

SUBJECT: LINCOLN TOWN DEAL PROGRAMME

DIRECTORATE: MAJOR DEVELOPMENTS

REPORT AUTHOR: JO WALKER, ASSISTANT DIRECTOR - GROWTH

1. Purpose of Report

- 1.1 To approve the Town Investment Plan (TIP), proposed for submission to Ministry of Housing Communities and Local government (MHCLG) via the Town Hub by 29th of October 2020.
- 1.2 To consider and incorporate any changes, edits or additions arising from the Lincoln Town Deal Board meeting scheduled for Friday 23rd October, which will be given as a verbal update to the Executive at the meeting on Monday 26th October.
- 1.3 To approve works for Cornhill Square and Lincoln Central Market as the priority for MHCLG approved Accelerated Town Funding of £1 million.
- 1.4 To approve the Council's role as accountable body for the Town Deal Project Programme.
- 1.5 To approve the Council's role as Project Lead in delivery of the following Town Deal Projects (subject to funding); Lincoln Central Market; Tentercroft St and three Road to Zero carbon reduction projects, SME Green Recovery Grant Scheme, Community Investment Bond Scheme and Construction Retrofit Project.

2. Executive Summary

- 2.1 Lincoln is one of 101 towns selected by the Government to work towards a Town Deal, with the potential to secure up to £25m funding to support proposals which will deliver long-term economic growth.
- 2.2 In response to selection in December 2019 and the Government's published Town Deal prospectus, a multi-agency Town Deal Board was established to oversee the development of a Town Investment Plan in January 2020, a pre-requisite for securing Town Funds.
- 2.3 Over the past nine months the Town Board has considered the economic evidence alongside engagement and consultation with local stakeholders and communities in order to develop a long term vision, strategy and five year project intervention programme to support of the growth and development of the City.
- 2.4 This work, alongside ongoing discussion with the Government's Town Hub advisors, has been the basis for the Town Investment Plan as proposed for submission.

- 2.5 The development of the Plan has also been considered in the context of Covid 19 recovery, carbon reduction and inclusive growth needs.
- 2.6 The Town Investment Plan (TIP) is included in Appendix 1. It has been structured in line with Government Guidance and comprises 2 sections. Section 1 sets out the context, strategy and process planning; section 2 sets out the details of the project proposals.
- 2.7 Following submission at the end of October, the TIP and constituent projects will be assessed by officials from MHCLG and other government departments (from both local and national levels). Subject to the quality and viability of the proposals, government will offer a Heads of Terms to be considered by the Town Board. The Heads of Terms will include an allocated budget, a list of projects to receive funding and recommended assurance route for business cases, a list of support agreed with other government departments and key conditions.
- 2.8 An initial response and potential Heads of Terms can be expected in January 2021.
- 2.9 The City of Lincoln Council is the recognised Accountable Body for the Town Fund Programme and subject to Executive approval, the Council will continue to manage the overall programme of delivery as well as leading on the delivery of a number of key projects.
- 2.10 Resources have been identified to enable the Council to carry out this function through a combination of in-house staff, recruitment and consultancy expertise. The budget for this Programme Management Function has been included within the overall Investment Plan and Town Fund 'ask'.
- 2.11 In addition to the main Town Deal programme, a grant of £1,000,000 is being offered to fund capital projects that can be delivered this financial year.
- 2.12 Officers identified the delivery of the wider public realm works to the Cornhill Square, to follow on from the demolition of the kiosk, tree retention and gateway treatment as a proposal that could be accelerated for delivery in the current financial year. This proposal was presented to and approved by Town Board on 25th July 2020 and subsequently by Government in September 2020. Subject to Executive approval, this scheme can proceed to formal contract and mobilise for delivery in early 2021.

