

FRESHNEY PLACE CABINET SUB COMMITTEE

DATE	19 th July 2023
REPORT OF	Councillor Philip Jackson, Leader of the Council and Portfolio Holder Economy, Net Zero, Skills, and Housing
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director, Place & Resources
SUBJECT	Update on Management Arrangements at Freshney Place Shopping Centre
STATUS	Open
FORWARD PLAN REF NO.	CBSC 07/23/01

CONTRIBUTION TO OUR AIMS

Following the 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. Effective asset and property management arrangements for Freshney Place will support the operation of the centre, ensuring regulatory requirements are adhered to whilst ensuring a proactive approach to driving footfall, retaining tenants and attracting new occupiers.

EXECUTIVE SUMMARY

This report provides an update of the current management arrangements at Freshney Place Shopping Centre and sets out the process that will be undertaken to ensure this continues by seeking approval to procure and appoint appropriate professional services to support the Council in this regard.

RECOMMENDATIONS

It is recommended that the sub committee:

1. Notes the progress made since acquisition of Freshney Place Shopping Centre.
2. Authorises the Executive Director, Place & Resources, in consultation with the Leader of the Council to commence a procurement exercise to appoint professional asset management and property management providers and to carry out all activity reasonably arising, including award, implementation and mobilisation.
3. Authorises the Assistant Director Law and Governance (Monitoring Officer) to execute and complete all requisite legal documentation in relation to the matters outlined above.

REASONS FOR DECISION

To enable the continued effective management and operation of Freshney Place Shopping Centre.

1. BACKGROUND AND ISSUES

- 1.1 Following approval at 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 transformational change within Grimsby town centre.
- 1.3 As further outlined in the Cabinet report dated 22nd June 2022, the intention is that Freshney Place Shopping Centre will effectively be run at arm's length from the Council and be managed by appropriately qualified and experienced professionals, which will be subject to appropriate governance.
- 1.4 Furthermore, Cabinet on 19th October 2022 approved the following core principles and objectives for Freshney Place Shopping Centre.
 - 1.4.1 The centre is managed as a separate business unit.
 - 1.4.2 Agile and efficient management and decision making to enable appropriate response to a challenging retail market.
 - 1.4.3 Involvement of democratically elected Members at a strategic level.
 - 1.4.4 Good governance and sound internal control embedded into management arrangements.
 - 1.4.5 Decision making incorporating wider town centre regeneration strategic objectives alongside robust fiscal management.
- 1.5 To support the above, Cabinet approved two core functions that the Council required to run the centre:
 - 1.5.1 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.
 - 1.5.2 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.
- 1.6 Cabinet was also advised that because the Council was acquiring Freshney Place from a Receiver, at the time of acquisition there was no Asset Management function in place. Also, whilst the incumbent Property Manager agreed, to their credit, to continue until 30th September 2022, given a change in their business model following a takeover, they would not continue beyond this time. Consequently, given the need to move at speed regarding the acquisition

of Freshney Place both appointments outlined above were made on a short-term basis so that the functions were in place, and longer-term arrangements could be procured later.

- 1.7 Since the reports outlined above were considered and approved by Cabinet and Full Council, the Asset and Property Managers have undertaken their duties and enabled the Council to successfully operate the centre and achieve the principles and objectives above. However, as advised in paragraph 1.6, these appointments were made on a short-term basis and consequently there is now a need to reprocure both functions on a longer-term basis, to allow the continued operation of the centre.

2. RISKS AND OPPORTUNITIES

Since acquisition, the Council has implemented robust management to oversee the centre. Not procuring both Asset and Property management support would result in a variety of risks around health and safety, financial management and reputation. As highlighted within this report, it is intended that the Council will procure specialist management support, who would run the centre as an arm's length operation, reporting into the Council. This will ensure appropriate management expertise is in place to continue the successful operation of the centre.

3. OTHER OPTIONS CONSIDERED

- 3.1. Continue with current appointments - The Council could choose to extend the current appointments. The performance of the current Asset and Property Management providers is not in question, and both have provided good service. However, the initial appointments were made due to the short time available at the time of acquisition on the basis that a wider procurement exercise would be undertaken to fully test the market for these services, which this report proposes.
- 3.2. Bring in-house – The Council could choose to end the current appointments and bring both the Asset and Property management functions in-house. These are specialist services that the Council does not currently employ, plus this approach would counter the agreed position of operating Freshney Place at arms-length.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1. The continued successful operation of Freshney Place Shopping Centre is important to both the Council and Grimsby Town Centre as a longer-term decline in the centre would have a negative impact not only on the town centre, but the whole area, reinforcing impressions that the area is being left behind, or not receiving adequate investment.
- 4.2. Visible investment in Grimsby Town Centre will enhance the wider transformational regeneration projects currently ongoing, or in development, providing benefits for residents, businesses, investors, and visitors.
- 4.3. The Asset and Property management functions work closely with the Council's

Communications team and have identified all stakeholders including those directly impacted by the centre. This will continue following any procurement exercise undertaken, supporting the future operation of the centre, as the professional delivery team will continue to be part of future stakeholder engagement.

5. FINANCIAL CONSIDERATIONS

- 5.1. The annual cost of the Asset Management function is a separate consultancy fee that is not covered by the service charge of Freshney Place. This will be budgeted for by the Council and effectively paid from the rent received, as is currently the case.
- 5.2. The annual cost of property management forms part of the service charge budget of Freshney Place. Therefore, this does not need to be budgeted for by the Council.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

The successful operation of Freshney Place Shopping Centre will support its longer-term strategic future, which will provide improved amenities for children and young people in the North East Lincolnshire area.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

The scope to minimise the impact on the environment is considered in the Freshney Place Shopping Centre and opportunities to ensure sustainability and low carbon initiatives are incorporated at every opportunity.

8. CONSULTATION WITH SCRUTINY

Full Council approved the acquisition of Freshney Place and the principle of appointing Asset and Property management functions, to advise on the management and occupation of the centre.

9. FINANCIAL IMPLICATIONS

The procurement process will ensure that the Council achieves best value for money from the planned asset and property provider contracts.

10. LEGAL IMPLICATIONS

- 10.1. The ultimate longer-term procurement of Asset and Property managers was envisaged at the time of the acquisition of the site.
- 10.2. The procurement exercise will be conducted so as to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 and supported by relevant officers.
- 10.3. The delegations sought are consistent with an exercise of this nature.
- 10.4. Officers should note that an award constitutes a further decision and will be subject to completion of an Officer Decision Record. Where key decision criteria are met such Officer Decision Record will be subject to call in. Award

and implementation timelines should accommodate this.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications.

12. WARD IMPLICATIONS

This project is expected to benefit all wards and all residents living in North East Lincolnshire. Freshney Place is located in the West Marsh ward.

13. BACKGROUND PAPERS

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

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

14. CONTACT OFFICER(S)

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LEADER OF THE COUNCIL AND

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