

Cabinet



Date of meeting: 31 March 2025

Title of Report: **City Centre, Homes England and Civic Centre Strategic Update**

Lead Member: Councillor Tudor Evans OBE (Leader)

Lead Strategic Director: Tracey Lee (Chief Executive)

Author: Matt Ward (Head of Regeneration and Growth)

Contact Email: matt.ward@plymouth.gov.uk

Your Reference: 20240331HE

Key Decision: Yes

Confidentiality: Part I - Official

Purpose of Report

- To set out the direction of Plymouth City Council's work with Homes England to deliver over 10,000 homes in and around Plymouth City Centre, kickstarting a transformational regeneration programme.
- To agree a new strategic delivery partnership with Homes England underpinned by a Memorandum of Understanding and future Joint Venture arrangements.
- To provide an update on plans to refurbish the former Civic Centre, including a revised programme and funding strategy.
- To update on the work with City College to deliver a City Blue Green Skills Hub to support the skills aspirations of Growth Alliance Plymouth.
- Subject to formal approval from Homes England to receive £20m grant funding under its Brownfield, Infrastructure & Land programme.
- To add into the Capital Programme a City Council contribution of £17,366,326, made up of £14,395,144 corporate borrowing and £2,971,182 service borrowing, subject to a detailed business case.

Recommendations and Reasons

That Cabinet:

1. Notes the progress that has been made towards the creation of a new strategic delivery partnership with Homes England and delegates authority to the Service Director for Economic Development to agree the terms of a Memorandum of Understanding with Homes England setting out our joint commitment where he would not already have authority to do so.

2. Authorises officers to progress discussions with Homes England around establishing a joint venture to facilitate housing delivery across the city subject to more detailed recommendations being provided in advance of any formal agreement being concluded.
3. Notes the funding package for the Civic Centre project and approves an update to the capital programme to include each element of the funding as set out below:
 - £8,500,000 of grant funding from the Levelling Up Fund;
 - £950,000 of District Heat Network funding;
 - Subject to Homes England's formal approval, £20,000,000 of grant funding from Homes England;
 - £14,395,144 of corporate borrowing (which includes £4.7m of corporate borrowing to replace £4.7m of Future High Street Fund grant previously vired to the Armada Way project); and
 - £2,971,182 of service borrowing.
4. Notes that the use of the grant funding from Homes England, the corporate borrowing and the service borrowing will be subject to a more detailed business case (including a cost plan which has been subject to further due diligence and market testing) to be reviewed by the relevant Scrutiny Committee during 2025/26 and subsequently approved by Cabinet.
5. Approves the freehold purchase of the Civic Centre from Urban Splash for £1.00;
6. Grants authority to the Strategic Director for Growth or the Section 151 Officer to agree the terms of:
 - A grant funding agreement with Homes England; and
 - An Agreement for Lease and / or Lease of all or parts of the Civic Centre to one or more third parties and / or any other related agreements in order to facilitate the redevelopment of the site.

Reason: To deliver new homes in and around the city centre, supporting the city's wider ambitions for growth.

Alternative options considered and rejected

1. Do nothing.

This option would result in no new homes being provided in the city centre and the Civic Centre would remain derelict. Given the negative impact that this would have on the city centre, this is not considered acceptable. This would in turn make any subsequent city centre housing more challenging linked to perceptions of the city centre as a place to live.
2. Proceed with the Civic Centre refurbishment without entering into discussions with Homes England regarding a joint venture.

Whilst the Civic Centre is a priority for regeneration for the Council, it is not the only city centre site which requires intervention or could contribute to the supply of new housing across the city. It is therefore considered important to establish a long-term relationship with Homes England in order to accelerate the delivery of housing at scale across the city. The Civic Centre builds on the Armada Way public realm scheme and seeks to change the market conditions, creating a place to live attracting private investment.

Relevance to the Corporate Plan and/or the Plymouth Plan

One of the key ambitions of the Plymouth Plan is to be a "Growing City". The Council's work with Homes England supports this ambition by unlocking the delivery of stalled housing sites and accelerating the delivery of new homes across the city.

