

CABINET	AGENDA ITEM No. 11
16 January 2023	PUBLIC REPORT

Report of:	Adrian Chapman, Executive Director Place and Economy	
Cabinet Member(s) responsible:	Cllr Wayne Fitzgerald, Leader of the Council	
Contact Officer(s):	Karen Lockwood, Programme Manager	Tel. 07825 02794

TOWNS FUND BUSINESS CASE – THE VINE

RECOMMENDATIONS	
FROM: Executive Director, Place and Economy	Deadline date: 16 January 2023
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> Approves the Town Deal Summary Document, as set out at Appendix 1 of this report, and its submission to the Department for Levelling Up, Housing and Communities (DLUHC) for approval in line with our agreed Towns Fund programme. 	

1. ORIGIN OF REPORT

- The report is submitted to Cabinet as recommended by the Executive Director Place and Economy, as part of the internal assurance process for the submission of Towns Fund project summaries to DLUHC for subsequent project funding.

2. PURPOSE AND REASON FOR REPORT

- The purpose of this report is to set out the necessary steps to secure funding, allocated to Peterborough City Council through the 2021 Peterborough Town Deal, in relation to The Vine Town Deal project.

Submission of the business case and subsequent funding provides a further £8.688m capital investment which will deliver a mixed-use, multifunctional hub for commercial, community, library, cultural and civic activity on Bridge Street in Peterborough City Centre. This hub is known as The Vine.

£4.0m of Towns Fund monies have already been received for this project, therefore, the total Towns Fund capital monies requested will be £12.688m, plus £392k for revenue PMO; total value of Towns Fund request for the project is £13.08m.

The Vine will be located at the former TK Maxx at 64-68 Bridge Street.

- This report is for Cabinet to consider under its Terms of Reference No. 3.2.3, *'To determine any key decision (as defined in Article 11 – Decision Making), with the exception of any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder.'*

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	NA
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4. BACKGROUND AND KEY ISSUES

4.1 In late 2020 Peterborough submitted a Town Investment Plan (TIP) to government. The Heads of Terms (HOT) offered to Peterborough as a result of the TIP were signed in January 2021. The HOT outlined that Government will provide up to a total of £22.9 million from the Towns Fund to enhance Peterborough city through economic growth and development and in return Peterborough would seek to secure the match funding set out in the TIP and deliver projects which resulted in agreed social, economic and environmental outcomes for the city.

4.2 A suite of projects was proposed, and the Council has prioritised these projects within the funding envelope offered. Funding for individual projects is released by submission of business case summary documents which set out detailed project development and analysis against Her Majesty's Treasury 5 Case model, setting out the Strategic, Economic, Financial, Commercial and Management Cases for the project. The full business case is reviewed and assured at a local level and then submitted in summary to DLUHC.

4.3 Upon DLUHC approval of the summary document, funding will be awarded to the Council for the project within 3 months. The Vine project is offered here as part of the local assurance process. The DLUHC funding requested is as follows:

2020/2021	£4.0m	Capital received
2022/2023	£8.688m	Capital to be requested
Capital Total	£12.688m	
Revenue Total	£0.3924	PMO contribution at 3%
Project Total	£13.08m	

4.4 The governance timeline is:

- 14 December 22: Town Deal Board endorsed
- 4 January 23: Business Case assurance by Senior Responsible Officers and S151
- 16 January 23: Cabinet recommendation presented
- 31 January 23: Submission of summary documents to DLUHC (appended)
- April 23: DLUHC approval to PCC of submission
- June 23: Towns Fund monies received by PCC

4.5 The key highlights for the Cabinet to consider include the following:

An Outline Business Case has been completed. The Vine will be a mixed-use, multifunctional hub for commercial, community, cultural and civic activity at the heart of Peterborough City Centre. It seeks to combine a library and learning environment, with small commercial units to provide opportunities for local enterprises to grow. These uses will provide an inclusive place to work and visit, drawing footfall to the area and helping support the viability of the local high street.

If the funding gap described later in this report can be addressed, the facility will accommodate a mix of uses summarised below:

- A library offering
- Food and beverage
- Formal education, skills and training space
- Informal study space for children
- Meeting rooms for community and council use
- Events space to support cultural activities, exhibitions and gallery space for local artists

- Business incubation space for start-up companies
- Space for partner organisation to deliver information and advisory services

The facility will be operated on a commercial basis by a private operator, acting as tenant to PCC as landlord of the asset.

