

TOWNS FUND: Reallocation of £3.7M from proposed Green Skills Hub to Freshney Place Development.

Position Statement.

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(Monitoring Officer).

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1. Preamble

- 1.1 To provide clarity and reinforce the treatment of £3.7M Towns Fund allocation, originally set aside for a “Green Skills Hub” proposed to be located within Grimsby Central Library and thereafter, its reallocation to support the Freshney Place development. The Freshney Place development being a strategic priority for the Council and closely aligned to the Grimsby Town Centre Masterplan.
- 1.2 This is with a view to address challenges, suggesting that the Council has not dealt with the matter transparently, within recognised governance frameworks and without a level of scrutiny.
- 1.3 It is intended that this statement be published on the NELC website.

2. Overview and Summary

- 2.1 The movement of £3.7M of Towns Fund grant monies, as above, was:

Supported by the Greater Grimsby Board.

Authorised by the Ministry of Housing, Communities and Local Government (MHCLG) upon proper application.

Was subject to open, transparent, and democratic consideration at:
 1. Economy, Culture and Tourism Scrutiny Panel – 5th December 2024
 2. Cabinet – 11th December 2024; and
 3. Full Council – 12th December 2024.
- 2.2 All decision making was conducted in public and after due consideration. There are no flaws in approach, nor has the Council acted unlawfully or inappropriately.

3. Background

- 3.1 North East Lincolnshire Council is a unitary authority following a Leader and Cabinet model. As a local authority it is obliged to operate within a strict statutory and regulatory landscape. Part of that landscape is the appropriate openness and transparency of its decision making. Therefore all decision making forums operate on an open and public basis, entering into closed session only where permitted by statute. Ostensibly, this is to consider exempt information within strict parameters set out in Schedule 12A to the Local Government Act 1972.
- 3.2 It is not the purpose of this position statement to cite all statutory and regulatory references by which the Council makes its decisions. Suffice it to say that the Council is cognisant of its duties and they are followed and adhered to appropriately.

4. Towns Fund and Masterplan

- 4.1 On its website at [Town Deal | NELC](#) the Council gives full background and detail around the Towns Fund and the Masterplan that the Council has adopted.
- 4.2 Simply, this is a government led, national initiative aimed at levelling up certain areas and making funding available for regenerative purposes.
- 4.3 The Greater Grimsby Board fulfilled a role of being a senior strategic body, working in partnership with the Council. Part of that role was (and continues to be) to steer and provide strategic direction to the development and implementation of place-making regeneration and the social and economic development of Grimsby and the wider borough of North East Lincolnshire. Full details of its members, meetings and papers can be found on our website at - [Greater Grimsby Board | NELC](#)
- 4.4 Within the Town Investment Plan [Grimsby-TIP-Section-1.docx](#) (*A joint document between the Council and Greater Grimsby Board*) the challenges and opportunities were laid out from a Place perspective. Public and stakeholder engagement was a key facet in reaching a vision and strategy for the town centre leading to the promotion of certain projects to government for regenerative funding.
- Riverhead Square
 - Garth Lane
 - Central Library – Innovation and Enterprise Hub*
 - St James Quarter
 - Alexandra Dockside – Victoria Mill
 - Town Centre Public Realm Connectivity
 - Activation and Community Enterprise Fund.

* *Central Library**PROJECT DESCRIPTION (Emphasis added)*

*Grimsby's Central Library opened in 1968 and is a substantial civic building in the heart of the town centre and currently underused. **The preferred future use for the full library building is to retain but improve the feel and layout of the library function on the ground floor and use the upper floors as an innovation and enterprise hub.** Currently, only some of the floors can be used by the public as the upper floor require upgrade to the mechanical and electrical systems and the current layout does not provide adequate provision for meetings, training, research or include modern staff facilities. **The creation of an innovation and enterprise hub will provide a space for more investment in skills and training, including digital skills and fostering an enterprise culture. Embedding digital and renewable energy generating services within the refurbished building would also future proof the facility and contribute towards carbon reduction.** The future use of this building would make a significant contribution to supporting growth and diversification of the town centre and be a catalyst for the redevelopment of adjoining sites*

- 4.5 Para 3.2.4 of the Greater Grimsby Assurance Framework under which the Greater Grimsby Board operates reflects:

“3.2.4 Stage 4. Delivery of TIP projects

The Board will delegate authority to the Council for the day to day delivery and operational decisions for the Towns Fund programme. The Board will be responsible for strategic programme decisions and for overseeing delivery of the programme, monitoring and evaluation of the individual projects and compliance with the Heads of Terms Agreement with government”.

