

PART I CABINET BRIEFING

18 March 2024



INTRODUCTION

This briefing note has been prepared for Plymouth City Council's Cabinet to provide an update on the Civic Centre project.



BRIEF HISTORY

- 1962 The new Civic Centre is opened by HM Queen Elizabeth II
- 2007 The Civic is Grade II listed. The adjoining "Civic Square" is designated a Grade II Registered Park and Garden.
- 2014 City Council vacate the Civic Centre offices but the Council Chamber remains the seat of the Administration.
- 2015 The building is transferred to Urban Splash for £1.00 after open competition.
- 2020 Planning and Listed Building Consent granted for refurbishment and reuse of the tower for 144 private apartments and commercial units on the ground and first floor "podium".
- 2021 £10.5m funding award from the Government's Future High Streets Fund to address a significant commercial viability gap.
- 2022 Grant Funding Agreement between the Council and Urban Splash sets out terms for grant allocation.
- 2023 Work starts to strip out the building. Grant Funding Agreement between the Council and Urban Splash revised to extend completion date. £19.946m Levelling Up Fund Round 3 secured for Plymouth.
- 2024 City College Plymouth proposal for a blue/green city centre skills hub, including £8.5m of Levelling Up Fund grant.

SUMMARY OF PROPOSALS

- The Council has been working with Urban Splash (US) since they purchased the building in 2015 to unlock the regeneration of this iconic listed building.
- Planning and listed building consent have been secured for change of use and £10.5m of Future High Streets Fund has been secured for the project.
- The Council has entered negotiations with City College Plymouth (CCP) for them to take a long lease of the podium levels (ground and first floors and basement; a total of 45,000 sq ft). CCP intend to create a new training and skills centre in the City Centre which will provide training in the blue and green sectors. This will include teaching in four key areas of engineering, construction, energy and science, each with a focus on preparing students for

work in the blue and green sectors – for example, in careers such as nuclear, off-shore wind, battery technology and energy capture, net zero, electric vehicle charging, project management, digital and retrofit. This new focus on blue / green skills will help to address the skills shortage which currently exists, driven in particular by the Plymouth & South Devon Freeport, the growth in the defence sector at Devonport dockyard, as well as the growing marine sector in a number of locations within Plymouth, such as Oceansgate, Turnchapel and the Cattewater. The CCP proposal will include around 60 new courses and will teach around 2,000 new students per annum.

- To facilitate this new skills hub, £8.5m of the Levelling Up Fund recently awarded to the City has been allocated to the project.
- As a result of the increase in public sector investment and the requirement for a financial underwrite, the Council and US have agreed to work together to pass ownership and control of the building back to the Council.
- The final phase to complete the project would be the interior fit out of the Tower which, based on the existing consented scheme, would provide 144 private rented apartments. As things stand this element, costed at ca. £20m this would appear to be commercially viable and could be undertaken either by the Council or a private sector partner.

FINANCE & RISK

- As set out in the covering paper, whilst a total of ca. £19m of grant funding has been secured for the project (£10.5m FHSF and £8.5m LUF), this is unlikely to cover all of the funding gap for the project.
- Any further delays will put at risk the opportunity to secure the new skills and training hub and also risk funding that is already secured having to be returned.
- The remaining project costs are likely to be in the region of £51m. At this stage precise cost budgeting is not possible due to a number of unknown costs, including further survey work on the frame, planning and building regulation controls, cost inflation and market movements etc. For this reason, the Council has built in significant contingency allowances in its cost review.
- The forecast however is at this point that there could be a funding gap of around £11m.
- There are a number of ways in which the Council is looking to mitigate this cost risk by:
 - pressing ahead with preparation and stabilisation works which would be funded entirely by the existing FHSF grant;
 - concluding negotiations with CCP which will crystallise a revenue from rental income;
 - clarifying construction costs, procurement options and requirements of the Building Safety Regulator; and
 - identifying a pathway to further public sector grant funding and investment.

- By developing the building in phases the Council will manage risks at each stage. It is imperative the first stage works start as soon as possible to ensure the existing grant can be fully utilised.
- The Council may be asked to underwrite any funding shortfall for the second stage works which would enable CCP to take occupation but before these works commence, Cabinet will be given the opportunity to review the cost plan and programme in Autumn 2024.

CONCLUSION

- Whilst there are a number of risks associated with this project, there are some significant benefits that will be achieved by creating a new city centre campus for CCP and enabling the delivery of new homes.
- £19m of grant funding has already been secured and this therefore presents an excellent opportunity to help deliver the regeneration of this iconic building in the heart of the city centre.
- If the project does not progress, CCP would lose the opportunity to establish a new centre for training in blue / green skills and work on the building would stop, which would have a negative impact on the wider city centre.
- Since US acquired the building in 2015 they have been able to obtain planning and listed building consent for the conversion of the building into a mixture of residential and commercial space. US have also completed internal strip out works, carried out various building surveys and have progressed the detail design and contractor procurement processes. However, due to the increase in public investment in the building now proposed, US have agreed to step back from the project and work with the Council to ensure there is a smooth transition.