

CABINET

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| DATE | 19 th October 2022 |
| REPORT OF | Councillor Philip Jackson, Leader of the Council and Portfolio Holder Economy, Net Zero, Skills, and Housing |
| RESPONSIBLE OFFICER | Sharon Wroot, Executive Director Environment, Economy & Resources |
| SUBJECT | Freshney Place Acquisition & Governance Arrangements |
| STATUS | Open Report. |
| FORWARD PLAN REF NO. | CB/10/22/03 |

CONTRIBUTION TO OUR AIMS

Following acquisition of Freshney Place, its successful operation, together with the delivery of the planned leisure scheme will contribute to the Council's "Stronger Economy" and "Stronger Communities" priorities by securing a strategic economic and community asset which is critical to the town centre's success. The scheme aligns with the ambitions of the Local Plan, the Grimsby Town Centre Masterplan, and the £20.9m Grimsby Town Investment Plan. The importance of developing the town centre to enhance and diversify its current offer, increase footfall and boost both the day and evening economy is widely acknowledged.

EXECUTIVE SUMMARY

The acquisition of Freshney Place was completed on 4th August 2022 with the support of Cabinet and Full Council.

The acquisition has allowed the Council to progress the leisure scheme, as outlined in the report to Cabinet on 21st September 2022. This report updates Cabinet in respect of:

- progress of Freshney Place Shopping Centre, since acquisition; and,
- proposed governance arrangements moving forward.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Notes the progress made since acquisition of Freshney Place Shopping Centre.
2. Notes the proposed governance arrangements for the future operation of Freshney Place Shopping Centre with a distinction between strategic, tactical and operational matters, howsoever described or settled.
3. That sitting as part of the proposed Freshney Place Cabinet Committee, Cabinet delegates to the Leader of the Council, Portfolio Holder for Finance, Resources and Assets, and Portfolio Holder for Safer and Stronger

Communities acting as a sub-committee of Cabinet and subject to all constitutional and regulatory matters, power to make any key decision, following recommendations from the Executive Director Environment, Economy and Resources and other officers as appropriate, as defined in the Constitution, in connection with Freshney Place and the juxtaposition of Freshney Place in the wider town centre strategy. Such committee to act in accordance with the Core Terms of Reference set out in Appendix 1 of this report.

4. That as part of the proposed Oversight Group, Cabinet reaffirms the existing constitutional delegations to the Executive Director for Environment, Economy & Resources to take all decisions up to key decision threshold in connection with Freshney Place.
5. That as part of the Operational tier of governance, and in accordance with established constitutional delegations, the said Assistant Director Regeneration, Deputy 151 Officer and Assistant Director Law and Governance, acting jointly or by two of them only and with engagement from the Asset Managers, may make decisions up to a level to be decided by the Executive Director for Environment, Economy, and Resources but not to exceed the key decision threshold.
6. That governance and day to day operations be reviewed by the Audit and Governance Committee and Economy Scrutiny Panel respectively on an annual basis with any recommendations arising being brought to Cabinet.

REASONS FOR DECISION

To update Cabinet regarding the acquisition of Freshney Place Shopping Centre and proposed governance arrangements regarding its future operation.

1. BACKGROUND

- 1.1 Following reports and support of both Cabinet and Full Council, the acquisition of Freshney Place Shopping Centre was completed on 4th August 2022.
- 1.2 As outlined within the report to Cabinet on 21st September 2022, this acquisition means that the Council is now in control of a significant town centre asset which is a core component of its infrastructure. Furthermore, the acquisition enables the Council to enact the transformational change it seeks within Grimsby town centre.
- 1.3 As outlined in the Cabinet report dated 22nd June 2022, the intention is that Freshney Place Shopping Centre will be run at arm's length from the Council and be managed by experienced professionals, which will be subject to appropriate governance.
- 1.4 As also outlined in the Cabinet report dated 22nd June 2022, there are two core functions that the Council required to run the centre.
 - 1.4.1 Asset Management, concerning the management of the centre to derive the optimum use and income through the management of leases,

tenancy arrangements and commercial use of the space available. Since acquisition, the Council has appointed Queensberry Retail to undertake this function.

- 1.4.2 The second core function is Property Management, which is a different discipline but closely aligned to that of Asset Management. The Property Management function will carry out the day to day running of the centre such as security maintenance and on-site teams. Montagu Evans have been appointed by the Council to undertake this function.
- 1.5 The Cabinet report dated 22nd June 2022 advised that the Council was acquiring Freshney Place from the Receiver and therefore at the time of acquisition there was no Asset Management function in place and the existing Property Manager agreed to continue until 30th September 2022. Consequently, given the need to move at speed regarding the acquisition of Freshney Place both appointments have been made on a short-term basis so that these functions are in place, and longer-term arrangements will be procured during the next year.
- 1.6 This report outlines the proposed model that will enable the Council to fulfil the objective set out in paragraph 1.3.