- 4.6 The reallocation of £3.7M is deemed operational and part of the delivery phase of the Towns Fund Program. Therefore it is appropriate that the Council, through its Executive (Cabinet) and in certain cases (as set out below) Full Council, take decisions around these aspects.
- 4.7 It is a facet of good governance, and within the spirit of the Town Deal initiative, that the Greater Grimsby Board be consulted, and have a voice on such matters.

5. Freshney Place

- 5.1 At this time, Freshney Place was in private ownership and the Council was working with its owners on a partnership basis to realise wider town centre benefits via enhancement of the Freshney Place offer.
- 5.2 It is well rehearsed that mid-way through this dialogue, the owners entered administration and the Council stepped in to acquire the asset. The full background and rationale is set out extensively in a public and open Cabinet report [4.-Freshney-Place-Acquisition.pdf](#) (22nd June 2022).

- 5.3 Here the principle of acquisition was supported, subject to the support of Full Council.
- 5.4 The report carries analysis of a range of town centre projects and funding streams underpinning a regenerative approach. The background papers cited within the report give more detailed and wider context.
- 5.5 Subsequent to the referral to Full Council by Cabinet, a Special Full Council meeting was held on **14th July 2022** in public.
- 5.6 Subject to an amendment, not to proceed by way of compulsory purchase order, the acquisition was supported on a recorded vote of 31/3.
- 5.7 The minutes of this open and public meeting are at [Special Meeting of Council | NELC](#)

6. Green Skills Hub.

- 6.1 As articulated in the PAR, [para 6.3 refers] there were alternative delivery options, primarily around education and skills, that could be relied on, in order to achieve the same strategic outcomes as those anticipated being met by the proposed Green Skills Hub. This meant that the funds originally allocated to the Hub, could feasibly be allocated elsewhere.

- 6.2 This is evidenced in the PAR:

The original proposal also included provision of a Green Energy Hub. However, this was more focused on providing further education provision within the library building, which would serve the low carbon energy sector. The reason for changing the project is that it was more cost effective for the principal education partner, Grimsby Institute for Further & Higher Education (GIFHE), to deliver this element within their existing campus.

- 6.3 With funds having being secured through government funding, published guidance states that such changes be captured via a Project Adjustment Request (PAR) [Project Adjustment Request \(PAR\) changes: Town Deals, Levelling Up, and Future High Street Funds - GOV.UK](#)
- 6.4 Officers entered into dialogue with the Ministry of Housing, Communities and Local Government (MHCLG) regarding the potential for the reallocation of part of the Town Deal funds to the Freshney Place leisure scheme on **13th September 2024**. Receiving a preliminary positive response, dialogue continued throughout the whole process, with MHCLG appropriately leading and guiding the PAR process.
- 6.5 Initially MHCLG were minded merely for the Council to seek engagement with the Chair of the Greater Grimsby Board, but subsequently requested that the Board

itself be consulted. Therefore, all Members of the Greater Grimsby Board were emailed on **1st November 2024** on the following basis:

“Dear Board member,

We are writing to advise you of a proposed Project Adjustment Request (PAR) for our Towns Funding to accelerate the delivery of our Freshney Place leisure scheme, and to seek your approval.

As you are aware, since the development of the schemes in the Town Investment Plan (TIP) in 2020, projects have faced significant and unforeseeable challenges on the road to delivery, particularly due to inflation escalating construction costs, in some instances in excess of 100%, and also both supply chain and labour availability challenges. Chief amongst the TIP projects are two key transformational projects that are essential to the delivery of the masterplan, these being the delivery of town centre living, where Keepmoat have now been appointed with planning expected later this year, and the second being the leisure scheme. The leisure scheme seeks to rebalance both the Freshney Place shopping centre and the wider town centre, which has an over-reliance on retail.

