



CABINET
DECISION NOTICE

Publication Date: 11th July 2019

At a meeting of the Cabinet held on 10th July 2019 the following matters were discussed. The decisions of Cabinet are set out below each item along with reasons for the decision and other options considered.

PRESENT: Councillor Jackson (in the Chair)
Councillors Cracknell, Fenty, Procter, Shepherd, Shreeve and S. Swinburn.

DN.14 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Lindley for this meeting.

DN.15 **DECLARATIONS OF INTEREST**

There were no declarations of interest made with regard to any items on the agenda for this meeting.

DN.16

MINUTES

The minutes of the Cabinet meeting on 5th June 2019 were agreed as a correct record.

DN.17

DELIVERY OF COUNCIL-OWNED HOUSING SITES

Cabinet received a report from Deputy Leader and Portfolio Holder for Regeneration, Skills and Housing providing an update on the Housing Zone status and recommending the Council move towards appointing an appropriate Investment Partner to move the project forward.

RESOLVED –

- (1) That the decision and all resolutions of 17th January 2018 be revoked (Decision Notice DN.95).**
- (2) That authority be delegated to the Director of Economy and Growth to commence a competitive process, to select an Investment Partner, enabling the delivery of new homes on the following sites: Western; Lindsey Lower, Matthew Humberstone and Second Avenue, recognising that Second Avenue will be a second phase site (subject to Sport England's formal approval of North East Lincolnshire's Playing Pitch Strategy).**
- (3) That authority be delegated to the Director of Economy and Growth to pursue access to all relevant central government and external funding programmes to support efforts to accelerate delivery of housing on surplus Council owned sites, subject to the adopted governance process.**
- (4) That the objectives set out in paragraph 1.8 of the report now submitted, be agreed and that they be considered in the process for the selection of the Investment Partner incorporating such objectives into any Agreement and relationship between the Limited Liability Partnership (LLP) and its developer/contractor.**
- (5) That a further report from the Director for Economy and Growth be received prior to any award arising out of Resolution 2 above, detailing the outcome of the selection process, setting out an officer recommendation to appoint an Investment Partner and providing all other relevant supporting information necessary in relation to the formation of a joint venture LLP arrangement, including the preferred developer/contractor to build and market the developed sites.**
- (6) That the LLP's objectives to include a requirement to comply with the conditions and requirements of the Homes England Accelerated Construction Funding and the Council's**

principles and code of conduct be agreed, within the new partnership.

(7) That authority be delegated to the Director of Economy and Growth to include additional sites within the partnership.

(8) That authority be delegated to the Director of Economy and Growth enabling appropriate financial resources to be provided thus enabling the effective procurement, management and delivery of the partnership, including appropriate legal and cost consultant advice; and to deliver the construction programme including the Accelerate Construction Funding programme.

REASON FOR DECISION –

1. An Investment Partner will bring private development finance and greater expertise to the project which is deemed appropriate. Replacing the DPP3 model will expand the opportunity for private investors to bid for the contract, rather than restricting it to those on the DPP3 framework. This method is supported by a JLL Delivering Options Analysis Report and a joint venture via an LLP is deemed the quickest route to construct new homes.
2. The recommended 'project' objectives have been developed by the multidisciplinary project team with input from external advisers and in the context of the Council's Corporate Objectives, which give clarity to potential partners and deliver a better 'fit' of organisations.
3. It is recommended that the Council form a joint venture via an LLP with the Investment Partner. LLPs are a mechanism that are open to Local Authorities when the activity has a core social benefit objective (such as building homes to meet local housing needs for affordable and market homes, and providing skills and training opportunities). There are significant tax benefits for LLPs, as LLPs are tax transparent in that each partner is taxed in accordance with its own tax regime and status.
4. The LLP approach will enable and facilitate additional sites to be included in the partnership to allow other land that the Council owns outright or has an interest in to be commercially developed.
5. The Investment Partner will agree to the ACF grant conditions, if the Council is able to successfully enter into the ACF funding agreement with Homes England
6. The selection of the 'best partner' for the Council is an important and complex decision that will require a multi-disciplinary project team involving regeneration, housing, planning, highways, legal

and financial services, as well as external specialist advisers. All necessary resources will be provided through existing budgets and external funding streams.

7. Based on the independent findings from the JLL Report (January 2019) and as a consequence of soft market testing (carried out in May 2018 – see Appendix 2) whilst recognising Cabinet (January 2018) agreed to procure a delivery partner through DPP3, an alternative option is proposed in this report. The Investment Partner route is preferred because it provides a stronger balance of control, pace of delivery and adaptability. It should also enable the Council to fulfil the requirements of the Accelerated Construction Funding (ACF) and meet its development objectives.

OTHER OPTIONS CONSIDERED –

1. Procurement of Delivery Partner through DPP3: This option was approved on 17th January 2018, and soft market testing in May 2018 was conducted through this framework. The subsequent soft market testing earlier this year found that the Council will have a wider set of interested partners if the opportunity is advertised openly rather than to a restricted pool of prospective partners. In addition the DPP3 framework documentation does not fit the requirements and ambitions of the Council and the estimated timescale is longer than the recommended option. Therefore this option is not recommended.
2. Council Direct Delivery: The Council could directly cover the cost of the housing delivery programme through prudential borrowing, and manage the procurement of contractor/house-builders with the support of an Investment Partner. This option would give the Council the greatest level of control but the Council would carry all the risk of funding, managing and delivering a major housing programme across four sites. Therefore this option is not recommended.
3. Straight Disposal: The Council could market these sites on the open market. This option would incur minimal cost but would give the lowest level of return and provide no control over pace of delivery. Therefore this option is not recommended.
4. Do nothing and just allow the sites to appreciate in value but lose the ACF and put the Council at risk of significant reputational damage with professional partners and the public.

