

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	7 December 2023
<b>Subject:</b>	The Strand Shopping Centre, Bootle – Transformation Programme and Business Plan 2023-24 to 2025-26		
<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>	The report is not confidential, but some detailed appendices are NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.		

## Summary:

This report comprises the case for proceeding with delivery of Phase 1 of the planned Bootle Strand Transformation Programme and the new five-year Business Plan for the fiscal years 2023/24 to 2027/28 for the Strand Shopping Centre, reflecting the impacts on operations of proceeding with the programme works.

Given the on-going challenges of the economic climate, which continue to impact day to day operations at The Strand, and the complexity of the work required to deliver Phase 1 of the Programme whilst the rest of the centre continues to trade, the Business Plan includes an updated overview of the impacts on the retail sector of the current economic climate and the impacts on operations of delivering the works.

Notwithstanding the challenges to the Business Plan, it has always been made clear that the acquisition of the Strand was for regeneration purposes, and the continuation of the pressures of the economic climate reinforce the importance of delivering the vision for the future of Bootle town centre and the Strand through implementation of the Transformation Programme.

This report, therefore, recommends proceeding with the implementation of Phase 1 of the Transformation Programme, for which funding has been secured from the Department of Levelling Up Housing and Communities (“DLUHC”) and agreed in principle with the Liverpool City Region Combined Authority (“CA”).

Although the Transformation Programme and the associated, updated Business Plan take account of the latest economic data and assesses the implications of undertaking works whilst the shopping centre continues to trade (based on now more detailed designs and plans), there nevertheless remains some uncertainty because of the volatile pressures of inflation and the cost-of-living crisis.

## **Recommendation(s):**

It is recommended that Cabinet:

- (1) Approve proceeding with Phase 1 of the Strand Transformation Programme.
- (2) Approve the Executive Director for Place, in consultation with the Cabinet Member for Regeneration and Skills, to authorise the draw down of the DLUHC £20m grant funding for Phase 1 of the Transformation Programme under the previously signed Memorandum of Understanding in place between the Council and DLUHC.
- (3) Recommend to Council to approve a supplementary capital assessment of £20m fully funded by the DLUHC grant funding.
- (4) Approve the Executive Director for Place, in consultation with the Cabinet Member for Regeneration and Skills, to procure preferred building contractor for Phase 1, with the award of the contract to be subject to a subsequent Cabinet Report.
- (5) Approve the Executive Director for Place, in consultation with the Cabinet Member for Regeneration and Skills, to authorise the direct appointment of the Council's existing Asset Manager to also act as the Development Manager for Phase 1 of the Programme.
- (6) Approve the Executive Director for Place, in consultation with the Cabinet Member for Regeneration and Skills, to authorise the direct appointment of Avison Young as PM, Cost and Design consultants for Phase 1A-C via the Crown Commercial Services framework.
- (7) Approve the new, 5-year, Transformation Programme Business Plan for the Strand Shopping Centre noting continued challenges in the economic climate (assuming approval of recommendation 1).
- (8) Approve that any material variations to the Transformation Business Plan be presented back to Cabinet for further decision.
- (9) Approve that an updated Business Plan, for the following three years from the financial year 2027/28, be brought to Cabinet for approval ahead of the start of that year.

## **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 The Strand.

This report sets out the deliverability of Phase 1 of the Transformation Programme and provides accompanying financial forecasts for the coming years, via an updated 5-year Business Plan, accounting for the impacts of the economy and of the works on day-to-day operations as well as outlining the positive outcomes on the Business Plan and wider regeneration objectives of proceeding with the Transformation Programme.

## **Alternative Options Considered and Rejected:**

Not proceeding with Phase 1 of the Transformation Programme has been considered but discounted as the deterioration to the financial sustainability of the Strand would continue unchecked, which would inevitably lead to it no longer being viable. This would also fail to realise any of the regeneration objectives the Programme is designed to provide as well as require the return of the £20m grant funding award that the Council has secured for Phase 1 of the Programme.

No alternatives to the publication of an updated Business Plan were considered, as this is required annually by Cabinet.

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

#### **(A) Revenue Costs**

All revenue implications are addressed within the report.

#### **(B) Capital Costs**

All capital implications are addressed within the report.