Proposed Governance Arrangements

- 1.7 The core principles and objectives regarding the Council's governance arrangements for Freshney Place are:
 - 1.7.1 The centre is managed as a separate business unit.
 - 1.7.2 Agile and efficient management and decision making to enable appropriate response to a challenging retail market.
 - 1.7.3 Involvement of democratically elected Members at a strategic level.
 - 1.7.4 Good governance and sound internal control embedded into management arrangements.
 - 1.7.5 Decision making incorporating wider town centre regeneration strategic objectives alongside robust fiscal management.
- 1.8 The Council has existing governance and decision-making arrangements that will provide support and provide oversight regarding its management of Freshney Place and wider town centre regeneration, as outlined below.

Council

- 1.8.1 Setting Local Policy Framework, local plan, economic strategy, financial strategy.
- 1.8.2 Approval of budget and capital programme on an annual basis.

Cabinet

1.8.3 Monitoring of finance and commissioning plan on a quarterly basis.

1.8.4 Investment decisions in relation to town centre and surrounding areas.

Scrutiny

1.8.5 Economy and growth focus on town centre interventions

Audit & Governance Committee

1.8.6 Focussed on appropriate internal control and Governance generally.

- 1.9 The proposed governance structure specific to Freshney Place and which would feed into the existing elements outlined in paragraph 1.8 would consist of a Freshney Place Cabinet Committee, consisting of Members, Officers, and the external Asset Manager. This would be supported by an Oversight Group consisting of Officers and the Asset Manager, which in turn, would be supported by an Operational Group consisting of the Asset Manager and other external delivery partners. This structure is described further in the diagrams below.

Freshney Place Cabinet Committee

STRATEGIC

Quarterly meetings supported by Democratic Services

Annual business plan sign off

Approval of annual budget and capital investment plans

Monitoring of overall performance e.g. occupancy, rents, strategic direction

Member, Officer and Asset Manager representation

Oversight Group

TACTICAL

Monthly meetings

Sign off significant leases over and above agreed threshold

Approval of decisions over and above agreed threshold

Portfolio Holder and Ward Member briefings

Officer and Asset Manager representation

Officers/Asset Managers

OPERATIONAL

Weekly meetings

Contract & centre management

Reporting on occupancy, performance, capital expenditure

Engagement from professionals to inform joint officer decisions

Officers, Asset Manager, Property Manager, Leasing Agent, etc

- 1.10 Supported by Democratic Services, the Freshney Place Cabinet Committee will have oversight of the overall performance of Freshney Place and approve the annual business plan, which will set out the key objectives for the forthcoming year. This will be a key tier in the governance process as it will oversee and support the wider regeneration ambitions and strategic direction of Freshney Place in terms of enabling and facilitating wider economic agendas, opportunities, and deliverables. Elected Members of the Cabinet, as a sub-committee of Cabinet, will be enabled to take key decisions (for example) enabling the delivery of Council set strategy and deal with significant lettings where yield is expected to exceed £350,000. These decisions will be subject to existing constitutional mechanisms. (Advance notice, openness, transparency publication and call-in). It must be accepted, of course, that the commercial interests of the Council and those of any third party are, by law, subject to confidentiality and so it is envisaged that in the event of significant lettings for example, consideration of those may well have to take place in closed session, as is the case now in relevant circumstances. Further, in responding to a challenging retail market it may well be the case that the committee will rely on provisions around general exception and special urgency, subject of course, to embedded constitutional provisions.
- 1.11 The Oversight Group will have responsibility for making decisions that fall outside of the agreed thresholds within which Officers and the Asset Managers operate. They will also ensure that the Portfolio Holder and West Marsh Ward Members are engaged and briefed. The decisions anticipated here are lettings and other matters up to key decision threshold. Perhaps lettings where investment is required or where engagement is required prior to escalation to the Freshney Place Cabinet Committee.
- 1.12 The Asset Managers will have responsibility for the day to day running of Freshney Place and informing decisions by officers that fall within the agreed thresholds and delegations. This will take the day-to-day operation and management from the Council ostensibly into the hands of experienced professionals as has been the plan since inception. Here, with engagement with appropriate officers (Assistant Director Regeneration, Deputy 151 and Assistant Director Law and Governance), the Asset Managers are able to inform decisions taken jointly by officers consistent with the good running of the asset, acknowledging that the wider ambition is economic regeneration and

sustainable growth. To enable the Asset and Property Managers a degree of autonomy day to day running of the Centre shall be with them through a suite of contractual provisions.

