

Report to Executive

**Agenda
Item:**

A.5

Meeting Date: 14th December 2020
 Portfolio: Economy, Enterprise & Housing
 Key Decision: Yes
 Within Policy and Budget Framework: No
 Public / Private: Public

Title: Town Deal Capital Accelerated Fund
 Report of: Corporate Director of Economic Development
 Report Number:

Purpose / Summary:

This report provides members with a background to the £1,000,000 grant that has been awarded to the City Council from the Ministry of Housing, Communities and Local Government through the Towns Fund initiative to accelerate the delivery of capital projects in the city. The report then sets out the proposed projects, which the allocation could be used to deliver, for consideration by Members.

Recommendations:

It is recommended the Members of the Executive:

1. Authorise the development and delivery of the Caldew Riverside and Bitts Park projects as outlined in Section 2 of this report
2. Authorise a budget of £1,000,000 be added to the Council's Capital Programme, fully financed by the accelerated capital grant awarded by the MHCLG, to deliver the Caldew Riverside and Bitts Park projects.

Tracking

Executive:	14 th December 2020
EGOSP	
Executive	
Full Council	

1. BACKGROUND

- 1.1 Members will recall that in September 2019, it was announced that Carlisle had been chosen as one of 100 towns in the UK to apply for a share of up to £25 million worth of investment as part of the Governments 'Town Deal' process. The process for accessing this investment has involved the production of a Carlisle Town Investment Plan (TIP), which submitted on 30 November 2020.
- 1.2 The strategy set out in the Carlisle TIP is based on five strategic objectives which address the key issues and opportunities for the city
 1. GROWING CITY - To grow the working-age population of Carlisle and expand the business and employment base, through investment in housing, business growth, high-quality job creation, and education & skills.
 2. VIBRANT CITY - To increase vibrancy and activity in Carlisle city centre, creating a thriving community of students, residents, businesses and workers using the centre for education, housing, work and leisure activities, during the day and into the evening.
 3. CONNECTED CITY - To make Carlisle a highly accessible and connected city, supporting growth by making it easier for residents, workers, students and businesses to arrive at and move around the City.
 4. DESTINATION CITY - To grow Carlisle's visitor economy, attracting additional footfall, vibrancy and spending to the City.
 5. RESILIENT AND INCLUSIVE CITY - To enable Carlisle's businesses, people and communities to be resilient to economic, social and environmental challenges including climate change, economic exclusion and unemployment, digital exclusion, and recovery from the Covid-19 pandemic.
- 1.3 At the time of writing the final Carlisle TIP is yet to be agreed by government, as is the level at which the 'up to £25m grant' the Council may be able to secure.
- 1.4 Notwithstanding this, on 1 July 2020, the Ministry of Housing, Communities and Local Government (MHCLG) wrote to the Council offering an opportunity to bring forward projects that would support make an immediate impact and support economic recovery by way of a (in the case of Carlisle City Council) a £1,000,000 capital grant.
- 1.5 In their letter, the MHCLG stated that the projects must be deliverable this financial year and encouraged those that will support towns in responding to immediate challenges, including:
 - Improvement to or new parks and green spaces and sustainable transport links
 - Improvements to town centres including repurposing empty commercial properties
 - Demolition or site remediation where this will have an immediate benefit

- 1.6 The City Council was invited submit proposals in writing to the MHCLG for the proposed use of the grant. Two projects were identified which are capable of being used for this £1,000,000 capital grant: 1) Caldew Riverside remediation and 2) Bitts Park 'pod village' and these were submitted on the 14 August 2020.
- 1.7 Written approval of the two proposed projects was received from the MCHLG on 25 September 2020, with £1,000,000 funding received via a S31 grant

2. PROPOSALS

- 2.1. It is proposed to create a budget of up to £1,000,000 to cover works associated with the two projects identified:

Project 1 – Caldew Riverside

- 2.2 Using £850,000 of the grant, this project would involve the remediation of the lower section of the Caldew Riverside site (see Figure 1), located in Carlisle city centre and situated between the River Caldew and the West Coast Main Line.



Figure 1: Caldew Riverside site area.

- 2.3 The site was historically used as a gas works and as rail sidings and is therefore contaminated. The level of contamination progressively increases towards the southern end of the site where the former gas works was located. Notwithstanding this, the site has been identified within both the Carlisle Local Plan and Borderlands Inclusive Growth Deal as a regeneration opportunity with significant potential to

support the growth, vitality and viability of the city centre – as it offers the unique potential to deliver a new housing ‘offer’ in the city.

