

REPORT TO CABINET

Open		Would any decisions proposed :			
Any especially affected Wards	Discretionary	Be entirely within Cabinet's powers to decide		YES	
		Need to be recommendations to Council		NO	
		Is it a Key Decision		NO	
Lead Member: Cllr Richard Blunt [Portfolio Holder for Development & Regeneration] E-mail: cldr.richard.blunt@west-norfolk.gov.uk		Other Cabinet Members consulted: Cllr Graham Middleton [Deputy Leader and Portfolio Holder for Business, Culture & Heritage]			
Lead Officer: Matthew Henry [Assistant Director Property & Projects] E-mail: matthew.henry@west-norfolk.gov.uk Direct Dial: 01553 616272		Other Members consulted:			
		Other Officers consulted: Lorraine Gore [Chief Executive], Alexa Baker [Assistant Director Legal & Monitoring Officer], Michelle Drewery [Assistant Director Resources & Section 151 Officer], Duncan Hall [Assistant Director Regeneration, Housing & Place], Jemma Curtis [Regeneration Programmes Manager]			
Financial Implications	Policy/ Personnel Implications	Statutory Implications	Equalities Impact Assessment	Risk Management Implications	Environmental Considerations
Yes	No	No	No	Yes	No
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)					

Date of meeting: 26 September 2022

KING'S LYNN TOWN DEAL : RIVERFRONT REGENERATION AREA - BUSINESS CASE

Summary

King's Lynn was awarded by Government a £25m 'Town Deal' in June 2021, subject to the completion of business cases for the projects approved under the Heads of Terms offer.

The objective of the Towns Fund programme is to drive the sustainable economic regeneration of towns to support long term economic and productivity growth. A Town Deal is a three-way agreement between Central Government, the lead local authority and the Town Deal Board.

This report summarises the business case for the Riverfront Regeneration Area project for approval by the Council's Cabinet in its capacity as the "Accountable Body" to the Department for Levelling Up, Housing and Local Communities (formerly Ministry of Housing, Communities and Local Government (MHCLG)) and as part of the Council's role on the Town Deal Board.

Recommendation

Cabinet is recommended to :

1. Endorse the draft Business Case as set out in appendix 1 in order to secure the Town Deal funding.
2. Approve the use of the Council's assets and property interests for the purposes

of the project as set out in the Business Case.

3. Delegate authority to the Chief Executive, the Deputy Leader and the Portfolio Holder for Development and Regeneration to approve the final Business Case in their capacity as Council representatives on the Town Deal Board.
4. Delegate authority to the Section 151 Officer to approve the final Business Case and sign the Business Case Summary Document for submission to government in the Council's capacity as Accountable Body for the Town Deal.
5. Request that a report is brought to a future Cabinet meeting setting out the due diligence and options appraisals to approve the operating model and business planning for the project.
6. The remaining Riverfront proposals not included in this project, as set out within this report (para 2.9), should remain priority projects to be pursued by the Borough Council outside of the Town Deal programme.

Reason for Decision

To approve the Business Case as the Accountable Body for the Towns Fund to ensure the funding is secured to deliver the Riverfront Regeneration Area project; to deliver the investment priorities in the Town Investment Plan for King's Lynn and support the long-term economic prosperity of the town.

1.0 Background

- 1.1 On 8 June 2021, the Government offered King's Lynn a Town Deal with a Heads of Terms offer for up to £25m as part of the £3.6bn Towns Fund programme. The £25m Heads of Terms offer was based on the strategic case, vision, strategy and priorities set out in the Town Investment Plan (TIP) that was submitted to Government in October 2020 and subsequently updated in February 2021.
- 1.2 The TIP is the overarching vision and strategy setting out the area's assets, opportunities, challenges and ambitions for the next 10 years and identifies investment priorities to drive economic growth, regeneration, skills and enterprise infrastructure, transport and digital connectivity. On 24th August 2021, Cabinet endorsed seven projects agreed by the Town Deal Board under the Town Deal for King's Lynn, in the Council's capacity as the 'Accountable Body' and work has been progressing on the agreed projects in the intervening months.
- 1.3 Following the signing of the Heads of Terms with government the borough council, as the lead authority, had to develop the agreed projects in detail to full business case stage, in accordance with the HM Treasury Green Book appraisal process.
- 1.4 The Town Deal Update report to Cabinet on 8th June 2022 approved the reprioritisation of the Town Deal as agreed by the Town Deal Board. The submission of project adjustment requests to government sought changes to the funding allocations and set out revised outputs and outcomes for the remaining projects.