### **Implications of the Proposals:**

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

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>
All resource implications are addressed within the report.
<b>Legal Implications:</b>
All legal implications are identified and addressed within the report.
<b>Equality Implications:</b>
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 continues to be evidenced in the close partnerships in place with the 20 Community Interest Company ("CIC") tenants, such as Bootle Tool Shed, the Big Onion, Kingsley and Company, and In Another Place. These partners have been for many years and are continuing to be 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.
Where these tenants occupy units that fall within the scope of the Phase 1 works, requiring them to vacate, the Council is making every effort to find viable alternative

accommodation elsewhere within the Strand on similar terms of occupation or to assist the organisation to itself find suitable alternative accommodation.

Further information on these partnerships and positive outcomes is included within the report.

An Equalities Impact Assessment is attached in Annex 1 of Appendix 1 to this report: "Summary Business Plan for the period 2023/24 to 2025/26 and Business Case for Phase 1 of the Transformation Programme".

### **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 Business Plan itself will have a neutral impact in respect of climate emergency.

The implementation of the Transformation Programme will be delivered in line with the Council's strategy and objectives in respect of climate emergency, with both the delivery of construction works 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.

An initial Environmental Impact Assessment is attached at Annex 2 of Appendix 1 to this report: "The Strand BP and FBC Summary 2023/ to 2028".

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

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

The Strand provides essential amenities that are accessible for local people including the most vulnerable, particularly through the partnerships with Community Interest Companies as described above. The Transformation Programme will enable the Strand to continue to operate as an economically sustainable asset securing these essential amenities for the community in the medium and long-terms.

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

The Strand provides essential amenities that are accessible for local people.

A Social Value Report is attached as Annex 3 to Appendix 1 of this report "Summary Business Plan for the period 2023/24 to 2025/26 and Business Case for Phase 1 of the Transformation Programme"

<p><b>Commission, broker and provide core services:</b></p> <p>Financial returns to the Council, as owner of The Strand, can provide revenue to contribute towards service provision. The centre also offers opportunity to locate accessible and important services for local residents.</p>
<p><b>Place – leadership and influencer:</b></p> <p>The Strand is a key asset at the heart of Bootle critical to the town’s physical, economic, and social regeneration.</p>
<p><b>Drivers of change and reform:</b></p> <p>Physical infrastructure (retail and other amenities) is a significant contributor to and enabler/catalyst for change.</p>
<p><b>Facilitate sustainable economic prosperity:</b></p> <p>The continued success of The Strand 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.</p>
<p><b>Greater income for social investment:</b></p> <p>The proposed Phase 1 scheme includes the provision of 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.</p>
<p><b>Cleaner Greener:</b></p> <p>All development proposals will be compliant with the Building Regulations and other Planning and Habitat regulations meaning Sefton builds cleaner and greener.</p>

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

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7444/23 ) and Chief Legal and Democratic Officer (LD 5544/23) have been consulted and any comments have been incorporated into the report.

The Service Manager for Procurement has been consulted and helped to shape the plans with respect to the proposed procurements and appointments of consultants and the building contractor.

(B) External Consultations

There have been extensive consultations with local people, businesses and other stakeholders, details of which are included in the report. These consultations will continue, facilitated by the recent establishment of a dedicated shop unit in the Strand shopping Centre acting as an information and engagement hub.

### **Implementation Date for the Decision**

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

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### **Annexes and Appendices:**

- **Appendix 1 – The Strand BP and FBC Summary 2023-2028**
- **Appendix 2 – The Strand BP 2023-2028 - Detailed**
- **Appendix 3 – The Strand Transformation Programme FBC - Detailed**

Appendix 2 and Appendix 3 are confidential and exempt from publication in compliance with Schedule 12A of the Local Government Act 1972, which provides for certain information to be exempt from publication including information relating to the financial or business affairs of any particular person (including the authority holding the information). ‘Financial or business affairs’ includes contemplated, as well as past or current, activities. ‘Person’ includes any public authority, company, or other legally constituted organisation.

The detailed Business Plan includes detailed information about costs and income that would be detrimental to commercial negotiations with existing and future tenants of The Strand if published.

