

CABINET

DATE	15 th July 2020
REPORT OF	Cllr. Philip Jackson: Leader of the Council
RESPONSIBLE OFFICER	Clive Tritton: Interim Director of Economy and Growth
SUBJECT	Future High Street Funding application
STATUS	Open Save for Appendix 2 CLOSED: Exempt information within paragraph 3 of Schedule 12A to the Local Government Act 1972.
FORWARD PLAN REF NO.	CB 07/20/02

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 & Cleethorpes Town Centres Investment Plan (2016). 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

The Council together with the owners of Freshney Place shopping centre have worked together to develop a transformational scheme for the heart of the town centre which responds directly to the opportunity to apply for up to £25m of Future High Street Funding from Government. This report provides an outline of the scheme and the rationale for the bid due for submission by the 31 July 2020.

Subject to any final observations from Scrutiny Panel this report will be taken to Cabinet on 15th July 2020 to make the following recommendations.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Authorises the Director of Economy and Growth in consultation with the Leader of the Council to submit a funding application up to £25m to the Future High Streets Funds (FHSF) by the closing date of 31 July 2020
2. Authorises the Director of Economy and Growth and Director of Resources and Governance, in consultation with the Leader of the Council to accept the resultant grant funding on behalf of the Council, if the application is successful

3. Delegates to the Director of Economy and Growth in consultation with the Leader of the Council authority to develop the FHSF scheme and enter into in principle negotiations with third party landowners and delivery partners
4. Supports approval in principle for the Council to exercise its powers to compulsory purchase various parcels of land designated as the development site for the FHSF scheme
5. Authorises the Director for Economy and Growth in consultation with the Leader of the Council to take all preliminary actions regarding the implementation of compulsory purchase orders in the event that the Council is unable to agree terms through the ordinary course of negotiations accepting that the final decision of completion of any such order rests with Cabinet and be subject to a further report.
6. Delegates to the Director of Economy and Growth in consultation with the Leader of the Council authority to deal with all matters arising from and ancillary to the above.

REASONS FOR DECISION

To enable the submission of the grant application and acceptance of the funding if awarded. Also, to enable negotiations on land assembly to proceed to ensure the scheme can be delivered within the funding timeframe.

Further detail of the scheme will be presented to Cabinet if the grant application is successful. This future Cabinet report will include detail of the scheme's management strategy, the funding model and delivery plan.

1. BACKGROUND

1.1 In December 2018, the Ministry of Housing, Communities and Local Government (MHCLG) announced a £675m Future High Streets Fund to renew and reshape town centres and high streets in a way that improves experience, drives growth, and ensures future sustainability. The fund, which has since been increased to a £1bn programme, has been made available to Local Authorities on a competitive basis at a maximum intervention of £25m. It 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 with a deadline for submission of 31 July 2020.

- 1.3 The changes affecting the country's high streets are evident and well documented. For Grimsby town centre the challenge is two-fold; managing the repositioning of retail use to "other" viable uses and reinvigorating the traditional high street area of Victoria Street West and the connecting areas. Freshney Place acts as the principal attraction to the town centre, with footfall of c210,000 per week. The challenge for the town is to increase dwell time and ensure footfall is maintained and ideally, increased. The lack of leisure uses for all ages, including family entertainment, is an obvious gap in the town's offering which holds back both the day and evening economy and also makes aspirational residential development challenging. In recent years many shopping centre owners have been repositioning their assets to provide a mixture of uses with c.15-25% of the existing space being used for leisure. However, due to high costs to secure these uses, notably tenant incentives and build costs, it is commercially unviable and cannot be delivered in isolation. Therefore, town centre transformation cannot be unlocked without central government intervention. Future High Street Funding aims to provide infrastructure investment to help address these challenges, drive growth and ensure future sustainability.
- 1.4 North East Lincolnshire's strategic documents; the Local Plan, the Grimsby and Cleethorpes Town Centre Investment Plan (2016) and the Town Deal Prospectus (2018) all acknowledge the importance of developing the town centre to enhance its current offer, which is predominantly retail led. The findings of all these reports highlight the decline in town centre footfall, spending and resultant retail performance as well as a lack of town centre diversity, including no discernible leisure offer.
- 1.5 Acknowledging that Grimsby town centre has a significant area covered by Freshney Place (FP), a partnership approach was developed in January 2020 between the Council and the owners of FP to explore how these long-standing challenges could be addressed and also, to respond to the opportunity to secure funding. This partnership along with support from a specialist consultancy team have worked on developing a scheme which could transform the town centre and meet the criteria of the FHSF programme.