- 1.5 Central Government confirmed that the reprioritisation, and funding allocations, were acceptable in August 2022.
- 1.6 The role of the Accountable Body in approving business cases, is to verify that the case has been completed in accordance with HM Treasury Green Book guidance to ensure the financial and delivery arrangements for the project are robust and will ensure delivery within the Towns Fund programme timeframe (delivery by 31st March 2026).
- 1.7 This report provides Members with the draft Business Case for the Riverfront Regeneration project which is being progressed through the approved Local Assurance Framework for all Towns Fund business cases. This report seeks approval from Cabinet to approve the Business Case in the Council's capacity as Accountable body for the fund.

2.0 The Riverfront Regeneration Town Deal Project

- 2.1 The Town Deal Riverfront Regeneration project has evolved over time, and particularly since the original Town Deal bid was submitted in 2021. An outline of the original proposals, and the development of the project are set out within the June 2022 Cabinet report, which covered the Town Deal reprioritisation process.
- 2.2 The Riverfront Regeneration project area is defined to align with other Town Deal funded initiatives (such as the "Rail to River" public realm enhancements, and the "Active and Clean Connectivity" project (particularly the Travel Hub elements), and the refurbishment of the Guildhall complex); so that it would tie-in with already delivered initiatives such as the pontoons installed on the River Great Ouse, and with evolving initiatives such as the de-risking project and potential redevelopment of the Sommerfeld & Thomas Warehouse site (together with part of the Former Banks Cargill Grain Silo site).
- 2.5 Leading up to the reprioritization process, the Project Team for the Riverfront Regeneration Area held a workshop in April with various representatives to help identify the broad ambitions for the project area. The outputs from the workshop session were compiled and refined and were used to develop a Project Brief that was then issued to Graeme Massie Architects to devise a scheme (or set of schemes) that would meet the agreed scheme objectives and outputs agreed with the Government.
- 2.6 Graeme Massie Architects took these themes and applied their knowledge and experience to the project area. The initial design concepts and ideas were then presented to the Town Deal Board, the Council's Cabinet, and the Council's Regeneration and Development Panel. In presenting these concepts it was important to highlight the constraints framework within which these ideas needed to be considered and that it was necessary to undertake in parallel, preliminary discussions with multiple bodies/organizations that would have a significant input into whether the proposals were acceptable and/or deliverable. These included :
 - The Environment Agency
 - The King's Lynn Conservancy Board
 - Norfolk County Council as local highway authority, and
 - Historic England
- 2.7 Following these preliminary discussions with the above-mentioned organisations, the design concepts were refined, and redrawn, as necessary,

in order to ensure that any statutory objections to future planning applications would be minimized. This process and approach will help to reduce delivery risk during the next stages should the Town Deal Board, and Borough Council Cabinet approve the allocation of funds to deliver the Riverfront Regeneration Project, set out within this report and the attached Business Case.