The leisure scheme has planning permission approved, all required units now vacated, a confirmed cinema and food and beverage pre-let, and costs from a principal contractor ready for construction to commence at pace. However, costs are unsurprisingly in excess of the original funding envelope and following a recent cost engineering exercise currently stand at circa £49.9m vs £30.9m. The Council is likely to be prepared to fund some of the additional cost but given wider financial constraints, it is seeking to reallocate funding from a lower tier project into this remaining transformational scheme to ensure that it delivers the scope and impact originally intended.

The proposal is to reallocate £3.7m of the Towns Fund Central Library project to the LUF supported Freshney Place leisure scheme. The library, while an important scheme, is a functional building to the public eye, and some of the outputs have already been achieved in a different manner through the innovative Projekt Renewables installation. *There is ambition to undertake the remaining capital works in the future, but we believe that focussing funding towards the most important regeneration schemes for the town, whilst still achieving outputs from the original library building scheme, is the best option. In comparison, the area in Victoria Street earmarked for the leisure scheme has a large area of vacant and redundant units with a deteriorating street scene. This attracts vandalism and anti-social behaviour, gives a negative perception of the town centre, and prevents businesses from having the confidence to invest. To enable and encourage growth and provide transformative regeneration in the town centre, the leisure scheme is the project which our residents and businesses are most keen to see completed and will have the biggest impact for the town centre.*

In the absence of a Greater Grimsby Board meeting in the diary, we are writing to ask for your support in this matter to enable us to progress the PAR at pace.

*We would appreciate it if you could confirm if you are supportive of this proposal by no later than close of play on **Wednesday 6th November 2024**”.*

6.6 A quorate amount of emails in support were received by **14th November 2024**.

- 6.7 MHCLG approved the PAR sought on **28th November 2024** on the following basis:

The proposal is to reallocate £3.7m of the Towns Fund Central Library project to the LUF supported Freshney Place leisure scheme. *The Grimsby Town Centre Masterplan, as adopted in Oct 2020, identifies a variety of projects to revitalise Grimsby Town Centre and many of these are already underway. Chief amongst these projects are two key transformational projects that are essential to the delivery of the masterplan, being the delivery of town centre living, where Keepmoat have now been secured and also, the leisure scheme. The leisure scheme seeks to rebalance both the Freshney Place shopping centre and the wider town centre, which has an over-reliance on retail, with a multi-use redevelopment comprising a pre-let cinema, food & beverage units, one of which is pre-let, a leisure opportunity and a new progressive market and food hall. The scheme has full planning permission, costs from a principal contractor and is ready to be delivered. Costs are unsurprisingly in excess of the original funding envelope - circa £49m vs £30.9m. The Council is likely to be prepared to fund some of the additional cost but given wider financial constraints, it is seeking to reallocate funding from a lower tier project into this remaining transformational scheme which has rounded support from the Town Board and other stakeholders. Since the Council stepped in to acquire Freshney Place, the centre has seen a variety of successes including previous tenants come back to the scheme and current tenants recommit. The concern is if the leisure scheme does not move forward, this success risks being reversed and the outcomes of the masterplan*

Their email:

From: Towns Fund <Towns.Fund@communities.gov.uk>

Sent: 28 November 2024 14:28 **To:** Assistant Director Regeneration, North East Lincolnshire Council; Economic Development Business Manager, North East Lincolnshire Council

Cc: Deputy Area Lead for Greater Lincolnshire, East Midland Team; Redacted email address of one of the senders

Subject: RE: Grimsby PAR confirmation

OFFICIAL-SENSITIVE

Good Afternoon,

Many thanks for your Project Adjustment Request (PAR) to redirect Town Deal funding to the Freshney Place leisure scheme. **We are pleased to confirm this request has now been approved.** conditional on the council revising the original M&E plan that was submitted with the PAR.....