- 2.4 The site is the best and only available location for the delivery of strategic scale residential development close to the city centre. Due to its location, it has the potential to deliver a high quality, transformational riverside residential development that will showcase and catalyse the city centre living market in terms of both supply and demand.
- 2.5 The rationale for the project is to address the legacy contamination issues that have prevented redevelopment schemes identified for the site from proceeding, due to the impact of the associated remediation costs on economic viability. Therefore, this project would prepare the site for return to land supply thereby overcoming the key barrier to development and addressing market failure.
- 2.6 The City Council would be responsible for the development and delivery of the remediation works. This would include:
- Procurement of technical advisor / project manager
 - Site investigation / characterisation
 - Planning permission
 - Remediation design / preparation of tender documentation for remediation contractor
 - Appointment of remediation contractor
- 2.7 The budget for project the project would be £850,000 – and can be broken down into the following cost plan elements.

Professional fees & planning permission	£40,000
Site investigation / characterisation	£140,000
Remediation design	£50,000
Remediation works (incl. contingency)	£620,000
TOTAL	£850,000

- 2.8 A contract would be let by the City Council for the remediation works, with the contractor being procured by via a competitive tender process. Following appointment, the site would then be handed over to the contractor who would carry the works according to the remediation design specification. The contractor would also be responsible for the security (and health and safety) of the site for the duration of the works.
- 2.9 In order to allow spend for March 2021, some preliminary work on this project has been commissioned and undertaken, including the appointment of the technical advisor, clearing of vegetation from the site and a ground penetrating radar survey. The value

of this work is £38,270 and has been funded / underwritten from existing economic development budgets.

2.10 The proposed programme for the delivery of the project is:

Award contract for technical advisor	October 2020
Clearance of vegetation	November 2020
Phase 1 Survey Works (GPR)	December 2020
Phase 2 Survey Work (Boreholes / Sampling)	January 2021
Remediation design completed	January / February 2021
Planning permission secured	February 2021
Let contract for remediation contractor	March 2021

Project 2 – Bitts Park 'Pod Village'

2.11 Using £150,000 of the grant, this project would create a temporary, modular 'pod village' in Bitts Park (See Figure 2), providing a vibrant small business hub in the main area of green space in the city centre.

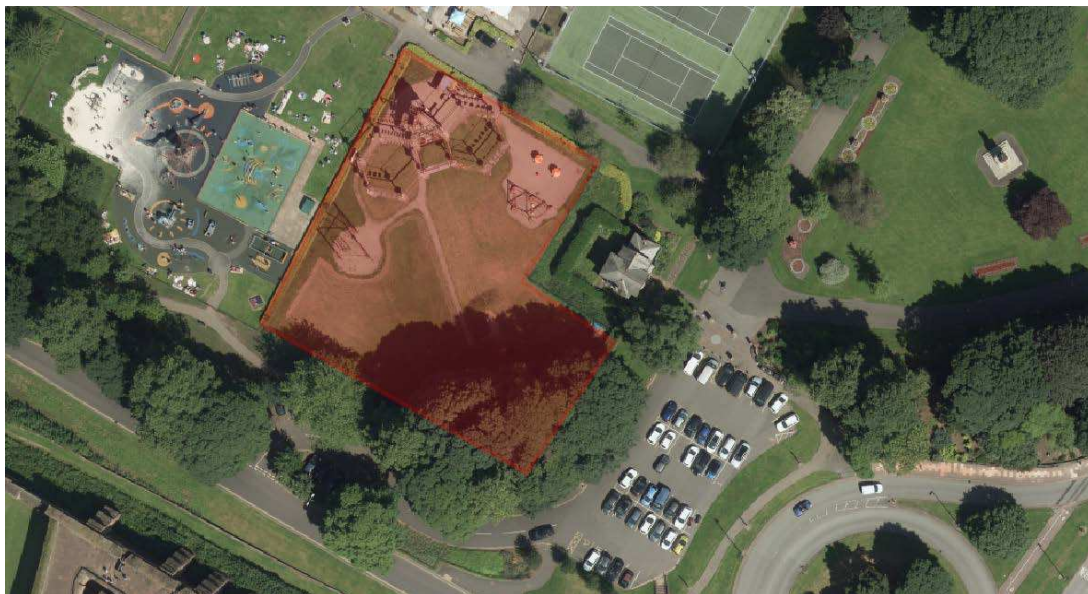


Figure 2: Bitts Park 'Pod Village' area

2.12 The village would comprise of 5-6 modular buildings arranged around a central communal seating / gathering space. The buildings would be available to rent by local businesses and artists – and it is envisaged that a mix of uses would be provided to create a new experience / destination for Bitts Park.

2.13 The rationale for the pod village is to drive footfall and encourage greater use of the Park. The COVID-19 pandemic has highlighted the value of outdoor spaces to support health and wellbeing of local communities and this project has been conceived to

ensure that the Park continues to play a key role as a leisure, recreation and exercise resource for the communities of Carlisle.