- 2.8 Following the development of the original design concept for the whole area, a detailed costing exercise was undertaken and an evaluation of the final project scope to be funded within the budget envelope, was set during the Town Deal reprioritisation process. It is important to note that the Riverfront project was still being devised during the reprioritisation process, and it was accepted at that time, that not every idea and initiative could be delivered as part of the Town Deal funding programme.
- 2.9 Some aspects and elements of the design concepts have been removed from the scope of the Town Deal Riverfront Regeneration project owing to cost, a greater degree of risk in securing Listed Building and Conservation Area planning permission, and the lack of long-term data to help inform decision making, the most notable of which are:
- A multi-use covered area and structure on King's Staithe Square
 - A floating pool facility within the body of water known as The Outer Purfleet, and
 - Potential cessation of road traffic through King's Staithe Square permanently
- 2.10 The Town Deal Board and the Borough Council Cabinet Members have discussed the above issues, and it is considered that these omitted elements are worthy of further consideration. It is recommended that as part of the decision-making process in respect of the Town Deal Fund, the Borough Council's Cabinet also considers directing Council Officers to undertake further funding options, feasibility and viability work, on the above elements, and report back to Cabinet with their findings, together with an outline of funding issues and opportunities.
- 2.11 Notwithstanding the above, in summary, the Town Deal Riverfront Regeneration project being presented within this report and the attached Business Case is as follows :
- 2.12 **Custom House and Outer Purfleet** – refurbishment of the Grade I Listed Building, including a passenger lift between ground floor and second floor to make this important and iconic Listed Building more accessible. Following a detailed options appraisal, the recommended option for the future use of this building is a multi-functional exhibition space, light food and beverage offer and private hire venue, or a combination of these proposed uses; hard landscaping with services to facilitate pop-up business activity and events, and public realm improvements.
- 2.13 **King's Staithe Square** – public realm improvements with services to facilitate pop-up business activity and events, to enhance sense of place and connectivity along South Quay between Purfleet and Millfleet.
- 2.14 **South Quay** – public realm improvements to enhance connectivity between Purfleet and Millfleet, in order to draw people up and down the quay front.

- 2.15 **Millfleet / Devils Alley** – development of new visitor facilities (Observation Tower and refreshment kiosk), covered walkway and seating area with services to facilitate pop-up business activity and events, play areas, cycle parking, replacement and visually improved flood defence and infrastructure works alongside public realm improvements and dry-side facilities to enhance the “offer” for leisure boats mooring at the existing pontoon facility.
- 2.16 **Events Programme** – development of a new smaller scale Events Programme that will complement the existing large-scale events organized within the town and on the Quay [Festival, Festival Too, Hanse Festival, Waterski Race, Heritage Open Day etc], that will provide interest and activity throughout the year.

3.0 Riverfront Regeneration Business Case

- 3.1 The process for signing off the final project business cases must be in accordance with the agreed Local Assurance Framework. The Town Deal Board considered the draft Business Case (appendix 1) at its meeting on 9th September 2022. The Board endorsed the draft Business Case as presented.
- 3.2 The Business Case will be reviewed by an independent appraisal specialist, to ensure it complies with the Government Guidance and regulations. In addition, in line with the same guidance, subsidy control advice has been sought. Draft subsidy control advice has been received and this does not raise any significant concerns in relation to any elements of the project or the application of funds. The final version of the Business Case will incorporate final feedback received from these two independent reviews and verbal feedback on the independent appraisal will be supplied at the Cabinet meeting.
- 3.3 The final project Business Case will be issued to the Town Deal Board for approval and then submitted to government in a ‘Summary Document’, signed off by the Chair of the Town Deal Board and the Council’s Section 151 Officer. The summary is then reviewed by government to ensure the conditions of the Heads of Terms have been met and funding is then released. The full Business Case can be ‘called in’ by Government if it wishes to do so.
- 3.4 Developing a Treasury ‘Green Book’ compliant business case is a process for developing and gaining approval which is scalable to the specific project, covering the 5 case model;
- Strategic Case – Is there a case for change?
Economic Case – Which proposal delivers the best value for money?
Commercial Case – How will the preferred option be procured and delivered?
Financial Case – Is the preferred option affordable?
Management Case – How will the preferred option be managed and governed?
- 3.5 An important part of the Business Case for government is the Value for Money assessment which is completed as part of the Economic case. The Economic appraisal for this project has calculated a Benefit Cost Ratio of 2.83 and therefore demonstrates ‘high’ Value for Money. The full economic appraisal is contained in the Business Case (attached at appendix 1).