3. Towns Fund Programme

- 3.1 Detailed guidance in respect of the Towns Fund Programme and requirements for the Town Investment Plan are set out in the 'Further Guidance' document, published by Government in June 2020¹. A summary of the key criteria is set out below:

¹ <https://www.gov.uk/government/publications/towns-fund-further-guidance>

Purpose	<ul style="list-style-type: none"> - Purpose to drive the sustainable economic regeneration of towns to deliver long term economic productivity growth - Key principles include sustainability, clean growth, inclusive growth, response to covid-19 and impact on town centres.
Funding	<ul style="list-style-type: none"> - Funding to be awarded based on quality of proposals; not in competition with others - Capital funding will make up 90% total allocation - Towns can bid for up to £25m (or over in exceptional circumstances) - Funding to be awarded based on quality of proposals not in competition with others. - Need to show alignment with wider funds and demonstrate co-funding/match-funding & private sector investment
Scope of Interventions	<ul style="list-style-type: none"> - Local Transport: increase bus services; new or upgraded cycle, walking, roads; pedestrianised routes - Digital connectivity: provision of full fibre infrastructure - Urban Regeneration: remediation, development of vacant sites - Arts, culture, heritage: new or upgraded museums, theatres, community spaces etc - Skills Infrastructure: new or improved skills facilities - Enterprise Infrastructure: increase in affordable, quality commercial, workspace, innovation facilities
Town Investment Plan (TIP) Requirements	<ul style="list-style-type: none"> - Context analysis: area analysis, key challenges and opportunities - Strategy: vision, outcomes and targets for 2030; evidence, analysis and spatial strategy; mapping of strategies, programmes and investments to ensure alignment/added value - Engagement and Delivery: buy-in, private sector commitment/investment, high level business cases and appraisals for each project & delivery plan - Prioritised Projects: project details, costs, delivery and BCR (full business cases not required)
Process & Timescales	<ul style="list-style-type: none"> - Preparation and submission of the Town Investment Plan: by October 2020 - 2-Stage review leading to agreed Heads of Terms (or opportunity to resubmit): 2 months - Development of detailed project proposals: up to 12 months - Final agreed projects and release of funding

Governance	<ul style="list-style-type: none"> - Town Deal Board: to oversee/ sign off each stage of the TIP - Lead Council: to act as or with the Accountable Body to deliver and manage the programme
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4. Town Investment Plan & Project Proposals

4.1 The Investment Plan is based on an analysis of the evidence of need, challenges and opportunities within the City, using a combination of statistical research, stakeholder consultation and wider community engagement – set out in full within the TIP and supporting appendices.

4.2 From the analysis of the evidence, a vision has been developed and approved by the Town Board along with the following priorities, aligned to the Town Fund Intervention Framework.

A world class heritage city, which has embraced the opportunities presented by the digital economy to drive investment, innovation and productivity, creating opportunities for all, attracting new talent and securing Lincoln's future as a dynamic, sustainable and inclusive place.

- **Digitalisation** Building on Lincoln's strength as a centre for learning and research, and promotion and enabling a tech-friendly environment, supporting the growth of the digital sector and the use of digital technology
- **Skills to support inclusive growth** : Investing in training to raise the skill levels of SMEs and citizens, building in resilience in the transition to the new digital economy and enabling them to benefit from the opportunities it can bring.
- **Sustainable Transport** : Delivery of the Lincoln transport strategy objectives to enable efficient movement and improved connectivity, improved accessibility and the use of smart technologies.
- **Urban Regeneration to support Arts, Culture, Heritage and Enterprise Infrastructure:** To develop the City's potential as a dynamic and contemporary Cathedral city through effective digital promotion and investment in key cultural, leisure and heritage assets.

4.3 These priorities were further tested through a citizen's panel consultation in September, which generated general consensus and support.

4.4 In order to deliver against these priorities (and to meet the requirements of the Town Fund Intervention Framework), Officers have worked with stakeholders and lead partners to develop a long list of potential projects for consideration firstly by the Town Board and secondly through an independent appraisal process, involving consultants, Rose Regeneration and a sub-group of non-conflicted Town Board members. The final selection has also been subject to a 'Check and Challenge' session with government colleagues to ensure alignment with the core criteria. Key criteria for the project assessment process included:

- Strategic fit
- Evidence of Need
- Impact on overall Growth Programme

- Risk
- Alignment with Town Fund Intervention Framework
- Treasury 'Green Book' appraisal criteria

4.5 The resulting projects have emerged as the most impactful and relevant for inclusion in the Town Investment Plan:

Digitalisation:

Lincoln Made Smarter - a scheme that will accelerate the development of industrial digital technologies (IDTs) through focused support to SMEs.

Lincoln connected - the use of digital advances to enable better access to arts, culture and heritage, including the provision of an Open Content Management system (CMS), Smart Signage and new lighting system.