The detailed Business Case includes details of supplier fees and procurement arrangements, which are commercially sensitive.

Such an exemption is subject to the Public Interest Test and the exemption will only apply, if and so long, as in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The Monitoring officer has considered this issue and recommends to Cabinet that this information should be exempt from publication.”

### **Background Papers:**

- **Strand Engagement, Communications and Consultation Plan:**  
[\(Public Pack\)Agenda Document for Public Engagement and Consultation Panel, 08/09/2023 10:00](#)

## **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 enable this regeneration and reverse the decline The Strand was suffering in the hands of private ownership. The Council aims to respond proactively to the challenges of a changing retail market accelerated and increased by the impacts of COVID-19 and the current economic conditions. The proposed Transformation Programme will help to drive economic, social, and physical regeneration in the town centre, bringing back in to use near derelict areas, creating beautiful public realm spaces, reanimating the town centre to attract more footfall, ultimately bringing in new employers and creating local jobs.

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 is ready to proceed with Phase 1 of the proposed Transformation Programme, utilising: (i) £20m funding for the first 3 elements of the project (Phase 1A-C), which has already been secured from DLUHC; and (ii) funding from the LCR CA for the final element (Phase 1D), pending finalisation of the designs for this last element as well as confirmation of the formal approval of the required funding by the LCR CA.
- 1.3 In the meantime, the Council continues to work on a long-term strategy for further improving the remainder of The Strand through later phases, over the coming years. This includes investment in the remainder of the centre to further improve its long-term performance and better meet the needs of the future high street, enhancing the Strand's value to Bootle Town Centre, further driving regeneration outcomes and attracting more inward investment.
- 1.4 The detailed plans for Phase 1 (including integration with the adjacent Canalside site) and the longer-term plans 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 long-term.

## **2.0 Business Plan 2023/24 to 2027/28**

- 2.1 The Summary Transformation Business Plan document attached to this report at Appendix 1 covers a 5 year period and includes information on the current economic climate and medium-term forecasts, with the implications for the retail sector particularly, reinforcing the importance of implementing the proposals.
- 2.2 It is important to note that the Strand was acquired in 2017 by the Council to ensure its continuation as an important amenity to the local community and to meet regeneration aims for Bootle Town Centre. Structural changes in the retail market and challenges in the wider economy have put pressure on the Strand's financial performance. The proposed Transformation Programme is designed to address those issues, drive regeneration and put the Strand back on to a sustainable financial footing.
- 2.3 The analysis underpinning the forecasts in this Transformation Business Plan is conducted at both an individual tenant level and for the overall asset. However, the detail in this respect, of course, remains commercially sensitive and confidential, so is excluded from the Summary Transformation Business Plan document.
- 2.4 Ongoing reviews continue to 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.
- 2.5 The Transformation Business Plan outlines the strong platform the Strand provides for the future economic recovery in Bootle town centre.
- 2.6 Moreover, external feedback reinforces that the structural changes and economic challenges 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.
- 2.7 The Transformation Business Plan appended to this report assumes that Phase 1 of the proposed Transformation Programme is implemented but includes an assessment of the likely outcome if this were not to be the case.
- 2.8 Therefore, the Business Plan section also includes an overview of the capital investment required to implement Phase 1 and identifies the sources of that capital. (This is then dealt with in more detail in the Programme Business Case section).
- 2.9 As previously, the Strand's operational finances will be funded through the Council's approved revenue budget, and any variance will be contained within this approved budget. Any material variations to this forecast will be presented back to Cabinet for further decision.



2.10 The high-level financial forecast, in comparison to the previous approved 'As-is' Business Plan is as follows:

YEAR	1	2	3	4	5
FINANCIAL YEAR	2023/24	2024/25	2025/26	2026/27	2027/28
Previous BP – Net Council Return	-£1,837,238	-£2,084,686	n/a	n/a	n/a
*Transformation BP – Net Council Return	-£1,610,201	-£1,850,407	-£1,151,114	-£1,012,388	-£858,360
Variance	£227,037	£234,279	n/a	n/a	n/a

(\*These projections do NOT include any of the M&S lease surrender premium received in 23/24 which is held in reserve to replace lost contribution from M&S during the Phase 1 works. This reserve will be allocated each year in the appropriate proportion to ensure the financial cost of the shopping centre to the Council's Medium Term Financial Plan remains within the agreed budget each year).