If the funding gap cannot be resolved, one of the alternative options described in section 9 will be developed.

- 4.6 One of Peterborough's goals is for economic growth, development and regeneration across Peterborough's communities. The Vine will provide a multi-purpose asset catering for diverse but complementary uses, will revitalise Peterborough City Centre, strengthen civic and community institutions, foster the city's entrepreneurial spirit, unlock its cultural potential and build resilience in the local economy.

5. CORPORATE PRIORITIES

- 5.1 The following outlines how the recommendation links to the Council's Corporate Priorities:

The Economy & Inclusive Growth

Environment/Carbon Impact

The project will support PCC's ambitions for Net Zero through positively impacting on the carbon emissions of this city centre former retail building through: passive design optimisation; reduction in operational energy demand and consumption; the elimination of fossil fuels currently used in this building; the provision of on-site renewable energy and storage; limiting upfront embodied carbon; considering whole life carbon in conjunction with whole life costing; and publicly disclosing performance annually using the WRAP database.

The use of the building will result in additional emissions from its heating and electricity use in comparison to the current unoccupied state, however this will be minimised through a fabric first approach of improving energy efficiency. Travel emissions will be reduced due to provision of cycling facilities and waste will be minimised, both in construction and operation.

Our Places & Communities

Lives and Work

The project creates an environment where people want to invest, work, visit and play through the development of the Vine and its uses. It will create new jobs and offer incubation space for new start-up companies and an inclusive place for people to work and visit. It will draw footfall to the area and support the local high street. It will also provide a food and beverage offering and events space for cultural activities, exhibitions and gallery space. These uses will enable effective community engagement and strong partnerships.

Prevention, Independence & Resilience

Educations and Skills for All

One of the uses for the Vine is to provide space for formal education, skills and training. This will improve the local skills base and increase provision of skills development and vocational training.

6. CONSULTATION

- 6.1 This document has been produced in collaboration with colleagues across the Place and Economy Directorate and its partners.

The Towns Fund Programme has a governance structure including a Towns Fund Board and internal Boards that advise and contribute to the programme. These Boards are held on a regular

basis. Communications and stakeholder engagement have taken place internally and externally for the programme.

Stakeholders include: planning department; strategic finance; property; legal services; Towns Fund Board.

Consultation and engagement has occurred through different means:

- Towns Fund website section created, with specific pages on each project
- E-newsletter launched which is published quarterly
- Meetings held with key stakeholder groups in private and public sector to talk about Towns Fund aims and objectives and give details on projects and how they interlink
- Board meeting agenda and minutes published online
- Press releases at key milestones of each project, on the Towns Fund programme calendar overall

For the Vine project, in addition to this governance structure, a Working Group was also established and has advised and contributed.

A series of bespoke market engagement and communications activities took place as part of the development of the Stage 2 design between April and August 2022.

Stakeholders included:

- Peterborough City Council officers
- Peterborough Libraries Team
- City College Peterborough
- Anglia Ruskin University
- Opportunity Peterborough
- Preferred Operator responsible for developing the feasibility study

In advance of the Stage 2 design process, PCC engaged in soft market testing to understand operator and occupier requirements for The Vine in August 2021. This was supplemented by wider engagement with real estate and property market stakeholders, led by an Operator as part of Feasibility Study development in Summer 2022.

6.2 Following approval of the Outline Business Case, other consultations are to be undertaken. These include external stakeholder engagement to take place at RIBA Stage 3, prior to submission for Planning Approval. There is a Communications and Stakeholder Engagement Plan that will ensure that the local community and businesses are fully included in the development of the project at the next stage. This includes market testing by the Operator to ensure that the design is fully aligned with the needs of future tenants, ensuring the long-term commercial viability of the scheme and maximising the potential to add social value. There will be a formal public consultation in Summer 2023.

