

REPORT TO:		Cabinet	
DATE:		21 June 2023	
PORTFOLIO:		Cllr Mohammed Younis – Levelling Up	
REPORT AUTHOR:		Steve Riley – Executive Director (Environment)	
TITLE OF REPORT:		Levelling Up Funding Update	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	Options	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of Report**

- 1.1 To update Cabinet and members on the Council’s Levelling Up Funded (LUF) interventions and work on assembling the team required to deliver them.

2. **Recommendations**

- 2.1 That Cabinet note the LUF Update, including the outputs from the previous work stage and the plans for the upcoming work stage.

3. **Reasons for Recommendations and Background**

- 3.1 Cabinet has given its formal approval in support of the Stakeholder Board’s recommendations that the Council’s £23m LUF submission should focus around the following three principal interventions;

- Redevelopment to an area within the Indoor Market Hall and outdoor pavilions along Peel Street – the intervention known as Market Hall.
- Improvements and redevelopment to the properties of 43-59 Blackburn Road / 2-4 Church Street – the intervention known as Market Chambers.
- Improvements and redevelopment to the block 61-69 Blackburn Road – the intervention known as Burtons Chambers.

- 3.2 The last formal updates to Cabinet on the proposed Levelling Up Funded projects was in February, recommending accepting the LUF and LCC’s match funding and the following month in March, recommending the making of a CPO where it not be possible to secure the necessary acquisition/vacant possession by agreement for Burtons Chambers.

- 3.3 Due to the Council continuing to undertake some essential work on the project at a relatively small financial risk before any announcements were made, officers were in a position to finalise the appointment of the Programme Director within a week of formal notification the Council would receive funding. The Project Director will be using the

PRINCE2 Project Management methodology agreed for the project, and has prepared a Stage Plan/Report. The report is attached as Appendix A and explains the work streams that were progressed during the initial RIBA2 refresh/review stage and proposals for the next stage.

- 3.4 The Royal Institute of British Architects offer an industry standard plan approach which comprises of eight separate work stages that each address a required phase of a construction projects progression, from inception through to completion. Each RIBA work stage has clear tasks and outputs, which offer as both a process map and a management tool. This helps to ensure that work is carried out and completed to the high professional standard that is expected. Whilst an architect is not obligated to use this plan, it has become an unofficial industry standard.

RIBA2 Stage

- 3.5 The key findings from the outputs produced during the RIBA2 stage were:

- To identify the potential for any 'enabling' works that may be able to be undertaken ahead of the main redevelopment works starting in 2024, ensuring works start as soon as possible, helping to mitigate programme risks given the extremely tight funding spend deadline.
- A review of the design for the Market Hall offering, identifying a model that is most likely to attract a strong operator interest by investigating an option to introduce complementary use/s, which encourage customers across a greater spread of the week (weekdays/earlier in the day) and from a wider demographic, could be explored.
- A review of the design for the Shared Workspace, identifying that the draft layout may have the potential to be more efficient. The design for additional floor space on the roof should be re-explored, as the extension indicated in the current design may not be the best way to achieve the required outputs. There is also a lack of infrastructure to generate green energy which if incorporated on the roof space would reduce the financial risk of operating the facility and finally that developing a parking strategy for the facility needs prioritising.
- Whilst the term of any contractual relationship has yet to be decided, there is a recommendation that the optimum contracting model for the Market Hall is likely to be a Lease, and for the Share Workspace a Management Agreement.
- Identification of the agents and legal advisors team that will be best placed to make recommendations on the procurement of these operators and which has been based on the consultant's recent experience with working on similar offerings for both private investors and other local authorities.
- A recommendation that whilst the previously adopted procurement strategy be maintained, in that its recommendation for frameworks are to be used, that the frameworks to be considered should be broadened from just SCAPE and NHS SBS to include, for example, North West Construction Hub. That for each works

procurement, a review should take place to ensure the most appropriate framework or Dynamic Purchasing System for that particular requirement is considered and where appropriate is selected.

- Reviewed the work undertaken for bid submission which identified design readiness and where further work is required to enable the project to progress to the next RIBA work stage.
- Reaffirming design proposals, which whilst will still be subject to input from an operator and/or planning requirements, will permit the costs consultants to provide a greater level of assurance the three interventions can still be delivered within the £23m budget envelope.

3.6 The report then summarises the plans for the upcoming stage, RIBA3 Design, Refresh and Remobilisation stage, including the team makeup that will be required to deliver it.

3.7 The Officer Project Group identified as required in the July 2022 Cabinet report, once funding was confirmed, has now been established. This group will be tasked with overseeing delivery which includes officers from a number of the Council's teams such as Financial Services, Internal Audit, and Legal Services etc.

3.8 **Property Acquisitions / Leaseholders**

Burtens Chambers

- Freehold interest in the building secured in February and received notification of the Competition of Registration from the Land Registry on 25 May.
- One leasehold tenant in process of signing new lease to relocate into one of the Council's premises along Broadway and will have vacated the building by the end of summer.
- The other leasehold tenant has appointed consultants to search for suitable alternative premises and to advise them on property relocation / disturbance costs and any other relevant costs involved in surrendering the lease.
- At its meeting in March 2023, Cabinet authorised the making of a CPO where sale by agreement cannot be achieved.