Skills to support Inclusive Growth:

Health and Well-being Hub - Development of a Health and Wellbeing training and support Centre (HWBC), to form part of the Lincoln College.

LCFC Community hub - the expansion and redevelopment of the current stadium infrastructure as a community training and employment facility.

Hospitality, Events and Tourism (HEAT) College - development of the UK's first Hospitality, Events and Tourism (HEAT) College.

Sustainable Transport:

Wigford Way - improved walking and cycling environment and public realm along Wigford Way and St Mary's Street.

Sincil Bank - traffic improvements including a resident only parking scheme, a 20mph vehicle zone, improved place-setting, creation of a green corridor and environmental improvements.

Urban Regeneration; Arts, Culture, Heritage and Enterprise Infrastructure:

Central Market & City Vibrancy - restoration and repurposing the Grade II listed Central Market Building to create a modern and diversified market offer, combining retail, food, leisure and technology.

Drill Hall Development - refurbishment for use as evening cultural/leisure venue and a community hub and adult training provision.

Tentercroft Steet - redevelopment of a strategic brownfield site to create new workspace and city living in the heart of the City Centre.

Barbican Production & Maker Hub - Refurbishment of the Barbican Hotel for use as a production hub for the creative sector.

The Hive - The redevelopment of a vacant, public estate building to provide city living for key workers alongside workspace and training provision.

Food Partnership – Store of Stories - the development of a centrally located food supermarket, providing low cost locally supplied waste and surplus food alongside a programme of advice, support and training, volunteering, and work placements opportunities.

Road to Net Zero Programme - A programme of four projects that support the work of the Lincoln Climate Commission, and the 'Roadmap to Zero carbon Lincoln' plan. The projects are: The Feeding Tariff; Construction Retrofit Project; SME Green Recovery Grant Scheme; Lincoln Community Investment Bond.

Greyfriars - restoration of the C13th building to open it to the public as a heritage attraction with a mix of a digital and tactile, immersive interpretation scheme, temporary exhibitions, events, conferencing and educational activities.

- 4.6 A summary of the financials for each project, is provided in Table 1 below. A total of £24.75m Town Fund Investment of is required to support the overall programme. This will lever direct co-funding support of £20.50m and a further £16m to support the regeneration of our key brownfield site at Tentercroft Street to drive growth and underpin further private sector development. Full details of the prioritisation process undertaken to develop this final portfolio is included in the appendices to this report.
- 4.7 We estimate that the investment programme will generate over £50m in wider economic benefit (GVA) and support over 700 jobs. This is a conservative estimate, based upon an initial assessment of learning and employment outputs, additional visitor and household spend generated by some of our projects. The figures exclude the output from our transport interventions at this stage and a number of other outputs which can be monetarised at full business case stage, adding significant value to this programme
- 4.8 Members are requested to approve the Town Investment Plan (TIP) and projects as proposed, for submission to Ministry of Housing Communities and Local government (MHCLG) via the Town Hub by 29th of October 2020.

Table 1: Proposed Project List & Financial Summary

Project	Towns Fund £m	Co-Funding £m	Total Cost £m
Lincoln Connected	1.514	0.542	2.056
Lincoln Made Smarter	1.290	1.050	2.340
Wigford Way/St. Mary's Street	5.040	0.000	5.040
Sincil Bank Green Corridor	3.040	0.000	3.040
Lincoln City FC Stadium and Community Redevelopment Projects	0.840	2.000	2.840
Health & Wellbeing Centre (HWBC)	0.660	0.550	1.210
Hospitality Events & Tourism Institute (HEAT)	1.240	1.300	2.540
Lincoln Central Market and Vibrant Public Realm	6.540	2.000	8.540
Tentercroft Street	0.340	0.000	0.340
Climate Commission Road to Net Zero	0.360	0.053	0.413
Drill Hall Development	0.455	0.550	1.005
Barbican Production & Maker Hub	1.640	1.000	2.640
Store of Stories (Food Supermarket)	0.205	0.849	1.054
Greyfriars	0.540	1.164	1.704
The Hive	1.040	8.800	9.840
Programme Management	<i>inc.</i>	0.646	0.646
Total	24.748	20.504	45.252