Implications for the Medium Term Financial Plan and Resource Implications:

The report seeks the allocation of corporate borrowing to support the Civic Centre project, subject to a detailed business case. This funding will have ongoing revenue implications for the Council, as set

out in the report. However, delivery of the project and other housing across the city has some significant direct and indirect financial benefits for the Council and for the wider city, including:

- council tax revenue from the completed homes;
- business rates revenue from the commercial space within the Civic Centre that will be occupied by City College Plymouth, along with business rates from other commercial space which is provided alongside homes on other development sites across the city;
- car parking revenue from the Civic Centre car park until such time as that part of the site is redeveloped;
- the upskilling of significant numbers of students that will be trained in the new City College Plymouth campus in the Civic Centre, which will support the wider growth of the city; and
- a significant increase in city centre footfall, which will support existing businesses and encourage new businesses to the area.

There are a number of ways in which the Council's financial risks are being mitigated, by carrying out further due diligence and investigations on the building, as well as by phasing the project and the funding packages. Further detail is provided in the briefing papers.

Financial Risks

1. The terms of the joint venture with Homes England have not been agreed, but will need to ensure that any risk to the Council is at an acceptable level.
2. In accepting funding from the Levelling Up Fund, Homes England and any other sources, there will be an expectation that the Council will meet certain agreed outcomes. This will require the Council to accept the risk of any cost overruns and to underwrite the delivery of the new homes proposed for the Civic Centre. There may be financial and / or reputational consequences if these outcomes are not met. However, project phasing and due diligence will help to manage the associated risks.
3. The costs for the refurbishment of the Civic Centre have not yet been finalised and are based on estimates provided by the Council's professional advisers. The costs have not yet been fully market-tested with a contractor. There are also a significant amount of building surveys which have not yet been completed, and these could identify additional work required to the building. The financial appraisal provided as part of the Part II paper includes a level of contingency which is considered prudent. However, there is no guarantee that this will not be exceeded.
4. Key gateways have therefore been introduced, prior to any commitment to appoint a main contractor and / or a housing developer, to help manage the financial risks. These are set out in more detailed in the briefing paper.
5. The Council will seek to mitigate risks 2 and 3 above through the adoption of a rigorous review of a full business case for the scheme (based on a revised cost plan benefitting from additional survey and market testing work), prior to committing the use of Homes England grant funding and council borrowing. As noted in recommendation 4 above, this review will include scrutiny by the relevant Scrutiny Committee and final approval by Cabinet, with the benefit of a fully developed risk register for this complex and significant scheme.

Legal Implications

(Provided by Alison Critchfield/AC)

Acquiring the freehold of the Civic Centre will mean that the Council will be legally responsible for the building and all risks associated with it until such time as those risks are passed to a third party.

The Council will need to comply with the terms of any funding agreement with Homes England, the terms of which are not yet known.

Carbon Footprint (Environmental) Implications:

The work with Homes England will focus on the redevelopment of brownfield sites across the city centre. These are considered to be in the most sustainable location in the city, where residents will have limited need to rely to the private car. It is intended that the homes will also be able to be connected to the city centre's district heat network. Where possible, including in the case of the Civic Centre, existing buildings will be refurbished to reduce the amount of carbon used to provide new homes.

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.*

The implications of the Building Safety Act 2022 (BSA) will be considered, especially where new buildings are considered to be "Higher Risk Buildings" under the terms of the BSA. The Civic Centre is considered to be a Higher Risk Building and consequently the various BSA gateways will need to be negotiated.

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	Briefing Paper: Part I							
B	Plymouth City Centre Vision							
C	Equalities Impact Assessment							
D	Climate Impact Assessment							
E	Briefing Paper: Part II			X				
F	Financial Appraisal			X				
G	Risk Register			X				

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	OW. 24.25. 106	Leg	LS/00 0013 12/5/ AC/2 4/3/2 5	Mon Off	N/A	HR	N/A	Asset s	N/A	Strat Proc	HG/PS/77 9/CP/0325
Originating Senior Leadership Team member: David Draffan (Service Director for Economic Development)											
Please confirm the Service Director has agreed the report? Yes											
Date agreed: 20/03/2025											

Cabinet Member approval: Councillor Mark Lowry (Cabinet Member for Finance) approved verbally
Date approved: 24/03/2025