6.3 This recommendation has been considered by:

- Corporate Leadership Team (CLT) - 21 December 2022
- Cabinet Policy Forum (CPF) - 9 January 2023

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 The project will deliver a number of outcomes including:

- Increased footfall in this part of the City Centre
- Enhanced urban environment: Improved townscape and aesthetic in Lower Bridge Street

- Better enterprise infrastructure: Increased accommodation for micro and small enterprises, as well as start-ups
- Increased employment opportunities: commercial space generates new job creation
- Improved investor and business sentiment: Peterborough becomes a more attractive location for development/location
- Increased learning opportunities: bespoke space provided
- Better community engagement and interaction: through provision of spaces for community and civic use
- A new, modern attractive and digitally enabled library in an easily accessible location will improve the customer experience, attract a wider group of library users and provide opportunities for informal learning
- Increase in active mode travel to the City Centre: as a result of provision of cycle storage and shower facilities at The Vine
- Improved energy efficiency: green retrofit to 64-68 Bridge Street
- Diversification of the City Centre
- Increased opportunities for volunteering at library and other civic/community/cultural components
- Positive contribution to Peterborough City Centre Conservation Area

8. REASON FOR THE RECOMMENDATION

8.1 The objectives for the Vine project are:

- To deliver a new and transformed Library service with a strong digital offer for Peterborough's residents by providing services they value
- To create a driver of visitor footfall that will be of wider benefit to retail and other businesses in Bridge Street and ensures this part of the city remains economically vibrant
- To create new opportunities for formal and informal learning, leading to an increased take up of College, University course and work-based T levels by local residents and those living regionally
- To become the recognised centre of community based cultural enterprise and activity, enhancing the civic and cultural life of the city
- To develop a Civic Facility that will be well used by all sectors of the community including local businesses and the city's new University
- To deliver a self-sustaining operating model where commercial and intermediate uses cross-subsidise community and civic uses on peppercorn terms.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 Alternative options have been considered. These include Do Nothing, Do Minimum: Phase Delivery and a further contingency plan of Delivery across two locations.

Do Nothing: This option was considered and rejected because the Council would lose £13.08m investment into Peterborough and the benefits expected to be delivered through the Vine would not be realised.

Do Minimum: Phased Delivery: This will entail delivery of the Ground Floor of The Vine only during Phase 1, alongside futureproofing of structural, utility and external façade components of the overall demise of 64-68 Bridge Street. Subsequent phases will be delivered to complete fit-out and occupation of upper floors subject to additional funding availability in the medium to long term. This approach seeks to provide some activation of uses at The Vine and prepare upper floors for future uses and aims to provide a minimum level of enterprise and attraction at The Vine in the short term, whilst minimising disruption to ongoing operations at the Ground Floor when future phases of development come forward in the longer term. This option can be delivered within the budget envelope.

Delivery across two locations: Delivering the Vine and its associated outputs, outcomes and impacts over two separate sites -

- 64-68 Bridge Street (i.e. TK Maxx) – utilisation of Ground Floor plus minimum works to structural, utility and external façade components of the demise of the building to support Ground Floor occupation by events space, food and beverage/retail outlets and café/bar space.
- Central Library – utilisation of the Central Library site to house a transformed and modern library in situ on the Ground Floor, with commercial space relating to co-working spaces, maker spaces, studios and education suite provision on the upper floor

This option can be delivered within the budget envelope.

10. IMPLICATIONS

Financial Implications

10.1 The projected funding available for The Vine project is:

£12.688m Towns Fund capital investment, of which £4m drawn down for site acquisition
 £ 0.153m Towns Fund revenue investment
 £ 0.340m CIL / 106 monies, utilised by PCC
 £ 0.164m of PCC acquisition costs (sunk)
Total funding £13.345m

The estimated costs of the development are £18.6m, representing a funding gap of £5.3m. A number of options are being developed to address this gap, including a funding strategy to identify potential sources of additional funding from other public, charity and private sources. Other options involve contingency planning for phased and alternative schemes as set out in section 9 which can both deliver the Vine project in an alternative manner within the budget envelope. Both activities will progress in tandem with wider project development activities for the preferred option for The Vine.

The operating model for The Vine is intended to be cost neutral for the Council's revenue budget. The project's long term financial sustainability is dependant on sufficient commercial revenue being driven to cross-subsidise civic and community uses. As the project progresses the operating model will continue to be refined and reviewed to validate that cost neutrality can be achieved.

The implication of not proceeding would be that grant will not be received, and project costs to date would become abortive and written off to revenue. Disposal of the site would be required to achieve a capital receipt to enable grant to be repaid.

Legal Implications

10.2 There are no legal implications for the Vine.

Equalities Implications

10.3 There will be no considered disproportionate impacts as a result of this proposal.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

11.1 Peterborough Town Investment Plan

12. APPENDICES

12.1 The appendices have the Summary table details that are to be submitted to DLUHC and the Monitoring and Evaluation report.

1. Vine – Project Summary Table – Final

2. Vine – M&E Plan

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