

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	25 May 2023
<b>Subject:</b>	Bootle Strand Re-purposing Programme – Memorandum of Understanding with the Department for Levelling Up Housing and Communities for Capital Levelling Up Funding.		
<b>Report of:</b>	Executive Director (Place)	<b>Wards Affected:</b>	Linacre / Derby
<b>Portfolio:</b>	Cabinet Members: Regeneration and Skills; and Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

## Summary:

This report sets out the arrangements for Sefton Metropolitan Borough Council (SMBC) to access the £20m grant funding allocated to the Council by the Department for Levelling Up Housing and Communities (DLUHC) for the delivery of part of Phase 1 of The Strand Re-purposing Programme (the Programme).

The funding has been awarded to SMBC based on the bid submitted by the Council to DLUHC in Round 2 of the Levelling Up Fund (LUF) process in summer 2022. SMBC was not one of the councils successful in that LUF process but when further DLUHC funding became available in 2023, through the Capital Levelling Up Fund (CLUF), SMBC's bid was chosen amongst a small number of others to be awarded the full amount that had been bid for from LUF.

This report follows the Cabinet Report approved on 5 January 2023 for approval of the Strand [Business Plan](#) for the period 2022/23 to 2024/25, which included the recommendation that Phase 1 of the Programme should continue to be progressed.

This report relates to the approvals required for the Council to sign the DLUHC issued Memorandum of Understanding (MoU), which is NOT legally enforceable but describes an understanding between SMBC and DLUHC in relation to how the grant funding is to be used. Signing this MoU will secure the availability of the funding for SMBC to access when works commence on Phase 1, scheduled for February 2024.

Prior to commencing works and starting to defray the grant funding, a further Cabinet Report with a full business case for delivering Phase 1 of the Programme will be submitted to Cabinet for approval.

In the event that Phase 1 did not proceed then the grant funding would not be drawn down and the MoU would be withdrawn.

## **Recommendation(s):**

It is recommended that Cabinet:

- (1) Delegate the completion of the DLUHC Memorandum of Understanding for the allocation of the Capital Levelling Up Fund grant, totalling £20,000,000, to the Executive Director of Place, in consultation with the Cabinet Member for Regeneration and Skills, and the Cabinet Member for Regulatory, Compliance and Corporate Services.
- (2) Approve that any draw-down and defrayment of the Capital Levelling Up Funds made available to the Council through that Memorandum of Understanding must be subject to approval of a subsequent Cabinet Report containing a detailed business case before commencing the construction works.

## **Reasons for the Recommendation(s):**

The Council's objectives for the acquisition of The Strand in 2017 were to ensure that it was supported to continue its role in the local community, as a key asset at the heart of Bootle critical to the town's physical, economic and social regeneration. This remains the Council's priority in relation to the centre.

However, the continued changes to the nature of UK high streets, the uncertainties of the current economic climate and the impacts these are having on the retail sector continue to necessitate financial subsidy to keep the Strand operational and prevent the centre from realising its full potential to drive the physical, social and economic regeneration of Bootle.

To become financially sustainable and to act as the catalyst for regeneration in Bootle, The Strand needs significant investment to diversify its offer to one with less reliance on retail and which also includes leisure, food and beverage, and cultural activities, as well as health and education services.

This diversification and enhancement of The Bootle Strand offer is the objective of the Strand Re-purposing Programme, the delivery of Phase 1 of which will generate significant local value in its own right as well as unlocking the remaining development phases of the Programme and wider development opportunities across the town.

The Programme as a whole and Phase 1, in particular, will realise the following benefits.

- Phase 1 will attract more local people and visitors to Bootle resulting in increased footfall and local spend in The Strand and surrounding businesses in the town. This will help move The Strand to a sustainable financial position; grow the local economy; and create new employment opportunities.
- The creation of lots of new high quality public realm and shaping the place in a way that makes local people proud and enhances the brand and reputation of the town regionally and nationally, will help to encourage inward investment from both future employers and investors and developers.
- Provision of a rich and exciting cultural and leisure offer, including food and beverage as well as entertainment and other events spaces will also attract more visitors and footfall as well as encourage people to stay in the town for longer during the day and beyond, creating a new night-time economy.

- The provision of flexible and high-quality, digitally enabled space for new hi-tech creative and commercial activities, will create even more employment opportunities and reasons for businesses to locate and invest in Bootle.
- The inclusion of education delivery at the heart of the Town Centre will help to drive up skills and educational attainment for local people, enabling them to take advantage of new employment opportunities.
- The mix of a much more diverse and exciting offer, available during the day and the evening, along with high quality public places and facilities to work, play and shop, will all help to drive regeneration in the town.

