

Cabinet



| | |
|--------------------------|--|
| Date of meeting: | 09 March 2021 |
| Title of Report: | Future High Streets Fund |
| Lead Member: | Councillor Tudor Evans OBE (Leader) |
| Lead Strategic Director: | Anthony Payne (Strategic Director for Place) |
| Author: | Matt Ward (Head of Strategic Development Projects) |
| Contact Email: | matt.ward@plymouth.gov.uk |
| Your Reference: | MW21 |
| Key Decision: | Yes |
| Confidentiality: | Part I - Official |

Purpose of Report

The report provides an update on the Council's bid to the Future High Streets Fund for grant funding to support the regeneration of the former Civic Centre and the City's Guildhall.

The report seeks approval for the virement of Council funding from Civic Centre to the Guildhall, as well as approval to formally accept an anticipated award of £12,046,873 from the Future High Streets Fund and include this within the Capital Programme. The report also seeks approval for future approvals related to the projects to be delegated to the Strategic Director for Place.

Recommendations and Reasons

It is recommended that Cabinet approves:

- The virement from Civic Centre to the Guildhall of £2.45m funding previously allocated within the Capital Programme.
- That the Council accepts grant funding of £12,046,873 that is expected to be awarded by the Future High Streets Fund.
- The allocation of an additional £12,046,873 for the projects to the Capital Programme, if the funding is received from the Future High Streets Fund.
- That authority to enter into all construction, demolition, funding and other relevant contracts associated with the Civic Centre and Guildhall projects (including, *inter alia*, a funding agreement with Urban Splash) is delegated to the Strategic Director for Place

Alternative options considered and rejected

The Council could have rejected the offer of funding as it was lower than the amount which was originally bid for. However, with some modifications the Council has been able to demonstrate that the project can progress and will still deliver significant positive change to the city centre.

Relevance to the Corporate Plan and/or the Plymouth Plan

Securing over £12m of external funding will have significant benefits to the residents of Plymouth by encouraging new visitors to the area and increasing the amount of time and money which visitors spend in the city centre and elsewhere. The proposals will also help to reduce the ongoing revenue budget requirements of the Guildhall.

Implications for the Medium Term Financial Plan and Resource Implications:

The proposals will secure over £12m of external grant funding to help regenerate the city centre.

Carbon Footprint (Environmental) Implications:

The proposals will include measures to improve the environmental sustainability of the buildings, including wider co-ordination with the Council's strategy to expand the district heating network in the area.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

Urban Splash will be responsible for all health and safety and risk management issues associated with the Civic Centre project, whilst the Council will be responsible for managing these issues in connection with the Guildhall. These will be regularly monitored and managed by Council officers, as well as by the Council's external consultants once they have been appointed.

There are no specific Child Poverty issues to highlight, although the proposals would be expected to have an overall positive impact, due to the financial stimulus which they will provide to the local economy.

Appendices

**Add rows as required to box below*

| Ref. | Title of Appendix | Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i> | | | | | | |
|------|------------------------------|--|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| A | Civic Centre Images | | | | | | | |
| B | Guildhall Images | | | | | | | |
| C | Equalities Impact Assessment | | | | | | | |

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

| Title of any background paper(s) | Exemption Paragraph Number (if applicable) |
|----------------------------------|--|
| | |

| | | | | | | | |
|--|--|----------|----------|----------|----------|----------|----------|
| | <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i> | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | | | | | | |
| | | | | | | | |

Sign off:

| | | | | | | | | | | | |
|--|----------------------|-----|------------------------------|------------|--|----|--|------------|--|---------------|--|
| Fin | pl.20. 21.20 3 | Leg | 3593 1/AC/ 26/2/ 21 | Mon Off | | HR | | Asset s | | Strat Proc | |
| Originating Senior Leadership Team member: Anthony Payne (Strategic Director for Place) | | | | | | | | | | | |
| Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 26/02/2021 | | | | | | | | | | | |
| Cabinet Member approval: Councillor Tudor Evans OBE (Leader of the Council) Date approved: 23/02/2021 | | | | | | | | | | | |

1.0 Executive summary

In June 2020 the Council submitted a bid to the Future High Streets Fund for £17.482m. The funding was required to allow the redevelopment of the former Civic Centre, as well as to modernise and provide improvements for the Guildhall.

The plans were to restore, reinvent, reactivate and re-inhabit the vacant and derelict 190,000sqft Grade II Listed former Civic Centre for a 62,000sqft new international conference and Creative Hub for the University of Plymouth and 144 new residential apartments.

The 17,800sqft Grade II Listed Guildhall would be re-imagined as a commercial standard multi-purpose events space.

The facilities would work in collaboration to provide a new physical and virtual conferencing and events hub of international significance that will connect the city globally and bring 46,000+ new visitors, £5.2m economic impact and 25,000 additional hotel room nights per annum. The scheme would create 317 new FTE jobs and 280 jobs in construction.