- The decline in the current BP projections (and trends in previous years) show the challenges The Strand is facing for the future. The Council's Asset Manager confirms that without change the Strand will continue to decline, exacerbated by increasing inflation, the cost-of-living crisis, and a potential recession.
- However, with change, through the implementation of Phase 1 of the Transformation Programme, the Asset Manager forecasts an improvement over the 5 years of the Plan of over c.£750k, as shown in the table above, which trend would continue, enabling the Strand to return to net positive income by the time the Programme is complete.

2.11 The level of investment required to achieve this BP improvement is £45.14m over 5 years, as summarised in the table below:

YEAR	1	2	3	4	5
FINANCIAL YEAR	2023/24	2024/25	2025/26	2026/2027	2027/2028
Development of Phase 1A-C <i>£20m (DLUHC)</i>	£0	£6,666,667	£6,666,667	£6,666,667	£0
Development of Phase 1D <i>£18m (sought from LCR CA)</i>			£9,000,000	£9,000,000	£0
Additional enabling capital <i>£7.14m (sought from LCR CA)</i>	£2,867,000	£900,000	£2,850,000	£525,000	£0
<b>TOTAL INVESTMENT</b> <i>£45.14m</i>	<b>£2,867,000</b>	<b>£7,566,667</b>	<b>£18,516,667</b>	<b>£16,191,667</b>	<b>£0</b>

- £20m of this funding, for Phase 1A-C (see below) is already secured from DLUHC via the Capital Levelling Up Fund grant.
- A further £18m of this funding is expected from LCR CA but yet to be formally confirmed.
- Within the total c.£45m there is also c.£7m required to enable the remaining Strand to continue to operate effectively whilst the Phase 1 programme is implemented. A business case for this c.£7m capital investment has been submitted to the LCR CA and is awaiting formal approval.

### 3.0 **Business Case for Phase 1 of the Transformation Programme**

3.1 The Council has set out a compelling long-term vision for The Strand and the regeneration it can enable in the town centre, focusing on promoting dynamism and inclusive and sustainable places that align with the local community. The successful delivery of Phase 1 of the Programme to create this sense of Place is the critical foundation for enabling this long-term vision.



3.2 The plans for the future of The Strand have been developed in partnership with key stakeholders and the local community and have considered the wider consultation taking place on the town centre and the whole of Bootle via the Area Action Plan process currently underway.

3.3 This commitment to Stakeholder Engagement, Communication and Consultation (“SECC”) will continue through the Programme, supported by a comprehensive SECC Plan and the recent establishment of a Strand Information Hub in a vacant unit in The Strand. A link to the SECC Plan is included at the start of this report.

3.4 The Phase 1 Programme will build on the existing ‘Salt’n’Tar’ facilities and offer, which have been started as ‘Meanwhile Uses’ along the Canalside, establishing these for the long-term as an enhanced and integral part of the Strand’s diversified future offer.