The Programme requires public funding to deliver Phase 1 and thereby to start to realise these benefits and to act as a catalyst to unlock further investment. The provision of £20m CLUF funding enables most of the components of Phase 1 to be delivered quickly, which is the reason for recommending the grant offer is accepted via completion of the MoU, ensuring that that it is not withdrawn in the interim whilst the detailed business case for commencing construction works is completed for subsequent review and approval by Cabinet.

**Alternative Options Considered and Rejected:**

The alternative would be to not accept the grant funding. This has been rejected as it would prevent the Repurposing Programme from proceeding and therefore prevent the realisation of the Council’s regeneration objectives for Bootle.

**What will it cost and how will it be financed?**

(A) Revenue Costs

There are no revenue implications in completing the MoU and accepting the grant.

(B) Capital Costs

There are no new capital requirements in completing the MoU and accepting the grant. Additional capital will be required, over and above the £20m, to complete all of Phase 1 of the Programme, the details of which will be included in the detailed business case to be presented in a subsequent Cabinet report before construction commences and the grant funds are drawn down and defrayed.

**Implications of the Proposals:**

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

<p><b>Resource Implications (Financial, IT, Staffing and Assets):</b> There are no new resource implications.</p>
<p><b>Legal Implications:</b> All legal implications are identified and addressed in this report.</p>
<p><b>Equality Implications:</b></p>

The Council's focus for the Strand and for Bootle town centre remains on social and environmental outcomes, as well as economic and financial outcomes.

In the short-term, this is evidenced in the close partnerships in place with tenants including (but not limited to) the Bootle Tool Shed, the Big Onion, Kingsley and Company, and In Another Place. These partners are supported via agreements with the Council for occupancy of the centre in a manner that ensures their ability to both continue to deliver positive community outcomes in the short-term, and their opportunity to engage in and help shape the future of the centre in the longer-term.

Further information on these partnerships and positive outcomes is included within the approved Strand Business Plan.

**Impact on Children and Young People:**

Repurposing Bootle Strand will have a significant impact on the surrounding community and users of the centre including children and young people. Consultation and engagement has taken place with children and young people in Bootle regarding the proposals for the Strand repurposing to inform the bid submission for LUF . This has been a combination of workshops and events to capture youth perspective on the place, its future and the role of young people in it (Strand After Hours, Salt n Tar Events engaging with local schools and Sefton CVS to engage with Symbol and the Youth Advisors, and more recently Placed Academy young people's visit to Bootle Strand.

This is an ongoing dialogue with young people and future engagement is proposed with schools and colleges to build on engagement to date in partnership with local organisations including, but not limited to, Y-Kids at Kingsley and Co, and SCVS and others. Sefton is planning to speak to a range of children and young people as part of the project engagement plan as the project progresses, this will include but not be limited to :

- Hugh Baird College students
- Local primary and secondary schools
- Sefton's Young Advisors
- Y Kids/ Kingsley and Co
- Everton in the Community
- Community Centres and Library in Bootle.

**Climate Emergency Implications:**

The recommendations within this report will

Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	N

The completion of the MoU will have no impact but the subsequent delivery of the Repurposing Programme, using the grant funding (following approval by Cabinet of the detailed business case) will be in line with the Council's strategy and objectives in respect of climate emergency, with both the delivery of any construction projects and the operation and maintenance of the asset in mind. The intention is that the

repurposing vision will closely align to the Council's strategic objectives in relation to climate emergency, and in the shorter-term operational actions are undertaken to deliver positive environmental outcomes where available.

### **Contribution to the Council's Core Purpose:**

#### **Protect the most vulnerable:**

The completion of the MoU will have no impact but the subsequent delivery of the Repurposing Programme, using the grant funding (following approval by Cabinet of the detailed business case) will enable The Strand to continue to provide essential amenities that are accessible for local people including the most vulnerable, particularly through the partnerships with Community Interest Companies as described above.

#### **Facilitate confident and resilient communities:**

The completion of the MoU will have no impact but the subsequent delivery of the Repurposing Programme, using the grant funding (following approval by Cabinet of the detailed business case) will enable The Strand to continue to provide essential and accessible amenities for local people.

#### **Commission, broker and provide core services:**

The completion of the MoU will have no impact but the subsequent delivery of the Repurposing Programme, using the grant funding (following approval by Cabinet of the detailed business case) will improve the financial returns to the Council from the operation of The Strand, which can provide revenue to the Council (as owner of The Strand) to contribute towards service provision. The centre also offers opportunity to locate accessible and important services for local residents.

#### **Place – leadership and influencer:**

The completion of the MoU will have no impact but the subsequent delivery of the Repurposing Programme, using the grant funding (following approval by Cabinet of the detailed business case) will enable The Strand to realise its full potential as a key asset at the heart of Bootle critical to the town's physical, economic and social regeneration.

