



Officer Decision Record – Key Decision

Key decisions taken by an officer are subject to the 5 day call in period from circulation to Members, and therefore the decision will be released for implementation following the call-in period and no call in being received

1. Cabinet date and copy resolution this key decision relates to

Cabinet on 3 November 2021 approved the following:

1. That the submission of a summary business case to Department for Levelling Up, Housing & Communities (DLUHC) (formerly Ministry of Housing, Communities and Local Government) for the St James House project, be approved.
2. That authority be delegated to the Executive Director for Environment, Economy and Resources, in consultation with the Leader of the Council, and on behalf of the Greater Grimsby Board to take all actions necessary, including
 - a. Acceptance of £1.5m of grant funding from the DLUHC, (or such other sum as may be awarded) to support the St James House project.
 - b. Defrayal of the grant to E-Factor towards the acquisition of St James House.
 - c. Carry out any ancillary activity in support of the above recommendations.

2. Subject and details of the matter (to include reasons for the decision)

St James House is one of the six Grimsby town centre projects which form Grimsby's Town Fund programme. E-factor Group Limited (E-Factor) propose to retrofit the building to provide quality business space for offices, retail & leisure space, workshops, and other business led events which will attract footfall into the town centre.

The St James House project has been allocated £1.5m through the Towns Fund and E-Factor will be investing £956k.

The business case, submitted in November 2021, outlined project costs based on a detailed architectural quotation covering all fees and costs up to planning approval, as well as an in-depth review of the building and refurbishment costs required carried out by ENGIE in 2018/19 with relevant adjustments for inflation and the demand for materials.

Following significantly protracted legal matters, E-factor purchased the building in November 2022 and immediately moved to undertake asbestos and guano removal. This was needed to allow full access to the building and for a planning application to be finalised. Planning permission was granted in October 2023.

A competitive tender exercise was issued in September 2023, with a closing date of 31 October 2023. Five organisations submitted returns. Given the delays in acquiring the building, the well documented excessive pandemic and geopolitically driven construction inflation had taken hold, and all tenders were over budget.

Following further analysis, the preferred contractors have worked in some significant detail with the architects and other members of the professional team to value engineer the whole scheme and also, look at 'do less' options.

The resultant position is a phased scheme with the initial works comprising all the external works, the infill of the arches and creation of units on the ground floor and partial development of the second floor. This has been called Phase 1A and 1B. The works to the first floor, remaining works to the second floor, and a longer term aspiration for works to the roof to create a further suite and terrace, would all be subject to securing future funding.

E-Factor made an application to the Activation and Community Engagement Fund for £100,000 and this was considered by the panel on 21st February 2024. The panel were fully supportive of the project and felt that despite it being an exceptional amount requested, the economic and social value of the project is unique and adds value to the town centre. However, the grant is reliant on them securing the remainder of the funding required.

E-Factor have explored the possibility of additional capital grants which may be available and at present there are none that could be applied for immediately, other opportunities may present themselves after the decision deadline.

In view of this, E-factor have asked the council to consider two additional support mechanisms to allow them to accept the £100,000 offer through the Activation and Community Engagement Fund and enable to scheme to progress. This Officer Decision Record deals with one of these elements, namely.

The council underwrite a maximum of £147,000 against a future grant opportunity. Such grant would need to be secured by early / mid-Autumn to ensure they were in funds to complete the development. It should be noted that if E-Factor did not spend the full contingency sum, then any drawdown from the Council would be expected to be less than £147k.

3. Decision being taken

In accordance with the Cabinet decision dated 3 November 2021:

1. That the Executive Director for Place and Resources, in consultation with the Leader of the Council agree underwrite a maximum of £147,000 against a future grant opportunity.

4. Is it an Urgent Decision? If yes, specify the reasons for urgency. **Urgent decisions will require sign off by the relevant scrutiny chair(s) as not subject to call in.**

Yes. The preferred supplier have held their price for longer than would ordinarily be expected but are now at a point where a decision is required, and we are advised that the deadline is 18th March 2024.