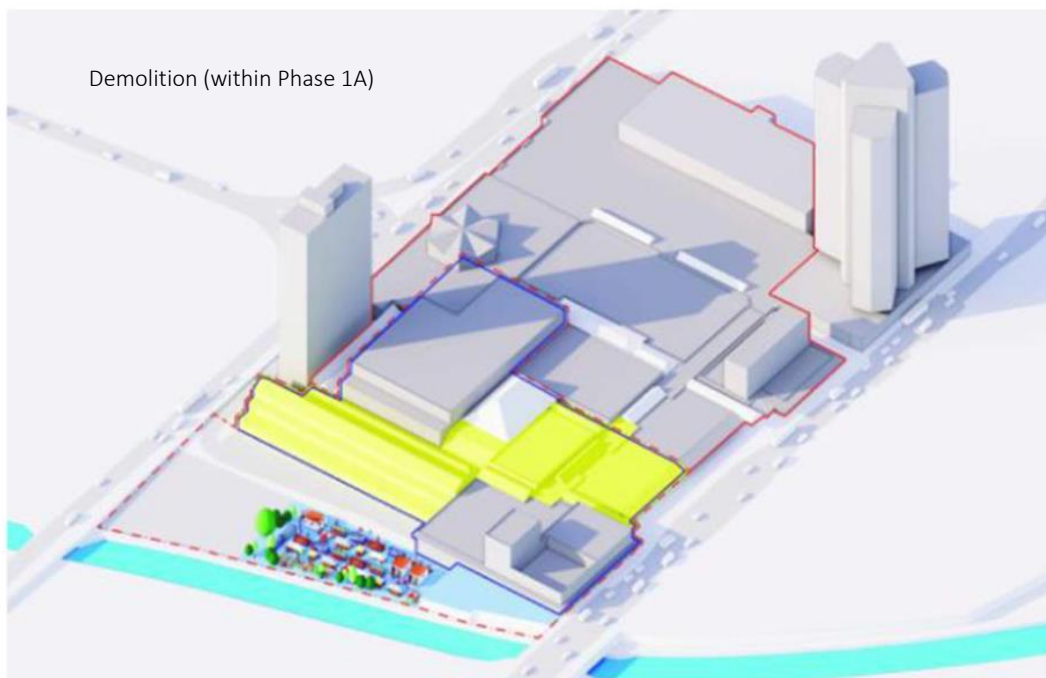
- The Phase 1 Programme comprises 4 key elements, as below:
  - Phase 1A:* New landscaped public realm alongside the canal that extends and enhances the initial 'meanwhile uses' Salt and Tar facilities.
  - *Phase 1B:* refurbished space in ‘Block A’ (the former M&S unit) including: x6 new commercial units facing the new town square along with new 'shell and core' space on the ground floor (Stanley Road level); and new 'shell and core' space in the basement area (Canalside/Washington Parade level). The shell and core space will be flexible for a variety of uses and occupiers.
  - *Phase 1C:* new landscaped public realm forming a new Town Square where the currently enclosed Mons Square is located, which will integrate with the Canalside

and deliver enhanced permeability into the Strand and a beautiful space where the community can come together.

- *Phase 1D*: repurposing 'Block B' to provide new 'shell and core' space that will be flexible for a variety of uses and occupiers.

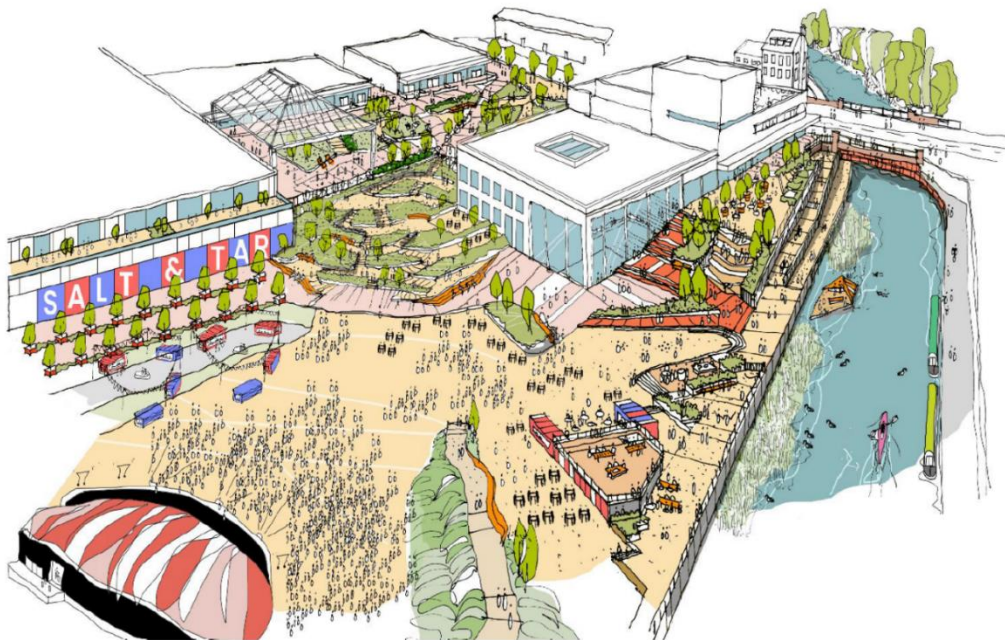


- 3.5 Phase 1A includes the demolition of surplus retail and derelict residential space in The Palatine to remove low performing units that currently make a loss and to open the site up to facilitate new public realm for Place Shaping.



attractive and welcoming environment is a key first step in developing the existing Strand into a town centre fit for the future.