- 1.13 These arrangements will enable the external delivery partners, i.e., Asset Manager's, etc., can run the day-to-day operations of Freshney Place at arm's length from the Council as envisaged earlier in this report, whilst also ensuring the Council has appropriate oversight. In addition, these arrangements will also ensure that Freshney Place is linked to the wider regeneration of Grimsby town centre, by linking into existing governance arrangements of the other projects underway or planned in the town centre.
- 1.14 For any decisions required that don't align with scheduled meetings, extraordinary meetings will be called or dealt with remotely where possible. Clearly any meeting requiring formal decision making and involving Elected Members will be made in public, subject to the caveat above around the lawful protection of commercial interests.
- 1.15 Project management principles have already been adopted in the period since acquisition and following this report, terms of reference, reporting templates and such like will be further developed to ensure that aspects of good governance are adhered to and appropriately recorded. Referring to the above recommendations it is envisaged that such arrangements will be brought before the Audit and Governance Committee at an appropriate time.

2. RISKS AND OPPORTUNITIES

- 2.1. The key risks associated with the governance of Freshney Place are:
 - financial risk due to future income levels generated by Freshney Place may not be retained;
 - reputational risk to the Council, should the acquisition not be successful and achieve its objectives; and,
 - reputational risk to the Council, if robust and transparent governance arrangements are not put in place to ensure that Freshney Place is successfully managed.
- 2.2. A critical risk assessed projection of future income that Freshney Place may generate has been made. However, future market, economic and occupational changes may still affect future income generation from the centre. However, having specialist asset and property management support in place will support promotion of the centre and seek to retain/attract tenants to it.
- 2.3. In addition to the asset and property management elements highlighted above, the development of a successful leisure scheme will help dilute the current over-reliance on retail space within Freshney Place and provide a more diverse offer. This will enable it to tap into the leisure and food & beverage market and open it up to different tenants, therefore providing greater opportunity to attract and retain tenants.

- 2.4. Now the Council has acquired Freshney Place, if robust management is not in place, then reputational risk to the Council could ensue. As highlighted earlier in this report, the Council has appointed specialist management support to run the centre as an arm's length operation, reporting into the Council via the governance arrangements set out in this report. This will ensure appropriate management expertise is in place.

3. OTHER OPTIONS CONSIDERED

- 3.1. **Council manages the centre** – The Council does not have the specialist retail expertise, nor capacity in-house to run all facets of Freshney Place. Consequently, it is not feasible to explore this option further.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1. As outlined in previous Cabinet reports, the decline of Freshney Place and Top Town Market would have a significant impact on the North East Lincolnshire economy and community. This would have a negative impact not only on the Council but the whole area, reinforcing impressions that the area is being left behind, or not receiving adequate investment.
- 4.2. Although the Council is operating in a challenging financial environment, the acquisition of Freshney Place and subsequent delivery of the leisure scheme, generation of an evening economy and improved income from car parks, and an improved Market Hall offer, would be a positive intervention to not only safeguard the centre, but also generate positive reputational and communications impacts, enhancing the Council's reputation with residents and stakeholders.
- 4.3. Visible investment in Grimsby town centre would enhance the wider transformational regeneration projects currently ongoing, or in development, providing benefits for residents, businesses, investors, and visitors.
- 4.4. A communications plan has been developed which identifies all stakeholders including those who will be directly impacted by the scheme. Subject to support of this report, the key stakeholders, including Freshney Place tenants, the market traders, Old Market Place and Flottergate retailers, and property owners will be presented with information on the acquisition of the centre, plus a point of contact for further enquiries will be established. 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.

5. FINANCIAL CONSIDERATIONS

- 5.1. Annual business plan and budget approvals will fall to the Freshney Place Cabinet Committee who will receive regular financial information regarding overall performance of Freshney Place.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

- 6.1. Acquisition of Freshney Place will provide the opportunity to move toward improved amenities for children and young people in the North East Lincolnshire area.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1. The scope to minimise the impact on the environment is considered in all capital schemes.

8. CONSULTATION WITH SCRUTINY

- 8.1. Given the level of public interest in the acquisition of Freshney Place it is likely and accepted that the Economy Scrutiny Panel (and others) may wish to see the day-to-day operation of Freshney Place become a periodic item on agendas. The recommendations set out above anticipate annual reviews.

9. FINANCIAL IMPLICATIONS

- 9.1. Whilst there are no direct financial implications arising from the recommendations outlined within this report, robust governance arrangements are essential in order to support good quality financial planning, management and oversight.

10. LEGAL IMPLICATIONS

- 10.1. Although governance per se is not a key decision requiring Cabinet approval, nevertheless, in the interests of transparency and openness, this report is bought to reflect the emerging governance structure and to fully set out top tier delegations to enable the operation of Freshney Place.