Market Chambers

- Five freehold and 18 leasehold interests have been identified within the building.
- Dialogue with three of the five freeholder's progressed sufficiently to achieve sale by agreement. The remaining two have now entered into a dialogue with the Council's property acquisition consultant CBRE.
- By the end of May, CBRE had also reached out to all leaseholds within the building, updating them on the Council's plans and how they could seek further information from CBRE.
- Cabinet being ask to consider authorising the making of a CPO where sale by agreement cannot be reached at its meeting in June 2023

The Market Hall

- The Market Hall is within the Council's ownership.
- All but three existing tenants have signed new lease agreements which expire on the 31 December 2023. Of those three, one has entered into a dialogue with CBRE to dissolve the company and surrender the lease. The other two tenants continue to have a dialogue with the Council to agree Heads of Terms for a new lease.
- A Decant Manager will have been appointed by the time of the Cabinet meeting to manage the smooth transition of decanting traders into temporary accommodation in time for the start of redevelopment works in 2024. Whilst the final cost of this decant work is unknown at the moment, there is a budget within the LUF funding to deliver this.

4. **Alternative Options Considered and Reasons for Rejection**

- 4.1 The report is just for noting as Cabinet has previously approved accepting the LUF funding/LCC match funding, adopting a procurement strategy and the appointment of a Project Director.

5. **Consultations**

- 5.1 Progress updates continue to be provided through the regular Leaders and MP meeting with the Chief Executive and the Council's Corporate Management Team.
- 5.2 An update from the Project Director was delivered to the Accrington Town Centre Stakeholder Board meeting on 8 June. A further update with the Market Traders has been arranged for 26 June and the Portfolio Holder and Project Director have been invited to the Special Scrutiny Committee meeting on 24 July.

6. **Implications**

Financial implications (including any future financial commitments for the Council)	<p>Notification of LUF funding approval was received in January 2023 and the Council has now received the signed MoU from DLUHC which confirms the £20m funding.</p> <p>The first payment in the sum of £3.8m was received by the Council on the 25 May. This figure was based on the submitted funding bid spend profile, which anticipated funding being award in Autumn 2022. Due to this delay, it is significantly higher than actual spend to date, providing for a positive cash flow, although a number of property acquisitions are in line to be completed over the summer period.</p> <p>Moving forward, funding will continue to be paid to the Council in July and January each financial year, (3 months in arrears and 3</p>
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	<p>months in advance) based on the submitted bid spend profile.</p> <p>Whilst the full report on the updated cost estimated is not due until after the week of the Cabinet meeting, the cost consultants have not made council officers aware of any serious concerns during the meetings to progress this work.</p> <p>Further cost reviews/updates will be undertaken at the time of submitting a formal planning application and again prior to the tender exercise for the main construction works. This allows for regular budget checks and other than unforeseen issues, where estimated costs exceed the budget, designs/works to be amended to hopefully bring costs back in line with the budget envelope.</p>
<p>Legal and human rights implications</p>	<p>The LUF funded projects are still being supported by the Council's appointed legal advisors Womble Bond Dicking and property acquisition consultants CBRE.</p> <p>The Council's Executive Director (Legal and Democratic Services) is providing support to the Project Director with regards to terms and conditions for consultant contracts and/or agreements to be entered into by the Council.</p> <p>There are no human rights implications for this report.</p>
<p>Assessment of risk</p>	<p>The Levelling Up fund spending timescales are extremely tight with funding criteria requiring spending to be completed by 31 March 2025. Whilst there is a suggestion in the funding guidance spending may be permitted within the financial year 2025/26, this is only in exceptional circumstances and at the sole discretion of the funding body, DLUHC.</p> <p>There is a risk of not delivering the interventions within the LUF timescales given the extremely tight timescales. Work is being undertaken to re-schedule some of the project works earlier or in parallel, aiming to</p>

	mitigate this risk. However this remains a key risk to the project and will do until completion.
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	N/A for this update report.

**7. Local Government (Access to Information) Act 1985:
List of Background Papers**

7.1 Appointment of an external consultant report to Cabinet
<https://democracy.hyndburnbc.gov.uk/ieListDocuments.aspx?CId=133&MId=2609&Ver=4>

Levelling Up Funding Bid update report to Cabinet
<https://democracy.hyndburnbc.gov.uk/ieListDocuments.aspx?CId=133&MId=2611&Ver=4>

Town Centre Investment Plan and Levelling Up Funding bid update report to full Council
<https://democracy.hyndburnbc.gov.uk/ieListDocuments.aspx?CId=130&MId=2603&Ver=4>

General Revenue Budget, Council Tax and Capital Programme 2022/23
<https://democracy.hyndburnbc.gov.uk/ieListDocuments.aspx?CId=133&MId=2616&Ver=4>

Levelling Up update to Cabinet
<https://democracy.hyndburnbc.gov.uk/ieListDocuments.aspx?CId=133&MId=2695&Ver=4>

Authorisation for making of CPO for Burtons Chambers
<https://democracy.hyndburnbc.gov.uk/ieListDocuments.aspx?CId=133&MId=2701&Ver=4>