2. THE PROPOSED SCHEME

- 2.1 After a full site options analysis exploring seven different town centre sites, the western side of Victoria Street was chosen as the prime area for this development after considering factors such as alternative uses for vacant retail units, overall space and building condition, best value for money, economic and transformational impact. Additionally, the early findings evolving from the emerging masterplan for Grimsby Town have also been considered to ensure the scheme links to any future plans for the wider town area under the Stronger Towns Fund opportunity.

- 2.2 The proposed scheme sits at the heart of the town centre at the west end of Freshney Place, incorporating the former BHS building, Flottergate Mall, Top Town Market and Old Market Square. It aligns with the transformational vision for the town described in the Local Plan and the Grimsby and Cleethorpes Town Centre Investment Plan by creating a leisure hub, an appropriate number of food & beverage units together with a new market hall and small public square.
- 2.3 The proposed new scheme has appraised and reacted to the recent changes to consumer retail and leisure choices and designed a commercial development that will help to future proof the town centre and enhance its assets. It will look to establish the following:
- a. A new **5-6 screen Multiplex cinema** on the site of the current Top Town Market Hall
 - b. Supporting **Leisure space** opportunity on the site of Old Market Place retail parade
 - c. A new **Market and Food Hall** – on the site of the former BHS building
 - d. New **food and beverage units** – on the current Flottergate site
 - e. **New public square** and community space – on the current Flottergate site
- 2.4 The scheme has the full backing and support of Freshney Place owners who have, in principle, agreed to deliver the scheme as a joint venture with the Council, which is currently the preferred delivery model.
- 2.5 Where past town centre leisure plans have stalled due to economic viability and market forces, the Government has created the FHSF with the specific objective for it to be used to re-invigorate high streets and town centres recognising it requires public funds to unlock developments of this kind. Adoption of this town centre scheme will help address these challenges and future proof the town as it enters a phase of reinvention following changes to consumer retail habits and other changes emerging from the Covid-19 pandemic recovery.
- 2.6 The delivery of new leisure assets will bring vibrancy to Grimsby Town Centre, thereby reversing a declining trend in town centre retail performance. The delivery of the leisure hub is expected to bring uplifts to the scheme site and the direct delivery of a new public square and community use space will also bring improved amenity value to the town centre.
- 2.7 To secure support for the scheme, a communications plan has been recently implemented which identifies all stakeholders including those who will be

directly impacted if the scheme is brought forward. 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 which is appended to this report (Appendix 1A), and appointed a point of contact for further enquiries. The proposals have initially been received positively and further engagement is planned if the scheme progresses, with plans for a focus group to be set up to allow for more regular detailed discussions and input. A detailed report on stakeholder engagement is appended to this report. (Appendix 1)

3. RISKS AND OPPORTUNITIES

- 3.1 Opportunities – the FHSF provides a significant opportunity to secure substantial investment in the regeneration of the town centre and in improving the quality of the built environment and public realm. 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.
- 3.2 If the FHSF bid is unsuccessful the scheme will not be able to proceed as proposed. A response to this could be to look at a different funding model, including other Government funding streams, to explore whether the scheme could be financed in another way.
- 3.3 If Government decide to offer less funding than the amount requested in the bid the proposed scheme could not be delivered as described. The Council and its delivery partner would need to review the scheme to see if there was a viable, alternative delivery model, for example: a scaled down, phased approach to the development.
- 3.4 Support from stakeholders for the scheme will be paramount to ensure the new development is successful and can benefit all concerned. Early engagement has already taken place and a point of contact established for further consultation and engagement. If the funds are granted and the scheme does progress a focus group will be formed to enable full ongoing engagement throughout the detailed design. A delivery model which allows for continuous trading is the preferred option, this will need to be fully worked up as the scheme is progressed.