11. HUMAN RESOURCES IMPLICATIONS

- 11.1. There are no human resource implications arising from the above report.

12. WARD IMPLICATIONS

- 12.1. Freshney Place is situated within the West Marsh ward.

13. BACKGROUND PAPERS

- 13.1. 15th July 2020 – Future High Street Funding Cabinet Report – <http://www.nelincs.co.uk/wp-content/uploads/2020/07/Future-High-Street-Funding-Cabinet-Report.pdf>
- 13.2. 17th February 2021 – Future High Street Funding Cabinet Report - <https://democracy.nelincs.gov.uk/wp-content/uploads/2021/02/3.-Future-High-Streets-Fund.pdf>
- 13.3. 16th June 2021 – Future High Street Funding Cabinet Report – <https://democracy.nelincs.gov.uk/wp-content/uploads/2021/05/12.-Future-High-Street-Fund.pdf>
- 13.4. 20th October 2021 – Future High Street Funding Cabinet Report - [5.-Future-](#)

[High-Streets-Fund.pdf](#)

13.5. Grimsby Town Centre Masterplan -
<https://www.nelincs.gov.uk/assets/uploads/2020/12/Grimsby-Masterplan-Report.pdf>

13.6. 22nd June 2022 - Freshney Place Acquisition Cabinet Report - [4.-Freshney-Place-Acquisition.pdf \(nelincs.gov.uk\)](#)

13.7. 14th July 2022 – Freshney Place Acquisition Full Council Report - [Freshney-Place-Acquisition.pdf \(nelincs.gov.uk\)](#)

13.8. 21st September 2022 – Freshney Place: Leisure Scheme - [4.-Freshney-Place-Leisure-Scheme-Design-Report-21.09.22-v7.pdf \(nelincs.gov.uk\)](#)

14. CONTACT OFFICERS

14.1. Damien Jaines-White, Assistant Director Regeneration

14.2. Simon Jones, Assistant Director Law and Governance

14.3. Guy Lonsdale, Deputy S151 Officer

14.4. Richard Dowson – Head of Project Management

COUNCILLOR PHILIP JACKSON

LEADER OF THE COUNCIL AND

**PORTFOLIO HOLDER FOR ECONOMY, NET ZERO, SKILLS AND
HOUSING**

APPENDIX 1

Freshney Place Cabinet Committee

Core Terms of Reference

(Operating in accordance with the Cabinet Procedure Rules (Art.7))

1. Membership

Leader of the Council

Portfolio Holder for Finance, Resources and Assets

Portfolio Holder for Safer and Stronger Communities

2. Quorum

Three Members

3. Terms of Reference

- a. To oversee wider town centre and borough wide economic and regeneration strategy with an especial focus on Freshney Place acting as an enabler, catalyst and intrinsic part of such strategies with a view to increasing a more diverse town centre offer so as to underpin economic growth.
- b. Consideration and approval of annual business plan
- c. Consideration of significant levels of capital expenditure in connection with Freshney Place and its environs
- d. Consideration of investment into Freshney Place
- e. Approval of annual budget in connection with Freshney Place, acknowledging the exclusive role of Council in annual budget setting.
- f. Consideration of significant letting and occupancy proposals.
- g. Monitoring of overall performance

For further information.

At tactical level (Oversight Group) this will be led by the Executive Director Environment, Economy & Resources relying on existing constitutional delegations, namely (but not exhaustively):

In respect of Estates and Asset management:

- 1) in the case of any proposed acquisition or disposal, including those not qualifying as a Key Decision:
 - a) to consult with the relevant Portfolio Holder(s) prior to proceeding;
 - b) to notify the members for the relevant ward of the proposed acquisition or disposal, subject to any restrictions regarding the disclosure of "exempt" or confidential information;

- 2) to determine all matters in respect of the Council's portfolio of offices, operational and commercial property, save where any related decisions qualify as Key Decisions which must be referred to Cabinet;
- 3) to determine all property related compensation claims, blight claims, licences, way leaves or any other dealings (excluding tenanted housing management property), save where any related decisions qualify as a Key Decision which must be referred to Cabinet.

The constitutional officer scheme of delegation operates on the “cascade” principle. These arrangements include the power for officers to further delegate in writing all or any of the delegated powers to other officers (described by name or post) either fully, in part or under the general supervision and control of the delegating officer.

It is under this principle that the Assistant Director Regeneration, Deputy 151 Officer and Assistant Director Law and Governance, acting jointly or by two of them only and with engagement from the Asset Managers will operate and oversee the day to day operational aspects of Freshney Place as part of the Officers/Asset Managers forum described in the report.