2.14 A further driver for the project is to generate the footfall / levels of use that would enhance the feasibility of a repurposing scheme for the lodge building. The cost of refurbishment of the lodge building is in excess of the budget available for this project, and investment would need to be underpinned by a robust financial and commercial case.

2.15 The City Council would be responsible for the development and delivery of the capital elements of the project. This would include:

- Design works / planning permission
- Procurement of mod units
- Landscaping / site preparation
- Procurement of management company
- Installation of infrastructure / utilities (water, electricity)
- Installation of mod units ready for occupation.

2.16 The budget for project the project would be £150,000 – and can be broken down into the following cost plan elements.

Professional Fees, designs, planning permission	£10,000
Installation of services / amenities & landscaping	£20,000
Purchase and installation of units	£100,000
Contingency	£20,000
TOTAL	£150,000

2.17 A contract would be let by Carlisle City Council for the operation / management and maintenance of the Pod Village for duration of its installation. The operator would be procured via a competitive tender process.

2.18 The proposed programme for the delivery of the project is:

Award contract for design and planning services	November 2020
Submission of planning application	December 2020
Installation of services / amenities & landscaping	February 2021
Award contract for operation / management	February 2021
Installation of modular units	March 2021

3. RISKS

3.1 The principal risks associated with the two projects relate to delivery slippage and cost escalation.

- 3.2 Given that a prerequisite of the funding from the MHCLG is that spend must be completed by March 2021, then there is little allowance for delivery slippage. Therefore, careful consideration of the delivery programmes for both projects has been given, with attention to phasing and the opportunity for twin-tracking activities where possible.
- 3.3 In the case of the Caldew project, this has underpinned the decision to appoint the technical advisor and commission some preliminary survey work in advance to ensure that the programme is deliverable. For the Bitts Park project, there are some interdependencies with flood risk works currently being undertaken by the Environment Agency but these are not anticipated to impact on the proposed delivery programme.
- 3.4 In terms of costs, both projects have been subject to substantial due diligence in order to provide budget / cost certainty. For the Caldew Riverside project, a detailed remediation appraisal study has been undertaken, which has informed the cost plan set out in section 2.6. For the Bitts Park project, the costs of acquiring and installing the modular units, the main element of expenditure, has been established and has informed the cost plan set out in section 2.14.

4. FINANCIAL IMPLICATIONS

- 4.1 The £1,000,000 budget for the two projects (£850,000 Caldew Riverside and £150,000 for Bitts Park) will be fully funded by the capital grant received from the MHCLG. Therefore, no additional resources for the Council's capital programme will be required to support their delivery.
- 4.2 Due to the spend deadline of 31 March, this budget will need to be made available in 2020/21.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1 The Caldew Riverside and Bitts Park projects outlined in this report would both make a significant contribution to the objectives of the Carlisle TIP (Section 1.2) and fulfil the investment priorities for the accelerated funding set out by the MHCLG (see Section 1.5)
- 5.2 It is recommended the Members of the Executive
3. Authorise the development and delivery of the Caldew Riverside and Bitts Park projects as outlined in Section 2 of this report
 4. Authorise a budget of £1,000,000 be added to the Council's Capital Programme, fully financed by the Accelerated Capital grant, to deliver the Caldew Riverside and Bitts Park projects.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

6.1 The Caldew Riverside and Bitts Park projects outlined in this report would contribute to all five of the Carlisle Plan priorities:

- P1: Supporting business growth and skills development to improve opportunities and economic prospects for the people of Carlisle.
- P2: Further develop sports, arts and cultural facilities to support the health and well-being of our residents.
- P3: Improving the quality of our local environment and green spaces so that everyone can enjoy living, working and visiting Carlisle.
- P4: Address current and future housing needs to protect and improve residents' quality of life.
- P5: Promoting Carlisle regionally, nationally and internationally as a place with much to offer - full of opportunities and potential.

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**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – All funds must be spent in accordance with the terms of the Grant and all contracts let must be procured and completed in accordance with the Council's Contract Procedure Rules.

FINANCE – A capital grant of £1,000,000 has been received from the Ministry of Housing, Communities and Local Government (MHCLG) as part of the Towns Deal Fund, to be split £850,000 for Caldew Riverside Remediation and £150,000 Bitts Park 'pod village'. The capital programme for 2020/21 will be increased by £1,000,000 fully funded by the capital grant. There is no match funding of Council resources required for the delivery of these projects other than the £38,270 revenue funding already provided from existing budgets. There is a risk to the Council of potential clawback of the funding should the expenditure not be incurred by the end of March 2021.

EQUALITY – None

INFORMATION GOVERNANCE – There are no information governance implications with this report

PROPERTY – The remediation of the Caldew Riverside site will help bring forward this key city centre site for redevelopment. The Council needs to ensure that there is sufficient capacity to deliver the projects within the available budgets.