4. OTHER OPTIONS CONSIDERED

- 4.1. Do nothing – this 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 and Cleethorpes Town Centre Investment Plan.
- 4.2 Development of an alternative scheme - The proposed scheme has been

developed following a site options appraisal carried out by a team of specialists commissioned to assist the Council and the owners of Freshney Place. Their study reviewed a list of seven potential sites in the centre of the town which resulted in a more detailed site options review undertaken for two locations: Riverhead Square and Freshney Place. The further appraisal of these two shortlisted sites then considered how the development would address over provision of retail space in the town as well as how much confidence it would offer in securing cinema and leisure operators to the site, the ability to achieve increased footfall and having the most likely positive economic impacts.

- 4.3 A 'Do Less Option' was also explored which was a scaled down version of the preferred scheme described below, also situated on the same site. The appraisal process however, found this option offered less value for money and would not achieve the transformational impact expected from the investment of FHSF.
- 4.4 The Preferred Option – Following the shortlist appraisal the western side of Victoria Street incorporating the former BHS site, Flottergate, Old Market Place parade and the site of the current Top Town market were chosen as the preferred site for the development offering the most opportunity for transformational change to the core of the town centre. Locating the development at the entrance of the shopping centre provides the most lettable location for the cinema and leisure units, it offers a gateway anchor for Freshney Place and a better arrival to the town's central retail core. It also incorporates an enhanced market hall, future proofing this important community asset, whilst strengthening Victoria Street West.
- 4.5 Following the options appraisal process which identified the preferred site and interventions a business case was prepared and a financial appraisal carried out. The preferred site offers the most transformational impact, value for money, which is a key economic measurement required by the FHSF programme and is the more viable proposition.

5. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 5.1 A successful bid for FHSF will generate positive reputational and communications impacts for the Council and the owners of Freshney Place in terms of the significant visible investment that will be made in Grimsby town centre and the associated benefits for local residents, investors, businesses and visitors.
- 5.2 There is a potential negative reputational risk for the Council if the FHSF bid is not successful.

- 5.3 There will be some reputation/communication risks associated to the project delivery if the scheme moves forward, these will be managed through the established governance and/project management arrangements that will be put in place. A further report detailing the delivery strategy will be presented to Cabinet if the grant is awarded.

6. FINANCIAL CONSIDERATIONS

- 6.1 An informed estimate of the total scheme cost is £35m, this will be subject to formal tendering and terms and conditions which will form key elements of the delivery mechanisms required if the grant application is successful.
- 6.2 The FHSF application will seek to secure up to £25m of grant funding, the project will leverage a further £10m of public and private investment, this will in principle be met through the partnership arrangements formed between the Council and the owners of Freshney Place. All items listed in Appendix 2 are closed items due to the inclusion of commercial sensitive information.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1 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.

8. CONSULTATION WITH SCRUTINY

This report will be presented to Scrutiny on 7th July 2020.

9. FINANCIAL IMPLICATIONS

- 9.1 The development is anticipated to cost in the region of £35M which would be funded through a combination of external grant funding, public and private sector investment. The exact details of the financial case are still to be finalised, however it is expected that the scheme would generate sufficient returns to meet the ongoing financing costs.

10. LEGAL IMPLICATIONS

- 10.1 For the time being legal implications are limited as the above report envisages a submission of a bid and preliminary dialogue with stakeholders and potential delivery partners. It is envisaged that the above will be supported by a project board, subject to usual governance arrangements which Legal Services will support.