#### **Drivers of change and reform:**

The completion of the MoU will have no impact but the subsequent delivery of the Repurposing Programme, using the grant funding (following approval by Cabinet of the detailed business case) will deliver new physical infrastructure (retail and other amenities), which are a significant contributor to and enabler/catalyst for change.

#### **Facilitate sustainable economic prosperity:**

The completion of the MoU will have no impact but the subsequent delivery of the Repurposing Programme, using the grant funding (following approval by Cabinet of the detailed business case) will enable The Strand to continue to operate on an economically viable basis, which is essential to maintain and increase its significant contribution to the local economy, including in terms of creating local

employment and providing essential facilities required to help attract inward investment.

**Greater income for social investment:**

The completion of the MoU will have no impact but the subsequent delivery of the Repurposing Programme, using the grant funding (following approval by Cabinet of the detailed business case) will provide opportunities and support for local people to launch and sustain micro enterprise within and around The Strand. The Big Onion provides a strong example of a partner helping deliver positive outcomes in this respect.

**Cleaner Greener:**

The completion of the MoU will have no impact but the subsequent delivery of the Repurposing Programme, using the grant funding (following approval by Cabinet of the detailed business case) will be compliant with the Building Regulations and other Planning and Habitat regulations meaning Sefton builds cleaner and greener.

**What consultations have taken place on the proposals and when?**

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7223/23) and Chief Legal and Democratic Officer (LD5423/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

There have been no external consultations in respect of the Memorandum of Understanding.

**Implementation Date for the Decision**

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting.

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**Appendices:**

None.

**Background Papers:**

None.

## **1.0 Introduction and Background**

- 1.1 In April 2017, Sefton Council acquired The Strand Shopping Centre to secure its future and support its continued role as a cornerstone asset at the heart of Bootle, critical to the town's physical, economic and social regeneration.

The Council remains fully committed to supporting and securing investment in The Strand for the short, medium and long terms to reverse the decline it was suffering in the hands of private ownership and to respond proactively to the challenges of a changing retail market that have been accelerated and increased by the impacts of COVID-19. Feedback from industry experts and private sector engagement reaffirms that this was an appropriate strategic action for the Council to take. The current economic climate and challenges facing the retail sector further reinforce this point.

- 1.2 The Council has a long-term strategy for investing in and improving The Strand to help address the challenges to trading that it (along with all similar centres across the UK) is facing and to enhance its value to Bootle Town Centre. The progression of that Strategy is now enabled by the award of CLUF funding following the Council's 2022 bid submission for Levelling Up funding.

- 1.3 The detailed plans for The Strand (including the adjacent Canalside sites, and Bootle more widely) will continue to be developed in full consultation with local people and other local stakeholders, with whom engagement is ongoing. This particularly includes partnership working with community organisations including, but not limited to, The Big Onion, Bootle Tool Shed, Kingsley and Co. (Y-Kids), and In Another Place, to ensure continued collaboration to deliver positive social outcomes for communities in both the short- and the long-term.

- 1.4 This report refers to the three-year [Business Plan](#) for the Strand Shopping Centre which provides an overview of the vision for the future of the Strand, and of the Levelling Up funding bid submission.

- 1.5 Ongoing reviews reaffirm the importance of the Strand as a community asset, reflected in the reductions in footfall throughout the pandemic relative to other retail centres, and the resurgence in footfall since. Moreover, the Plan outlines the platform for the future and economic recovery in Bootle town centre that the Strand provides. External feedback reinforces that the uncertainty referred to within this and previous reports would be exacerbated drastically if the asset had remained in private ownership, and validates the decision to acquire the Strand for regeneration purposes.

- 1.6 The Business Plan includes two scenarios:

- 1.6.1 The 'Business As Usual' plan for the Strand, assuming that the re-purposing programme is not progressed, which highlights the

negative impact that not progressing this will have on the Business Plan.

1.6.2 The 'Regeneration' plan for the Strand, assuming that the regeneration programme is delivered, which validates the decision to acquire for regeneration purposes and reinforces the importance of progressing the vision for the future.

1.7 Cabinet has already endorsed in a Report submitted to the 5 January 2023 meeting, the recommendations that the Business As Usual Plan be approved but also that the Regeneration Plan be progressed as soon as possible, which is enabled by the CLUF grant award.

## **2 Strategy and plan for the future of The Strand**

2.1 Work continues in developing the details of the strategy and plans for repurposing The Strand for the future. This is being progressed in partnership with key stakeholders and communities, and will include wider engagement on the town centre and the whole of Bootle (with the Area Action Plan process underway). A Bootle Local Partnership Group comprising key organisations from across the region remains in place, to support with progression of that wider action plan for the town and its future.