- 3.7 Therefore, Phase 1 of the Programme has a focus on delivering first class public realm to unlock future development of more commercial uses, whilst providing a solid base for the social and physical regeneration of Bootle by creating a pleasant and attractive town centre for its residents.
- 3.8 In this way, the social and physical fabric of a community improves and with it the economic benefit to its residents, resulting in improved life chances. Investment in Place Shaping returns increased economic output, uplifts in land values and increased job creation..



*Vision of Phase 1 of The Strand Transformation Programme*

### 3.9 The Case for Proceeding with Implementing Phase 1 - Benefits

#### 3.9.1 *Financial*

- 3.9.1.1 As outlined above in the Business Plan section of this report, successfully delivering Phase 1 of the Programme is essential to move the Strand from a position of continued financial decline with an unsustainable future to once again becoming a net positive income generating asset that is financially sustainable for the long-term, ensuring the continuation of essential amenities that are needed and valued by the local community.
- 3.9.1.2 Again, it is important to note that the decline in the Strand's financial performance is due to structural changes in the retail market and challenges in the wider economy and that the proposed Transformation Programme is designed to address those issues, drive regeneration and put the Strand back on to a sustainable financial footing.

### 3.9.2 *Economic, social, and physical regeneration*

3.9.2.1 In addition to enabling the Strand to again become financially sustainable, implementing Phase 1 of the Programme will drive significant economic, social, and physical regeneration across Bootle. These significant benefits are quantifiable over 10 years:

- **Social value** – through providing better amenities, attracting people to visit and to dwell in the town centre and providing easier access to essential facilities and services ‘on the high-street’.
- **Improved health and well-being** – through providing new public realm and green spaces as well as new facilities for active travel and lifestyles as well as integrated health and social care on the high street.
- **Economic value** – through attracting more visitors to the town centre and encouraging spending more time and money locally, including supporting the development of a vibrant night-time economy and local businesses, creating jobs with a more vibrant and attractive town centre being more attractive to employers to set up in the town.
- **Environmental improvements** – through high quality public realm and more green spaces; opening access to the canal; ultimately creating a ‘green-link’ to Rimrose Valley country park and a ‘blue-highway’ (via the waterway) to Liverpool; also, through the design strategy focusing on re-purposing rather than whole-scale demolition and rebuild, reducing the project carbon footprint by over 30%
- **Commercial value** – through re-purposing and diversifying the offer to be fit for the high-street of the future, enabling the Strand to return to net positive income generation and become financially sustainable in the long-term and arresting the decline in the value of the asset over time.

3.9.2.2 An assessment conducted for the Council by the market leading built environment consultants Savills for the Council’s DLUHC bid quantified some of these benefits in financial values over 10 years as follows:

Land value uplifts (unlocking wider investment and development)	c.£180m
Residential values uplift (unlocking housing development)	c.£17m
Retail and Leisure values uplift (improving quality of life)	c. £1m
Office values uplift (helping bring back in to use the large number of empty offices)	c.£5m
Improved amenity space (improving quality of life, health, and inward investment)	c.£3m
Job creating and wage uplifts	c.£3m (200 new jobs)
Crime reduction	c.£3m (10% reduction)
Avoided asset depreciation (over 10 years)	c.£16m



## 4.0 Funding Phase 1

4.1 The implementation of Phase 1 of the Programme requires c.£45m in new investment over 5 years (the full term of the Transformation Business Plan) as follows.

Development of Phase 1A-C:	£20.0m (funded by DLUHC)
Additional enabling capital* and Development of Phase 1D:	£25.1m (being sought from the LCRCA)
<b>TOTAL:</b>	<b>£45.1m</b>

\*The additional enabling capital is required to enable the remainder of the Strand, outside of the scope of Phase 1 to continue to operate effectively during the works.