10.2 Going forward one can see a range of workstreams and issues which will need specific legal support and advice which Legal Services can provide.

10.3 The delegations sought are reasonable and consistent with an exercise of this nature.

11. HUMAN RESOURCES IMPLICATIONS

11.1 There will be no human resource implications from this Scheme

12. WARD IMPLICATIONS

The Scheme is expected to benefit all Wards as the economic benefits resulting from this regeneration will reach across all North East Lincolnshire.

13. BACKGROUND PAPERS

There are no background papers

14. CONTACT OFFICER(S)

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Councillor Philip Jackson
Leader of the Council

Appendix 1

Grimsby's Future High Street Fund (FHSF) Application – Engagement

Stakeholder engagement

A communications plan has been drawn up to identify all the FHSF stakeholders with a specific focus on those who will be directly impacted by the proposed scheme. A programme of engagement was then planned which took the following approach.

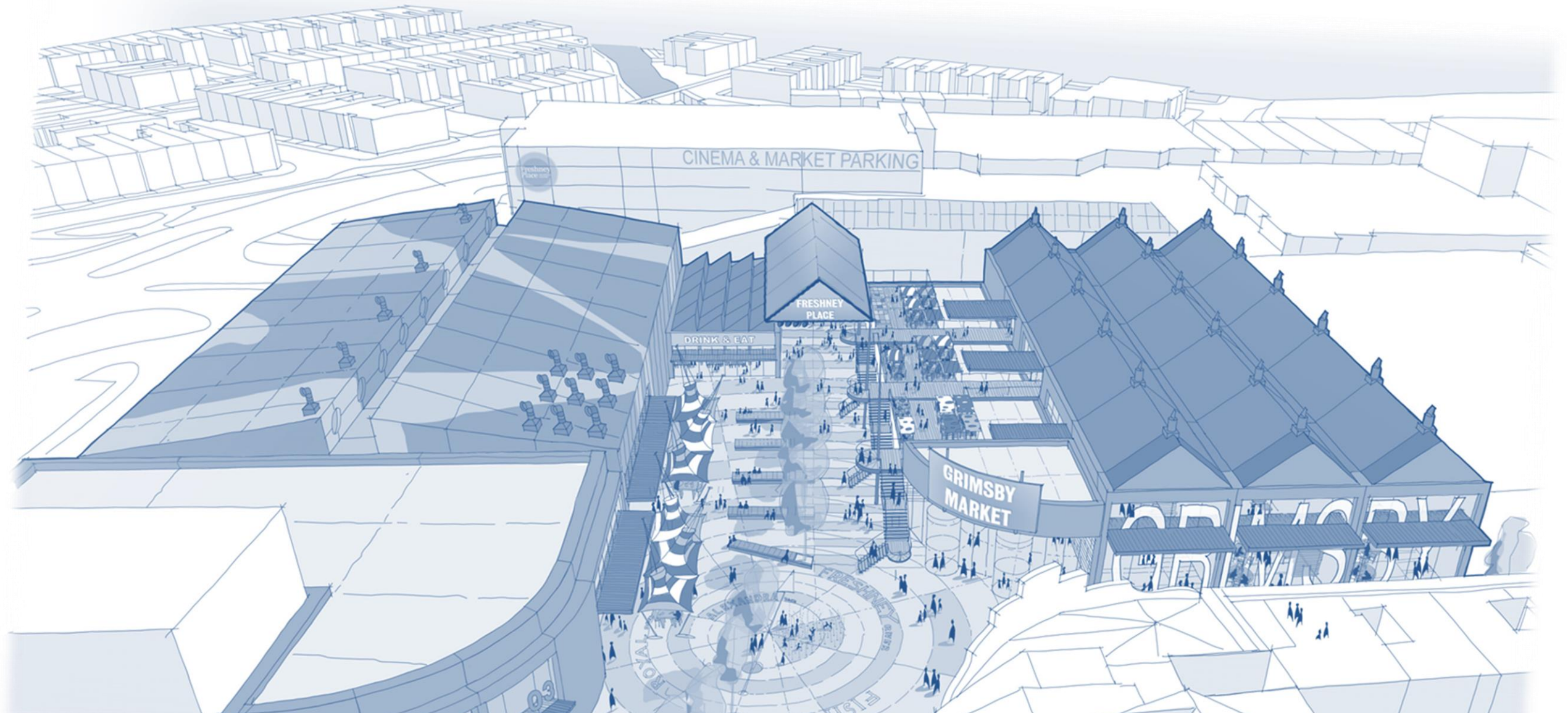
- A vision document was produced to share a visual impression of how the development could look, (see Appendix 1A) this along with letters addressed to the key stakeholders i.e. market traders, Old Market Place and Flottergate retailers, relevant property owners and Freshney Place retailers were issued on Thursday 25th June 2020.
- A joint press release from the Council and Freshney Place was issued on the same day to inform the community of the plan to submit the proposed scheme as North East Lincolnshire's (NEL) Future High Street Funding application.