4.0 Consultation & Engagement

- 4.1 A key element of stakeholder and community engagement for individual projects is through the sub-groups/working groups that have been established by the Town Deal Board and chaired by the Town Deal Board “Champions” for specific TIP themes/projects.
- 4.2 A Communications and Stakeholder plan has been developed for the Riverfront project to ensure on-going involvement of residents, businesses and stakeholders throughout the development of the project.
- 4.3 As part of the Communications Plan, a range of community and stakeholder engagement opportunities has been undertaken to inform the development of the Riverfront Regeneration project which has helped to inform the project Business Case. This has included engagement with the Public Realm and Repurposing Advisory Group, along with other key statutory and non-statutory organisations, nearby residents, the wider public, Borough Ward Councillors and the County Councillor for the Riverfront area.

5.0 Section 151 Approval

- 5.1 The final project Business Case ‘Summary Document’ will be submitted once the Business Case has been signed off by the Chair of the Town Deal Board and the Council’s Section 151 Officer.
- 5.2 The process for assessing the Business Case complies with the Governance arrangements as set out in the Local Assurance Framework. Key components of assurance have been provided through the following activities:
- 5.3 The Business Case has been appraised using HM Treasury Green Book appraisal principles.
- 5.4 As outlined in section 3.2 above, an independent assessment of the business case is being undertaken whilst this report is being prepared and an update will be provided at the meeting.
- 5.5 An initial independent review of subsidy control implications has been completed and the draft results of this do not raise any significant concerns in relation to any elements of the project or the application of funds.
- 5.6 The Value for Money assessment undertaken within the Business Case has generated a ‘high’ positive Benefit Cost Ratio score of 2.83.
- 5.7 It is noted that the project does come with risks and these are set out in detail within the business case and associated Risk Register.
- 5.8 A key risk identified is failure to deliver the business plan projections. An example of this is the estimated visitor numbers as projected by professionals with relevant experience in the cultural sector. The risk to the council if the projections are not realised is the continuation of a deficit position which the borough council may need to support. However, the business case also sets out how these risks can be mitigated to minimize the risks.
- 5.9 The Council’s Section 151 Officer is satisfied that the final business case will have complied with the Local Assurance Framework as set out above, and is minded to approve the business case for submission in the context of recognising the risks as set out in the business case and that necessary processes for monitoring, tracking and taking appropriate actions to minimise risk to the council is put in place at the earliest opportunity.

6.0 Risk

- 6.1 A detailed Risk Register is included as part of the Business Case.
- 6.2 One risk that should be particularly noted, is 'failure to agree variation to lease terms for proposed uses' (numbered 11 on the Risk Register). Early engagement has taken place with the owner and landlord of the Custom House who is in agreement, in principle, about the proposals for the refurbishment, enhancement, and proposed varied uses for the property. If the Town Deal funding is approved for the proposals affecting the Custom House, a commercial negotiation with the landlord will be undertaken.
- 6.3 Renegotiation of the Custom House lease terms will need to be undertaken in the usual commercial way, however, it will also be necessary to ensure that the third party owner does not receive a benefit that could be considered to be a subsidy, as regulated by the Subsidy Control regime. The Council will seek to vary the lease terms to reflect the works carried out on the Custom House by the Council, for example, by securing an extension to the lease term so that the Council takes the full benefit of the improvements. The successful outcome of these renegotiations therefore presents a risk to the offering the Council can deliver at the Custom House (please see 6.5 below).
- 6.4 The potential risk relating to Subsidy Control associated with the Riverfront Regeneration area proposals generally (including the Custom House) has been considered by a specialist firm of solicitors, and development proposals and negotiations will take this advice into account.
- 6.5 It is important to note that the borough council has existing rights under the terms of the current lease agreement. The main areas for negotiation will be the major physical works such as the installation of the lift, and the variation of the permitted uses (ancillary food and drink offer).