DN.18

ADVANCED ENGINEERING UNIT, STALLINGBOROUGH

Cabinet received a report from the Deputy Leader and Portfolio Holder for Regeneration, Skills and Housing seeking permission to progress the Stallingborough Enterprise Zone.

RESOLVED –

(1) That authority be delegated to the Director of Economy and Growth, in consultation with the Portfolio Holder for Regeneration, Skills and Housing to:

- **Submit a full planning application for the construction of an advanced engineering and manufacturing unit on the Stallingborough Enterprise Zone.**
- **Subject to confirmation of grant funding, undertake the procurement of the development of an advanced engineering and manufacturing unit in accordance with the Contract Procedure Rules and Public Contracts Regulations 2015.**
- **Finalise lease terms with the tenant to take occupation on completion of construction.**
- **Deal with all matters arising from and ancillary to the above.**

(2) Subject to confirmation of funding, that authority be delegated to the Chief Legal and Monitoring Officer to settle and execute all documents arising.

REASON FOR DECISION – The decision is required to enable the conclusion of negotiations for the first occupier of the Stallingborough Enterprise Zone and also, to ensure that the Council has the opportunity to secure grant funding to support the development.

OTHER OPTIONS CONSIDERED – The Council could choose to do nothing. However, this would not fit with the principle of SHIP and without grant funding, the gap in the development case for the new build would be unlikely to be bridged and the build would be not take progress.

DN.19

HUMBER HIGH STREET CHALLENGE FUND

Cabinet received a report from the Deputy Leader and Portfolio Holder for Regeneration, Skills and Housing on the Council's participation in the Humber High Street Challenge Fund programme.

RESOLVED –

(1) That the proposal for the Council to participate in the Humber High Street Challenge Fund programme be approved, in the event that the programme is formally approved by the Humber Local Enterprise Partnership.

- (2) That authority be delegated to the Director of Economy and Growth, in conjunction with the Portfolio Holder for Regeneration, Skills and Housing, to enter into the appropriate legal agreements with Hull City Council to manage and deliver the Challenge Fund, including agreement of project appraisal, approval, contractual terms and claims/monitoring processes for the award of small grants to eligible businesses.**
- (3) That authority be delegated to the Director of Economy and Growth to seek and implement further external funding where appropriate to support delivery of the programme and in consultation with the Portfolio Holder for Regeneration, Skills and Housing to deal with all matters arising or ancillary to the above recommendations.**
- (4) That authority be delegated to the Chief Legal and Monitoring Officer to complete and execute all documents arising.**

REASON FOR DECISION – The Humber High Street Challenge Fund grant programme will provide funding for property owners to refurbish and re-use commercial properties. This will support economic growth and diversification; promote the economic re-use of heritage assets; and complement existing regeneration strategies and funding programmes.

OTHER OPTIONS CONSIDERED –

1. The Council could choose not to participate in the Humber High Streets Challenge Fund. This would reduce the funding available to the Council to support efforts to bring empty commercial properties back into use, and in turn increase National Non-Domestic Rate (business rate) income for the Council from those assets.
2. The 'do nothing' option would also have negative reputational impacts with key stakeholders/partners including Humber LEP, the other Humber local authorities, Historic England and Government departments during an important period of delivery for the Greater Grimsby Town Deal.

DN.20

REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000 UPDATE 2017/18

Cabinet received a verbal update from the Chief Legal and Monitoring Officer on activity conducted by the Council under the Regulation of Investigatory Powers Act (RIPA) 2000 during 2017/18 as required by the Home Office Code of Practice for Covert Surveillance and Property Interference.

RESOLVED – That the update confirming there was no RIPA activity conducted during 2017/2018, be noted.

REASONS FOR DECISION – Not a key decision, not applicable.

OTHER OPTIONS CONSIDERED – Not a key decision, not applicable.

DN.21

URGENT BUSINESS – CLEETHORPES REGENERATION PROGRAMME – SEA VIEW STREET

Cabinet received a report from the Portfolio Holder for Regeneration, Skills and Housing presenting a revised scheme layout for public realm works in Sea View Street.

This item was considered under the Special Urgency requirements as set out in the Council's Constitution, and with the agreement of the Leader and the Mayor. It was therefore not subject to the call-in procedure. This item was considered urgent to allow the detailed design of the Sea View Street scheme to be finalised and also to instruct the contractor to start on site in July 2019.

RESOLVED –

- (1) That the revised scheme layout for Sea View Street (to include a minimum of 11 car parking spaces where the current car park exists) be approved for implementation, as part of the Cleethorpes Regeneration Programme as laid out in Appendix 1 of the report now submitted.**
- (2) That the Director of Economy and Growth, in consultation with the Portfolio Holder for Regeneration, Skills and Housing be authorised to:**
 - Finalise the detailed design of the scheme**
 - Instruct the contractor to complete the required works**
- (3) That authority be delegated to the Director of Economy and Growth, in conjunction with the Portfolio Holder for Regeneration, Skills and Housing to take all actions necessary to secure the continued implementation and ultimate completion of the scheme and all ancillary issues arising.**
- (4) That authority be given to the Chief Legal and Monitoring Officer to execute any necessary documentation arising from the above.**

REASONS FOR DECISION – The delivery of the revised scheme in Sea View Street will further support and enhance the growth of the visitor economy and increase investor confidence.

The proposals are supported by funding from CCF with an expectation of expenditure during 2019. Cabinet approval is required to ensure that works can commence on site in July 2019.

OTHER OPTIONS CONSIDERED – Do nothing – this would not address the concerns raised by traders and likely lead to negative reputational implications.