5. Anticipated outcome(s)/benefits

The proposal is attracting a significant amount of private sector investment and creating 6,089 sq.ft. of small business floorspace in the town centre.

The project supports the objectives and opportunities identified in the Grimsby Masterplan, Local Plan and Economic Strategy.

6. Details of any alternative options considered and rejected by the officer when making the decision (this should be similar to original cabinet decision)

N/A

7. Background documents considered (web links to be included and copies of documents provided for publishing)

3 November 2021 – Cabinet

<https://democracy.nelincs.gov.uk/meetings/cabinet-63/>**8. Does the taking of the decision include consideration of Exempt information? If yes, specify the relevant paragraph of Schedule 12A and the reasons**

No

9. Details of any conflict of interest declared by any Cabinet Member who was consulted by the officer which relates to the decision (in respect of any declared conflict of interest, please provide a note of dispensation granted by the Council's Chief Executive)

N/A

10. Monitoring Officer Comments (Monitoring Officer or nominee)

The above reflects a measured commercial approach to the proposal in terms of support in the underwriting of a potential grant opportunity. The financial administration and affairs of the Council fall to the section 151 Officer (Executive Director Place and Resources) to discharge. It is not uncommon for the Council to intervene in terms of support to local Place and the coincidence of the stated aims and outcomes of the Council in terms of stronger economy and stronger communities. E-factor have an impressive track record of supporting business and other stakeholders. The Council is in a position to work with E-factor in identifying and supporting such opportunities. The Council has various mechanisms in place to reduce the potential of exposure to risk.

11. Section 151 Officer Comments (Deputy S151 Officer or nominee)

The recommendation to underwrite a maximum of £147,000 against a future grant opportunity is considered to be low risk. However there remains a possibility that the

Council would have to provide additional funding if a suitable grant opportunity cannot be identified by Autumn 2024. It is noted that E-Factor currently have a contingency sum of £96,000 built into its forecasts and the level of risk associated with this underwrite is therefore assumed to be less than £147k.

12. Human Resource Comments (Head of People and Culture or nominee)

There are no direct HR implications

13. Risk Assessment (in accordance with the Report Writing Guide)

The Council would be exposed to providing a payment later in the calendar year of up to £147k if alternative grants cannot be secured.

The preferred supplier have held their price for longer than would ordinarily be expected but are now at the point where a decision is required.

If the scheme does not proceed, then there are risks around clawback as there would likely be a shortfall from any disposal proceeds and it is unclear how E-Factor would fund this.

14. Has the Cabinet Tracker been updated with details of this decision?**15. Decision Maker(s):**

Name: Rob Walsh

Title: Chief Executive

Signed: REDACTED

Dated: 15.03.24

**16. Consultation carried out with
Leader of the Council :**

Name: Cllr Philip Jackson

Title: Leader

Signed: REDACTED

Dated: 15th March 2024

**17. If the decision is urgent then
consultation should be carried out
with the relevant Scrutiny
Chair/Mayor/Deputy Mayor**

Name: Councillor Oliver Freeston

Title: Chair of the Economy Scrutiny
Panel

Signed: REDACTED

Dated: 18th March 2024

Key Decisions are defined in the Constitution as:

A decision (whether taken collectively or individually by members) which is likely:

- (i) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (ii) to be significant in terms of its effects on communities living or working in an area comprising two or more wards.

A decision will be considered financially significant if:

- (i) in the case of revenue expenditure, it results in the incurring of expenditure or making savings of £350,000 or greater;

- (ii) in the case of capital expenditure, the capital expenditure/savings are in excess of £350,000 or 20% of the total project cost, whichever is the greater

In determining whether a decision is significant in terms of its effect on an area comprising two or more wards, consideration shall be given to:

- (i) the number of residents/service users that will be affected in the wards concerned;
- (ii) the likely views of those affected (i.e. is the decision likely to result in substantial public interest)
- (iii) whether the decision may incur a significant social, economic or environmental risk.