The response from the key stakeholders identified above has been positive to date, with the news of the new market hall being received positively by the market traders. Their feedback is currently being collated as evidence to support the funding application.

Public engagement will now take place as part of the next more detailed stage of development. The results of previous consultation exercises carried out for the Grimsby and Cleethorpes Town Centre Investment Plan (2016) and the more recent Town Deal engagement exercise (2018) have been used to inform the scheme development to date. A Grimsby town Master Plan consultation exercise is also scheduled for this summer which will ask the community for their ideas on how to further improve other areas of the town centre building on the FHSF proposal for a leisure hub, public square and new market hall at the western end of Victoria Street.

More regular engagement with stakeholders is planned for the future, as the scheme progresses, as it will be critical to the success of the development to have the continued support of the market traders, retailers, property owners and the community. If grant funding is awarded a focus group will be formed to establish a regular communication channel for key stakeholder input. More information on this element of the delivery strategy will be presented at future Scrutiny and Cabinet meetings.

GRIMSBY: AN OPPORTUNITY FOR CHANGE



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A UNITED VISION TO RESHAPE AND REVIVE OUR TOWN CENTRE



“Delivering transformational change - putting a beating heart back into the centre of Grimsby”

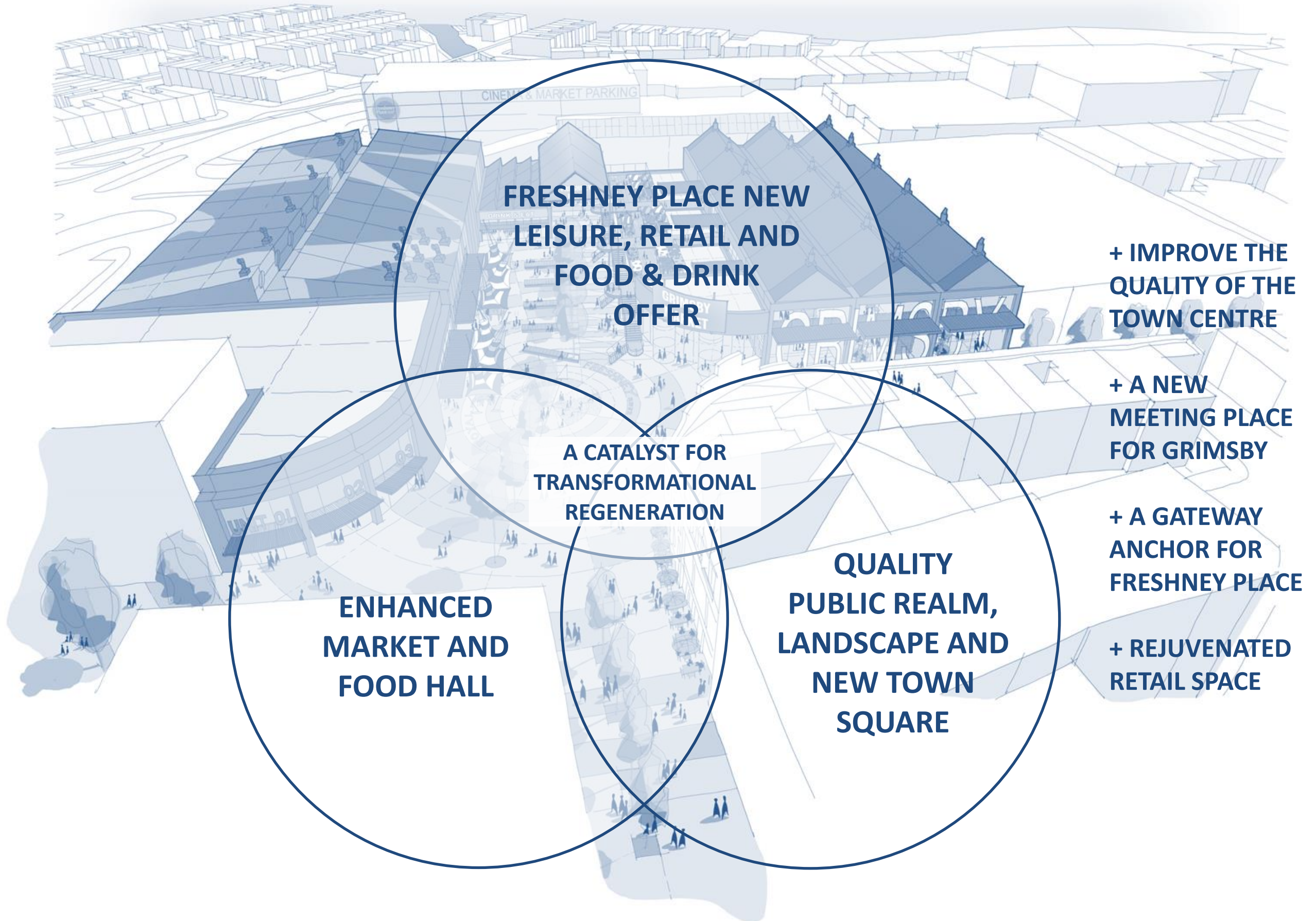


GRIMSBY TOWN CENTRE: FUTURE HIGH STREETS FUND



- **North East Lincolnshire Council** and **Freshney Place** have partnered to apply for **£25million** of central Government funding, via the **Future High Streets Fund (FHSF)**.