This investment would also secure a third intervention, delivery of 80 residential units by Urban Splash on an adjacent site, for which no grant funding is sought.

On 26 December MHCLG confirmed an in-principle funding offer of £12,046,873, which equates to approximately 69% of the funding requested. The Council was required to revise its bid by 26 February to reflect the reduced award. It is expected that MHCLG will provide final confirmation of the funding by the end of March.

MHCLG provided a further £5,000 in revenue funding to support the Council's work to review its final bid.

The Council is required to obtain formal approval to accept the funding.

2.0 Further information

The Council was one of 101 local authorities which were shortlisted during the summer of 2019 for grant funding from the Future High Streets Fund. The fund was set up to help renew and reshape town centres and high streets in a way that drives growth, improves experience and ensures future sustainability. The fund would achieve those aims by providing co-funding to successful applicants to support transformative and structural changes to overcome challenges in their area.

Councils were invited to submit bids for up to £25m. However, it became clear during discussions with those involved in administering the fund that there was insufficient funding for all applicants to receive an allocation of £25m.

A number of possible interventions within the city centre were considered. However, the preferred option was to bid for funding which would bring back into use the former Civic Centre and improve the existing Guildhall. These two projects were chosen for a number of reasons, including:

- The projects could be delivered by a strong partnership between the Council and Urban Splash, who have an excellent track record of project delivery and working together on the regeneration of Royal William Yard.
- The Civic Centre is owned by Urban Splash and has planning consent for its conversion to residential apartments in the tower and other non-residential uses at ground floor and podium level.
- The Guildhall is owned and operated by the Council.
- Recent research had identified a demand for quality conference and events space within the city centre.
- The two buildings are close to one another and together can provide both the quality and quantity of space needed to host a wide range of events.
- The projects would deliver large scale transformation at the heart of the city centre, generating significant footfall for the area.

In October 2019 the Council was awarded £150,000 of revenue funding to work up a full business case for the bid. The Council engaged Cushman & Wakefield and JLL to provide consultancy support for the bid. A conference and events demand study was also commissioned and funding was provided to Urban Splash to commission designs for both buildings, along with a housing demand study for the Civic Centre.

Public consultation took place and the support was overwhelmingly positive. Letters of support from a wide range of stakeholders were also provided and submitted with the bid.

The final bid requested a total of £17.482m. This was broken down as follows:

- Civic Centre: £15.25m
- Guildhall: £1.825m
- Monitoring & evaluation: £0.407m

The bid proposed that the Council would provide £2.45m of co-funding towards the refurbishment of the Guildhall. This funding was previously approved at Cabinet on 5 March 2019 as a contribution towards the public realm being delivered by Urban Splash.

As the final award is less than the funding requested, the Council has reviewed the scope of the projects with Urban Splash so that they are aligned with the final estimated allocation of funding.

It has also been agreed with Urban Splash that the £2.45m previously allocated to the public realm will be moved to the Guildhall, as the public realm works would now be funded by the Future High Streets Fund.

Other changes have been made to the proposals which have allowed the amount of grant required to be reduced, without compromising the quality of the scheme or the impact that it will have in delivering change and driving footfall across the wider city centre. These changes include:

- Proposed uses in the southern part of the Civic Centre changed from meeting spaces to other commercial uses which would enhance the facilities available locally for conference delegates, including leisure and restaurant space.
- Revisions to the proposed entrance to the conference centre and removal of the proposed undercroft connection between the north and south blocks.
- Savings on the cost of the residential heating systems proposed.
- Removal of the proposed new atrium and stairs at first floor level within the Guildhall. Whilst this might have been desirable, it may not have been possible to achieve within the constraints of the listed building and does not have a significant impact on the function of the building.

Furthermore, given the changes which have been noted in the market since the bid was finalised almost a year ago, it has been possible to increase the assumed value of the residential element of the scheme.

The revised funding now proposed for each element of the project is as follows:

- Civic Centre: £10,507,000
- Guildhall: £1,539,873
- Total: £12,046,873

The timetable provided with the bid assumed that a decision would be provided in October 2020. However, as the decision has been delayed by around 6 months, the likely delivery dates are now:

- May 2022: Appointment of contractor to complete the Civic Centre project;
- August 2022: Appointment of contractor to complete the Guildhall project;
- September 2023: Practical completion of the Guildhall project; and
- July 2024: Practical completion of the Civic Centre project.

Regarding project delivery, the Council will be responsible for the delivery of the improvements to the Guildhall, including the appointment of a consultant team and a main contractor. Urban Splash will deliver the Civic Centre project.

Some images from the bid proposals are attached at Appendices 1 & 2.

3.0 Decision required

The decision required is for the potential re-allocation of funding, the acceptance of grant funding, the allocation of additional resources to the Capital Programme and the delegation of authority for various contracts to the Strategic Director for Place.