### 4.2 *DLUCH Capital Levelling Up Funding for Phase 1A-C*

4.2.1 The Council has already been successful in securing, in March 2023, the £20m of capital funding from DLUHC via the Capital Levelling Up Fund to complete Phase 1A-C in its entirety, including professional fees for the remaining RIBA Stage 3-7 work. This work must be completed by 31 March 2026 as a condition of the funding agreement, creating a very challenging schedule for the works.

### 4.3 *Applications for Liverpool City Region Combined Authority (LCR CA) Funding*

4.3.1 There is additional funding required of £7.1m to deliver Enabling Works that will allow the shopping centre to continue to operate during the Phase 1A-C works.

4.3.2 There is also additional funding, estimated at up to £18m, to re-purpose Block B for Phase 1D of the Programme, which must be completed as a condition of the Levelling Up funding grant.

4.3.3 The Council's project team officers and the Executive Director of Place have been working with the LCR CA to discuss prospective funding applications to a total of c. £18m of the estimated c.£25.1m additional funding. The CA have confirmed their support for the aspirations of the programme and welcome a submission for funding, which will be subject to their assurance process, which includes a review of the business case being prepared by the council.

4.3.4 A submission for £7.1m capital investment required for the Phase 1 Enabling Works (to enable the shopping centre to continue to operate effectively during the works) has been submitted and council officers are working with colleagues at the Combined Authority to develop a business case and, if ultimately approved by the Combined Authority, to identify available funding to support delivery of this phase.

## **5.0 Procurement of a Building Contractor for Phase 1A-C**

- 5.1 The approach to Procurement of a Building Contractor is consistent with the approach adopted across the Council's Growth and Strategic Investment Programme, taking account of lessons learned from other projects to adopt best practice.
- 5.2 As the timetable set by DLUHC for completion of Phase 1A-C is so tight, the Council has had to urgently commence with a procurement exercise to select a building contractor to deliver the Phase 1A-C works, including the initial demolition.
- 5.3 Cabinet is asked to approve the Executive Director for Place, in consultation with the Cabinet Member for Regeneration and Skills, to select a preferred contractor via the Procure Northwest Framework, as soon as possible with a further Cabinet report to approve the award of the contract following the completion of the exercise.
- 5.4 The Procure Northwest Framework is a fully PCR 2015 compliant framework notified on Find a Tender Service (formerly the OJEU).
- 5.5 The framework is divided into regional-specific value banded lots and can be used for Design and Build or Build Only projects. The Council's procurement service has been fully engaged and supporting the project with this procurement plan.
  - 5.5.1 The current proposal is to procure a two-stage Design and Build contract including:
  - 5.5.2 A fixed price for the demolition works (due to start in February 2024);
  - 5.5.3 A statement of the contractor's profit, overhead and preliminaries costs against a set of provisional sums provided by the Council for the main works. The provisional sums will then be replaced by the contractor's fixed price for those works as the detailed technical designs are complete, always remaining within the set project budget.
  - 5.5.4 A Pre-Contract Services Agreement (PCSA) for the preferred contractor to provide services prior to the full build in support of completing the detailed technical designs for the main works.
- 5.6 The procurement includes requirements for commitment to social value and environmental sustainability aligning with the Council's policies as advised by the Council's procurement team who are supporting the procurement.

## **6.0 Appointment of a Development Manager for RIBA Stage 3-7 for delivery of the Phase 1A-D of the Transformation Programme**

- 6.1 The procurement of a Development Manager is consistent with the approach adopted across the Council's Growth and Strategic Investment Programme for major schemes.