5. Accelerated Project

- 5.1 In addition to the main Town Deal programme, a grant of £1,000,000 is being offered to fund capital projects that can be delivered this financial year.
- 5.2 This grant must be used to support capital spend within the intervention framework as set out in the Towns Fund Further Guidance:
- 5.3 In order to unlock this funding, the Council was required to confirm details of the proposal within a letter from the Section 151 Officer by 14th August 2020, confirming that the project was:
- in line with the Towns Fund intervention framework,
 - would achieve good value for money
 - could be delivered this financial year
- 5.4 The priority is to achieve expenditure to the value of the grant (£1m) within the current financial year but works may follow in 2021/22 to complete a scheme provided that an alternative funding source is utilised for any expenditure post 31st March 2021.
- 5.5 The proposal which was approved by Town Board and submitted to government in August includes the delivery of the wider public realm works to the Cornhill Square, to follow on from the demolition of the kiosk, tree retention and gateway treatment.
- 5.6 This proposal has now been approved by government and funds have now been received to enable the Council to proceed with the scheme, subject to Executive approval.
- 5.7 The scheme will significantly upgrade the paving and street furniture to the quality standard of the recently refurbished Cornhill Pavement immediately to the east and improve connectivity between the Transport Hub, regenerated Cornhill Quarter and the High Street.
- 5.8 Upgrading the space will provide a flexible, high quality environment which can be fully utilised for events, performances, outdoor trading, markets and pavement cafés as well as provide an attractive place to sit and dwell. The quality of the proposed materials will enhance the setting of the listed Corn Exchange building positioned centrally within the square.
- 5.9 Cornhill Square is a key site in the wider regeneration of the Cornhill Quarter and its redesign and reuse as a flexible event space:
- is a critical step in supporting the Market and City Vibrancy Town Fund intervention, through enabling the change of use of City Square from a primary event space to a consolidated outdoor market offer, maximising the opportunities for the regeneration of a smarter Central Market targeting a wider range of small and new start businesses.
 - is a strategic fit with the City Centre Masterplan, Lincoln Transport Strategy, Public Realm Strategy and the Town Deal urban regeneration enterprise

infrastructure and heritage/culture infrastructure objectives.

- provides opportunities to explore tech solutions for improved event infrastructure, and linkages to other initiatives such as 'Lincoln Creates' and 'Light Up Festival'.
- builds on and complements the significant ongoing investment in wider Cornhill/Transport Hub area and that proposed within the Heritage Action Zone area.
- complements the wider City Centre recovery planning including the Reopening the High Street Safely Action Plan.

5.10 The total cost of this project, inclusive of fees is approximately £1m and the scheme can be delivered over a 23-week programme commencing in January 2021 (subject to contract).

5.11 A January start will enable a substantive project outcome by year-end, however full expenditure will not be achieved with this scheme alone.

5.12 To compensate for this we have proposed to utilise Town Fund grant in place of our own reserves to forward fund the Cornhill Phase 1 works and the feasibility and design work in respect of the Market as part of a portfolio of connected interventions to support City Centre Vibrancy and all within the scope of the Town Fund. This will help to enable sufficient expenditure by 31st March 2021 and is the proposal set out to (and now approved by) government.

5.13 While completion of the paving works in their entirety could be achieved within the financial year starting on site in October, this would be a major disrupter during the peak Christmas trading period, contrary to the Government's objective of supporting High Street recovery. A January start is therefore preferable and realistic, allowing time to finalise detailed design and to consult with businesses.

5.14 In preparation for this work, Officers have engaged with LCC Highways to reach agreement on the proposed specification and phasing plan. LCC have confirmed that this work can be carried out under a minor works agreement.

6 Governance and the Role of the Council as Accountable Body

6.1 Going forward and in line with the requirements of the Programme, the Town Fund Board will oversee the implementation of the Investment Plan and ensure compliance with the Heads of Terms Agreement with government.

6.2 Below this level, the Delivery Board and its constituent partners will lead on technical project delivery and ensure collaboration across the programme, having regard to the wider partnership network that exists within Lincoln.

6.3 The City Council will then continue to act as the accountable body for the implementation of the Investment Plan. Acting in this role, the Council will:

- Oversee the Heads of Terms Agreement with government and the Board;

- Ensure continued good governance and transparency in decision making;
- Manage, monitor and evaluate the Investment Programme, with recourse to independent expertise as required for assurance;
- Support lead partners in the development of detailed business cases to secure funding;
- Manage contractual arrangements with project partners to ensure delivery
- Carry out the financial management for the programme;
- Be responsible for the financial management of the overall programme;
- Periodic reporting to government as required.