7.0 Environmental Considerations

- 7.1 One of the primary objectives of the Towns Fund is to promote clean growth investment to deliver decarbonisation, improved air quality, health benefits and stimulate economic growth. The Business Case has sought to address these issues, and further consideration will be given to these themes during the development of the detailed design of the project going forward and will seek to contribute to the council's Climate Change policy.

8.0 Financial Implications

- 8.1 The funding contribution from the Council outlined in the Business Case was approved by Cabinet and Council in the capital programme. This includes match funding from the Norfolk Business Rates Pool and the Coastal Revival Fund.
- 8.2 The Options Appraisal for the Custom House and Events Programme (appended to the business case) assessed 3 options for the future use of the Custom House against a detailed analysis of anticipated incomes and costs. These were assessed and scored against criteria which considered the options compared to the wider cultural and economic objectives against the council's risk and financial responsibilities, as the accountable body for the Town Deal,

and the organisation which will be responsible for the on-going operation of the area into the future.

- 8.3 The recommended option, based on the current assumptions, does not markedly increase the Council's current financial commitment of £32.5k p/a to maintain the Custom House. It is recognised that the financial assumptions must be kept under continual review during the next development phase of the project to reflect the wider prevailing economic conditions. .

9.0 Policy & Personnel Implications

9.1 The Business Case is in line with the Corporate Business Plan objectives to;

- Deliver growth in the economy and with local housing
- promote the borough as a vibrant place in which to live, to do business and as a leading visitor and cultural destination
- develop and facilitate the range and quality of business premises available
- Improve social mobility and inclusion
- Create and maintain good quality places that make a positive difference to people's lives
- protect, promote and enhance the borough's natural and built environment
- maintain accessible, clean, pleasant and safe public places and communities

9.2 Personnel implications are covered within the Business Case. The budget within the project has allowed for external project management support.

Appendices

Appendix 1 – Business Case (and appendices) for Riverfront Regeneration Area Town Deal project

Background Papers

Local Assurance Framework

Town Deal Update Cabinet report, 8 June 2022

Town Deal Cabinet Report, 24 August 2021

King's Lynn Town Deal Board papers available on www.visionkingslynn.com

Towns Fund Further Guidance, June 2020

www.visionkingslynn.com

**Pre-Screening Equality Impact
Assessment**

Borough Council of
**King's Lynn &
West Norfolk**



Name of policy/service/function	Regeneration & Economic Development: Riverfront Regeneration Town Deal project				
Is this a new or existing policy/service/function?	Existing				
Brief summary/description of the main aims of the policy/service/function being screened.	Business case to secure the Town Deal Funding for the Riverfront Regeneration project in King's Lynn. The project represents the first phase of investment in King's Lynn's riverfront, with upgraded attractions and facilities that will pave the way for further investment in leisure and residential development in the locality.				
Please state if this policy/service is rigidly constrained by statutory obligations	N/a				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			✓	
	Disability			✓	
	Gender			✓	
	Gender Re-assignment			✓	
	Marriage/civil partnership			✓	
	Pregnancy & maternity			✓	
	Race			✓	
	Religion or belief			✓	
	Sexual orientation			✓	
Other (eg low income)			✓		

Question	Answer	Comments
<p>2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?</p>	No	
<p>3. Could this policy/service be perceived as impacting on communities differently?</p>	No	
<p>4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?</p>	No	
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions?</p> <p>If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	<p>Actions:</p>
		<p>Actions agreed by EWG member:</p> <p>.....</p>
<p>If 'yes' to questions 2 - 4 a full impact assessment will be required unless comments are provided to explain why this is not felt necessary:</p> <p>Not applicable</p> <p>Decision agreed by EWG member:</p>		
<p>Assessment completed by:</p>	Matthew Henry	
<p>Job title</p>	Assistant Director Property & Projects	
<p>Date</p>	24/08/2022	