- 6.2 Following a review of the project by development experts provided by the LCR CA, it has been confirmed that the Council does not have sufficient expert capacity in-house to directly manage this public sector led development. The LCR CA recommended that the Council appoint a suitably qualified Development Manager for this role to ensure the very challenging timescales can be achieved and the complexity of the project effectively managed.
- 6.3 The existing Strand Asset Manager is recommended to be directly appointed for this role because they are unique in the marketplace in their ability to meet all of the specific DM requirements for the Strand Programme, many of which are particular to this project, including:
- 6.3.1 The need for the Strand shopping centre to continue to operate throughout the delivery of the Programme making this an extremely complex and challenging project to deliver and requiring the capital project and operational activities to be fully integrated.
- 6.3.2 The need to effectively manage the project's key deliverables across the whole of the supply chain (both asset management and construction delivery) in a completely coordinated way at pace: -
- The need to underpin the Transformation Business Plan with commitments from existing and potential future tenants.
  - The need to ensure detailed designs align with the needs of the key individual potential future tenants.
  - The need to gain timely vacant possession of units within the scope of Phase 1 at minimum cost to the Council.
  - The need to effectively manage relationships with existing tenants to retain Net Operating Income of units outside of the scope of Phase 1 during development works.
  - The need to control the final design and delivery plans and manage any required value engineering of the Phase 1 solution to fit available funding and/or presenting additional funding options.
  - The need to ensure the Strand can continue to operate 'BAU' services whilst going through major change with the delivery of the Programme, including robustly coordinating the management of all these issues and requirements, as well as all the Delivery team resources.
- 6.3.3 The contract would include a clear set of requirements relating to the greater leadership role required to deliver the programme, especially: -
- Integrating the existing 'BAU' operations/asset management role with the capital programme delivery role.



- Providing the client brief for the design requirements at each RIBA Stage, taking full account of the needs of the most credible and feasible potential occupiers for Phase 1.
- Leading negotiations with those potential occupiers to put in place agreements that underpin the Strand Business Plan targets that are agreed with Cabinet.
- Directing the PM and Design team to ensure designs and processes support the proposed optimum concept for Phase 1.
- Managing the PM and design team's performance in delivering the required PM and Design outputs in a timely way.

6.4 Cabinet is asked to approve the Executive Director for Place, in consultation with the Cabinet Member for Regeneration and Skills, to directly appoint the existing Asset Manager to this integrated Asset Management/Development Management role, and subsequently to approve the contract for the appointment of the role. The Council's procurement service has been fully engaged and supporting with this procurement plan, which has also been externally reviewed by the Project's appointed legal advisers.

#### **7.0 Appointment of a PM, Cost and Design Consultant for RIBA Stage 3-7 for delivery of the Phase 1A-C of the Transformation Programme**

7.1 The approach to Procurement of the PM/Cost/Design team is also consistent with the approach adopted across the Council's Growth and Strategic Investment Programme, taking account of lessons learned from other projects to adopt best practice.

7.2 The Council has previously appointed, via a competitive tender on the BLOOM framework, a Project and Cost Management and full Design Team partner for the pre-development work on the Transformation Programme. The scope of the work under this appointment has been to deliver RIBA Stage 0 for the whole Programme and RIBA Stage 1 for the whole of Phase 1A-D extending to RIBA Stage 2 for Phase 1A-C, which work is now complete.

7.3 Subject to approval of Cabinet to proceed with the implementation of Phase 1, it is now necessary to appoint the PM and Cost Management and Full Design Team for the remaining RIBA Stages 3-7 of the works, with the target date for completion of construction being 31 March 2026 as specified by DLUHC. This is to fully be funded by the DLUHC grant award.

7.4 Cabinet is asked to approve the Executive Director for Place, in consultation with the Cabinet Member for Regeneration and Skills, to authorise the direct appointment of the existing PM, Cost and Full Design Team partner via the Crown Commercial Services ("CCS") Estates Framework for this work.

- 7.5 The CCS Estates framework is a fully PCR 2015 compliant framework notified on Find a Tender Service (formerly the OJEU). The Council's procurement service has been fully engaged and supporting the project with this procurement plan and the supplier has confirmed in writing, following agreement with the CCS, that this framework is suitable for the full range of services required.
- 7.6 Subsequent work packages for Phase 1D and later Phases of the project, which are not subject to the same timescales, will be procured at a later date and may be subject to mini-competition via the appropriate framework, depending on advice from the Council's procurement service and the Project's external legal adviser.

## **8.0 APPENDICES**

- 8.1 **Appendix 1:** The Strand BP and FBC Summary 2023-2028.
- 8.2 **Appendix 2:** The Strand BP 2023-2028 – Detailed. (The report and Appendix 1 are not confidential, but Appendix 2 is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.)
- 8.3 **Appendix 3:** The Strand Transformation programme FBC - Detailed. (The report and Appendix 1 are not confidential, but Appendix 3 is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).