6.4 It is proposed to establish a dedicated Programme Management Function to oversee the programme, utilizing a mix of existing staff and resources within the Authority, combined with specialist expertise to add value to the proposals and to ensure independent appraisal and scrutiny as part of our assurance process.

6.5 This will be led by a Programme Manager, supported by Project Development and Monitoring Officers and a Programme Accountant. Specialist support will then be required as follows:

- To develop our local green book assurance process;
- To undertake independent project appraisal and due diligence, ensuring objectivity in decision making;
- To provide skills and expertise in developing our digital and clean growth proposals, ensuring these can be transformational;
- To provide specialist legal advice where required (e.g. state aid) to support contractual arrangements with government and back-to-back funding agreements with partners.

6.6 Total projected costs for this function over the c 6-year programme are estimated to be c £1.2m, of which approximately 50% can be funded through in-kind, existing staff time with the remainder as a requirement of the Town Fund programme, to be leveraged as part of the overall programme.

6.7 Our programme management and assurance process will be prepared and presented to the Town Board and Executive following our Heads of Terms Agreement. We will draw on best practice and explore opportunities for joint-working with our partners in East Lindsey and Boston in order to maximise resource and achieve efficiencies. Our management and assurance process will set out:

- Arrangements for the Programme Management Office including its structure, resourcing and reporting;
- Business case preparation and approval processes, including due diligence and appraisal;
- Project monitoring and evaluation templates and reporting procedures
- Preparation of project-specific funding agreements;
- Setting out of procurement processes;
- Performance management systems and overall programme monitoring and evaluation arrangements;
- Partnership/joint-working arrangements where functions or commissioning

may be shared.

7. Project Delivery: Council-led Schemes

7.1 Central Market

7.1.1 One of the key projects within the Town Fund programme for Lincoln is the restoration of Central Market. This project would be led and delivered by the Council as the asset owner, subject to securing funds.

7.1.2 Central Market is a Grade II Listed building and in use as the only covered market within the City. The building is located within the Cornhill Quarter – an area which has benefitted from major investment and regeneration totalling some £100m over the past 4 years, anchored by the City's own Transport Hub. In contrast, Central Market now presents an outdated appearance and consumer offer, with a lack of maintenance and poor-quality repairs carried out over the lifetime of the building leading to some significant defects.

7.1.3 In 2014, City of Lincoln Council, Lincolnshire Co-operative, and Lincoln Big Commissioned the National Association of British Market Authorities (NABMA) to undertake a review of markets in Lincoln. NABMA identified that in order to achieve a vibrant and long-term sustainable market offer, change was necessary. This was reviewed in 2018 and concluded that whilst nationally, markets continue on a slow decline, Lincoln still has the potential to develop a very strong indoor and outdoor market offer provided delivery of the offer is effectively co-ordinated and supported by investment.

7.1.4 There is now an imperative to explore options and to upgrade and safeguard the Central Market for the following reasons:

- The market is underachieving relative to the surrounding area and comparator market halls. A lack of investment in the fabric and maintenance of the building has led to an outdated appearance, vacancies and underutilised space;
- The existing market is operating at c 70% occupancy (20 vacant stalls), with a turnover of circa £223k in 2018/19, delivering a net surplus of £64k. Income has declined year on year and without intervention, this trend is likely to continue putting the future viability of the market at risk. Market income has continued to decline year on year and recent research has recommended the need for investment before it is too late in order to restore vitality and ensure the longer term sustainability of the market within the City;
- Whilst market occupancy has declined, there has been an upturn in the level of investment, interest and uptake of space within the immediate vicinity of the market. £30m public sector investment in a new Transport

Hub has unlocked over 76,000 sq ft commercial floorspace to create a new leisure and retail destination, attracting new operators to the City Centre. Over 400 new jobs have been created as a result of this collective investment and further phases of development are planned. This development has raised the bar and created new opportunities to re-shape and develop this part of the City, creating an imperative for investment in public assets such as the Central Market;

