. Engagement has already taken place and a point of contact established for further consultation and engagement. A focus group has been formed to enable full ongoing engagement throughout the detailed design. A delivery model which allows for continuous trading is the preferred option, this will be fully worked up as the scheme is progressed.

### **4 OTHER OPTIONS CONSIDERED**

- 4.1 A joint venture vehicle was considered but not progressed for reasons relating to practical benefit to the scheme versus cost and time of setting up.
- 4.2 Not proceeding with the scheme 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).

## **5 REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

- 5.1 The successful delivery of the FHSF programme 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.
- 5.2 A communications plan has been developed which identifies all stakeholders including those who will be directly impacted by the scheme. The key stakeholders, including the market traders, Old Market Place and Flottergate retailers, property owners and Freshney Place retailers have all been presented with information on the vision for the development, and appointed a point of contact for further enquiries. Further engagement is planned as the scheme progresses, with plans for a focus group to be set up to allow for more regular detailed discussions and input. The professional delivery team will be part of future stakeholder engagement.

## **6 FINANCIAL CONSIDERATIONS**

- 6.1 The Council on behalf of the delivery partnership, accepted the grant of £17.28m of FHSF towards the cost of delivering the scheme. Freshney Place have agreed to match fund £5m towards the scheme delivery. 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.

## **7 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

- 7.1 The delivery team will ensure the programme makes an overall positive contribution to the Council's published commitments on climate change and the environment. This will be achieved 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.

## **8 CONSULTATION WITH SCRUTINY**

- 8.1 The previous Cabinet report on the FHSF scheme was presented to Scrutiny on 9<sup>th</sup> February 2021. There has been no further engagement with Scrutiny however, there is a commitment to engage with Scrutiny as the detailed design is developed.

## **9 FINANCIAL IMPLICATIONS**

- 9.1 As detailed above, the development is anticipated to cost in the region of £27m and will be funded through a combination of external grant funding, public and private sector investment. The external funding contribution of £17.28m will enable the delivery partners to bring forward a scheme which is financially viable and generates sufficient returns to meet the ongoing

financing costs. The financial implications are reflected within the Council's approved capital programme.

## **10 LEGAL IMPLICATIONS**

- 10.1 The above report is by way of an update and as such no legal implications immediately arise. Legal Service colleagues continue to support the programme and will liaise with external support as appropriate. Any delegated decisions flowing from previous reports will be captured and evidenced by officer decision records.

## **11 HUMAN RESOURCES IMPLICATIONS**

- 11.1 There are no direct HR implications contained in this report.

## **12 WARD IMPLICATIONS**

- 12.1 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.

## **13 BACKGROUND PAPERS**

- 13.1 15<sup>th</sup> July 2020 – Future High Street Funding Cabinet report  
[Future-High-Street-Funding-Cabinet-Report.pdf \(nelincs.gov.uk\)](#)
- 13.2 17<sup>th</sup> February 2021 – Future High Street Funding Cabinet report  
[3.-Future-High-Streets-Fund.pdf \(nelincs.gov.uk\)](#)
- 13.3 16<sup>th</sup> June 2021 - Future High Street Funding Cabinet report  
[Future-High-Street-Fund.pdf \(nelincs.gov.uk\)](#)
- 13.4 Grimsby Town Centre Masterplan  
<https://www.nelincs.gov.uk/assets/uploads/2020/12/Grimsby-Masterplan-Report.pdf>

## **14 CONTACT OFFICER**

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