2.2 Works continue on the recently acquired sites adjacent to the shopping centre, referred to as the Canalside. These works will be progressed over the coming months in advance of a further programme of events from Spring 2023.

## **3 Legal implications**

3.1 DLUHC requires all grant recipients accept the terms of their standard Memorandum of Understanding Template without amendment.

3.2 The MoU is NOT legally enforceable but describes the understanding between both parties for the use of the funding, in-line with the proposals in the LUF bid.

3.3 The standard terms allow the Council to enter into the MoU securing the £20m grant funding, but also to then decide not to proceed with the use of the funding if, following the submission of the detailed business case, it is decided not to proceed with Phase 1 of the Programme at that time for whatever reason.

3.4 Although the standard template indicates that the first advance instalment would be made by DLUHC in July 2023 (ahead of the Cabinet approval of the full business case for the construction works) the MoU makes clear that this would align with a spend profile still to be agreed between the parties. Therefore, the July 2023 instalment could be for £0 since no funding will be required or profiled until commencement of construction works in February 2024 (after the Cabinet review of the full business case).



- 3.5 Whilst the use of the capital is not scheduled to commence until February 2024 with the start of demolition works, nevertheless the detailed programme already in place indicates that all funds can still be defrayed by the long-stop date of 31 March 2026.
- 3.6 There are no other material liabilities or risks within the MoU for the Council:
- 3.6.1 It is understood that DLUHC will accept an adjusted spend profile (Clause 3.3) reflecting SMBC's revised programme plan, which aligns with the delay in DLUHC awarding the grant to SMBC – see also para 3.6.3 below.
- 3.6.2 The Outcomes and Outputs (Clause 3.3) are required to align with those identified within the Council's bid, which have been independently validated as achievable as part of the LUF bid submission process.
- 3.6.3 The programme timeline and milestones are also still to be agreed between the parties (based on those identified within the Council's bid with an adjustment to reflect the delay in DLUHC awarding the grant). Again, the current programme schedule has been developed by SMBC's expert professional PM and design team and confirms that the Long-stop date of 31 March 2026 (specified in Clause 4.10) can still be achieved even with commencement of construction not being until February 2024.
- 3.6.4 Clauses 4.4 to 4.8 relate to how instalments of funding will be released by DLUHC in values that relate to the forecast spend profile (still to be agreed between the parties, in line with the revised programme – see 3.6.1 and 3.6.3 above) with reductions in the following advance instalment if not all works were completed against the previous instalment forecast. This does not introduce any funding agreement specific additional risk over and above the standard risk around timely project delivery, which has already been subject to due diligence as part of project assurance and will be subject to a further detailed assessment in the full business case (to be approved by Cabinet) before the funds are drawn down.
- 3.6.5 Clause 4.11 requires a declaration from the CEX, S151 Officer and Internal Auditor within 6 months of completion of the project that it has delivered what was specified in the bid (as amended through any change controls). Again, the risk of failing to achieve these outcomes will be assessed in the detailed business case before any funds are drawn down.
- 3.6.6 Clause 5.2 and Clause 12 allow the agreement to be terminated at any time on mutual agreement of the parties, which would, therefore, not be contested in the event that no funds had been drawn down.
- 3.6.7 Obligations created under Clause 6, in relation to Active Travel, will be robustly assessed within the full business case before any funds are drawn down.
- 3.6.8 Obligations under Clause 7 in relation to compliance with guidelines on branding and communications are less onerous than those in place for

other grant funding the Council has previously accepted, such as SIF funding from the Liverpool City Region Combined Authority (LCRCA).

- 3.6.9 Obligations under Clause 8 in relation to compliance with Monitoring and Evaluation requirements are also significantly less onerous than those in place for other grant funding the Council already accepts (such as SIF funding from the LCR CA).
- 3.6.10 Obligations under Clause 9 in relation to Assurance and, in particular, ensuring robust governance arrangements are maintained and that there is on-going assessment of continued Value for Money are in-line with other grant funding agreements that the Council already accepts and are not unusually onerous.
- 3.6.11 The pre-scribed Change control procedure (Clause 10) is simple although it should be noted that there is no obligation on DLUHC to accept changes but equally no claw-back provision in the event that the project does not proceed beyond a specific point.
- 3.7 The MoU is not legally enforceable and does not include any claw-back provisions. As a result, there are no financial liabilities that would be created by the MoU on the Council in the unlikely event that any of the requirements set out in the MoU could not be fulfilled.
- 3.8 There are no other material liabilities or obligations placed on the Council by the MoU, which could act as a barrier to completion ahead of the full business case.
- 3.9 This report seeks approval to complete the MoU but not to draw-down the funds until after approval by Cabinet of a full business case for proceeding with construction works to be funded by the £20m grant. This will include details of the formal approval of the scheme in accordance with the Councils Financial Procedure Rules.