- The **partnership**, supported by a professional property consultancy, is developing a town centre vision focusing upon finding new opportunity which, if achieved, will deliver **transformational change** – putting a beating heart back into the centre of Grimsby. The bid will be submitted next month and focuses upon change to attract a new leisure and family audience, whilst remaining loyal to our existing retailers and traders.
- A strong **new leisure and entertainment** offer lies at the centre of the vision, along with the development of attractive **public space**. Both partners wish to see a cinema as a key feature, along with quality food and beverage outlets. An improved **Top Town Market** and the creation of a **New Market Square** is also an ambition – providing a platform for entertainment and retail, alongside a revitalised Freshney Place.
- After in depth analysis, the western side of Victoria Street was chosen as the prime area for our vision, incorporating the former BHS building, Flottergate Mall, Top Town Market and Old Market Square. This location was selected after looking at factors such as the overall space, the building condition and the evolving masterplan for Grimsby Town Centre which aims to improve the flow from the station, up through St James' Square and into Freshney Place and along to the Riverhead.
- Where past plans have stalled due to economic viability and market forces, the Government has created the FHSF with the specific objective for it to be used to **re-invigorate high streets and town centres**. If we do get the funds needed to make the vision real, we should hear this autumn and we will be back in touch when work begins on the detail. **It is our intention to take everyone with us on a journey of re-invention and success.**

A UNITED VISION



WHAT IT COULD LOOK LIKE



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AN ARTIST'S IMPRESSION