- 6.8 Buoyed by this approval and with an eye on achieving delivery of the Freshney Place scheme in the face of rising costs, a report to Cabinet was prepared with an anticipated referral to Full Council given the need to flex the extant Budget Policy.
- 6.9 In advance of the Cabinet meeting of **11th December 2024**, the matter was brought to a public meeting of the Economy, Culture and Tourism Scrutiny Panel on **5th**

December 2024. This was for a pre-decision scrutiny exercise and the minutes of this public meeting are published at - [4.-ECT-Scrutiny-Minutes-5th-December-2024.pdf](#)

- 6.10 Those minutes reflect that the panel was supportive of the scheme continuing and were cognisant of the diversion of funding streams:

The panel gave detailed consideration to the proposals within the report and expressed a will for the scheme to succeed. However, panel members sought clarification on a number of points, including:

- Community safety in Grimsby town centre
- The requirement for additional borrowing and the risk associated with that being spread across 40 years
- **The proposed diversion of funding streams**
- The valuation of Freshney Place and the increased car park refurbishment costs
- Asbestos removal costs

Officers present provided responses on these matters.

RESOLVED – That the recommendations within the report now submitted be noted and that it be recommended to Cabinet that further evidence be provided for some of the key assumptions, along with a contingency strategy, to help ensure the scheme’s viability and address growing public concern about Council finances.

- 6.11 The support of the Greater Grimsby Board is reflected in the open and public Cabinet report of **11th December 2024** and specifically referenced at paragraph 3.33 - [7.-Freshney-Place-Leisure-Scheme-Cabinet-Report.pdf](#)

3.33 The current anticipated funding make-up for the scheme is as follows:

- £20.0m Levelling Up Fund
- £ 2.1m Devolution brownfield funding
- £ 2.0m Towns Fund Public realm & connectivity
- **£ 3.7m Towns Fund reallocation**
- £10.9m Approved borrowing
- £38.7m Total

As mentioned earlier in the report, a comprehensive LUF bid was submitted following the acquisition of Freshney Place and was approved in March 2023.

The Brownfield funding above, which was subject to an extensive business

case, forms part of the £4.1m secured for North East Lincolnshire as part of the Greater Lincolnshire devolution deal.

The public realm funding is part of the public realm and connectivity element of Towns Fund which totals £3.2m. It is envisaged that £2m will be utilised towards supporting the public realm aspects of the project with the remaining £1.2m covering other works within the town centre, potentially focusing on and around Victoria Street.

The Towns Fund reallocation relates to the movement of the remaining funds from the green hub project to the Leisure Scheme on the basis a number of the outcomes are being delivered differently. It has been approved by the Greater Grimsby Board and the Ministry of Housing, Communities and Local Government (MHCLG)

6.12 The Cabinet report carried a number of recommendations, significantly:

5. That subject to Recommendation 6 the Executive Director Place and Resources, acting as S151 Officer, be authorised to:

a. increase the Council's capital programme budget from £30.9m to £49.96m.

b. increase the external borrowing requirement of the Council by £11.26m.

c. undertake further borrowing as may reasonably be required, subject to such borrowing being affordable from within the Freshney Place budget envelope.

d. subject to any external grant conditions, to deal with the reallocation of Towns Fund monies of £3.7m to the Freshney Place Leisure Scheme.

6. That acknowledging that the increased cost of delivery and budgetary support for that lay with Full Council, to refer such request for support to the next Full Council meeting with the following recommendation:

a. That in receiving the Cabinet Report of 11th December 2024, Full Council acknowledges the analysis of the increased budgetary ask and approves a variance to the 2024/2025 budget policy to facilitate and meet such ask

6.13 In accordance with the recommendations of Cabinet, the matter was referred to Full Council.

6.14 A public Full Council meeting took place on **12th December 2024**.

6.15 The published minutes of that meeting [6.-DRAFT-Minutes-12th-December-2024.pdf](#) reflect the following resolution:

RESOLVED –

1. That in receiving the Cabinet Report of 11th December 2024, the analysis of the increased budgetary ask be acknowledged and a variance to the 2024/2025 budget policy to facilitate and meet such ask be approved.
2. That the Executive Director Place and Resources, acting as Section 151 Officer, be authorised to:
 - a. increase the Council’s capital programme budget from £30.9m to £49.96m.
 - b. increase the external borrowing requirement of the Council by £11.26m.
 - c. undertake further borrowing as may reasonably be required, subject to such borrowing being affordable from within the Freshney Place budget envelope.
 - d. subject to any external grant conditions, to deal with the reallocation of Towns Fund monies of £3.7m to the Freshney Place Leisure Scheme.**
3. That a cross party working group be formed to have oversight of the council's ongoing regeneration programme, including the Freshney Place Leisure Scheme.
4. That finalisation of the terms of reference of the working group and cross party membership be delegated to the Chief Executive, in consultation with the group leaders, with the first meeting to take place by the end of February 2025, meeting on a bi-monthly basis thereafter

7. Summary of the Monitoring Officer

- 7.1 The reallocation of Towns Funding from a proposed “Green Skills Hub” to the Freshney Place scheme has been dealt with appropriately, transparently, in accordance with central government guidance, and dealt with publicly at all tiers of local authority governance.
- 7.2 The reallocation was supported by the Greater Grimsby Board who were consulted prior to a formal application (PAR) to MHCLG.
- 7.3 That support was referenced in an open and public Cabinet report (11th December 2024).
- 7.4 The matter received pre-decision and public scrutiny via the Economy, Culture and Tourism Scrutiny Panel on 5th December 2024.
- 7.5 In an open and public Cabinet meeting the principle of the reallocation, amongst other pertinent matters, was supported, and referred to Full Council.
- 7.6 Such referral was appropriate given the flex required in the budget policy set by Full Council, and it being for Cabinet to implement. This position is openly captured in

my comments in the Cabinet report of 11th December 2024 and repeated below for ease of reference**.

- 7.7 As Monitoring Officer of this Council I am satisfied that the above precis of the governance journey taken by this matter reflects that it has been conducted openly, transparently and lawfully.
- 7.8 It has been subject to consideration by the Greater Grimsby Board, MHCLG and has traversed through all principal and public tiers of governance within this authority.
- 7.9 It has received full democratic oversight and regard by the appropriate scrutiny panel, been considered by Cabinet, and ultimately supported by Full Council.
- 7.10 There is nothing further that the authority could have, or should have done, in settling this matter.

>Original Signed<

SD Jones
Assistant Director Law and Governance
(Monitoring Officer)

****13. LEGAL IMPLICATIONS** (*Taken from the Cabinet report of 11th December 2024*)

13.1 The procurement of a third-party market operator will assist the Council in its value for money obligations and such provision is consistent with the stated aims and objectives of the Council underpinning its strategic objectives of Stronger Economy, Stronger Communities.

13.2 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.

13.3 The delegations sought are consistent with an exercise of this nature.

13.4 The terms of the constitution and its intent are clear and unambiguous. Whereas Full Council approves or adopts the Council's Policy Framework and annual Budget, it is for Cabinet to make in-year decisions on resources and priorities in order to deliver the Budget.

13.5 However, Cabinet is only permitted to operate within the financial limits set by Full Council by way of the Budget.

13.6 Only Full Council can authorise any decision that would otherwise be contrary to the policy framework. With the increase in the cost of delivery of the scheme it is right that Full Council be engaged in order to decide whether or not to flex the budget so as to permit delivery, within revised limits.

13.7 Therefore, whilst Cabinet may decide to implement the scheme, it may only do so on the proviso that Full Council is supportive of making adequate budgetary provision.

Monitoring Officer Statement

The narrative of this report is a natural extension to the report underpinning the decision to acquire Freshney Place as a catalyst to local and Town Centre regeneration. In the interim period, and consistent with the motivation of transforming the Town Centre and the fortunes of the borough, the Council has secured a range of external grant funding to support the clear market failure. There is robust governance and decision making in place to support the implementation of the anticipated Leisure Scheme and had it not been for the revised cost of delivery, articulated more fully in the above report, and supported by external analysis, delivery would likely have been underway. On the basis that Elected Members will be considering a flex to the extant Budget, they are respectfully reminded of their fiduciary duties in considering budgetary elements so as to benefit residents and Place and to act in the best interests of the public. Elected Members are also required to have especial regard to the professional opinion of the S151 Officer and statement around the robustness of estimates and adequacy of reserves.