- There is strong support for an improved market. Results from a Citizen's Panel survey in 2018, indicated that 85% respondents thought the market was important to Lincoln, 82% visited market - but 68% dissatisfied with the existing offer. A recent survey in 2019 again demonstrated strong support (86% responding that a market was important to Lincoln) but with a significant number of comments in relation to potential improvements, with support for regeneration, extended opening hours, a food offer and as an incubator for start-up firms amongst other things;
- Opportunities for funding to enable investment are emerging via Heritage Action Zone (HAZ) & Towns Fund; there is growing interest from external partners;
- Lincoln has a strong and growing visitor economy and a reputation for good quality food, Lincolnshire being one of the largest food-producing counties in the UK. A renewed market facility could deliver a specialist food-hall, casual dining and event space, capitalising on and complementing the growth in leisure-type uses in the Cornhill area;
- Market research also indicates positive demand for commercial space to serve independent retailers, the creative sector and for workspace more broadly. The redevelopment of the Market Building and City Square represents an opportunity to create an 'anchor destination' within the Cornhill Quarter, which can support an improved and diversified market offer alongside a wider range of uses and innovative technology to promote and sustain vitality in respond to changing customer trends.

7.1.5 There are many examples such as Doncaster, Altrincham, Leeds and Scarborough where market halls have been successfully refurbished, encouraging a change in habits and providing new business opportunities for local people. Key attributes required for a successful market include attractive appearance, accessibility, cleanliness, identity and distinctiveness, branding and promotion, attractions and effective management. Proposals for the regeneration of Lincoln Central Market have sought to embrace the learning and best practice arising from these wider examples and to apply this to the local context.

Market: Options Appraisal & Feasibility

7.1.6 A comprehensive options appraisal for the restoration of the market building has now been developed, informed by a full Condition Survey, Heritage Impact Assessment, reference to best practice examples, the evidence of need and demand and wider commercial input. A range of options have been considered, from a do nothing/emergency repairs only to major structural alterations, including the creation of a mezzanine above the main trading hall and the replacement of

the butcher's alley to create a glazed façade and first floor commercial unit with balcony to Sincil Street.

7.1.7 A summary of the baseline options and the major transformational proposal – the vision for the future of the building and proposal for Town Fund - are included below with indicative costs are included below. Concept plans and precedent images are included in Appendix 2.

Option	Description	Cost
1	Do Nothing – Risk Assessment & Identification of areas of risk	N/A ²
	Emergency Repairs – to secure the building for next 2-3 years <i>To include repairs to the roof and stonework.</i>	£500k
2	Emergency Repairs plus Maintenance– to secure the building for upwards of 20 years. <i>To include replacement of all roof coverings and rainwater goods, repair and cleaning of the masonry walls and removal of redundant fixings and services installations</i>	£1.5m

² Whilst there is no immediate cost to the Council, the lack of investment in the building is likely to have a continued, negative impact on the income that can be generated from the trading operation. The market currently makes a surplus for the Council but income has been in decline for a number of years and this surplus has been maintained due to a decline in expenditure.

3	<p>All works described in options 1 and 2 plus:</p> <ul style="list-style-type: none"> - <i>Interior Refurbishment & Mezzanine Floor to Western End of Market Hall</i> - <i>Opening up the principal facades to the north and east through the removal of the “blind” arches and insertion of new full height glazing, with associated internal alterations to relocate stalls away from the glazing.</i> - <i>New heating and lighting with a more sympathetic design.</i> - <i>Interior finishes repaired or renewed with decoration of the exposed steel roof structure, plastered walls, exposed woodwork and the repair or replacement of the original terrazzo tiled floorcoverings.</i> - <i>The introduction of new freestanding stalls to the interior spaces, these would be of a contemporary minimal design to avoid conflict with the historic fabric. An area would be created within the centre of the Market Hall to accommodate seating for the associated food outlets within the stalls.</i> - <i>The introduction of new perimeter market stalls to the western end of the Market Hall to replicate the existing 1937 stalls located to the eastern end of the Market Hall.</i> - <i>New public WCs (Male and Female) would be provided, accessed internally from the Butcher’s Corridor. This will encourage visitors into the Market and provide new facilities for customers of the new food court.</i> - <i>Creation of the new open shopfront to Sincil Street to enhance the retail sales experience as more of a ‘Farm Shop in the City’</i> - <i>Creation of new first floor commercial space for A3 with balcony - similar to that of the Punch and Judy at Covent Garden and mirroring the balcony to the Everyman Cinema further south along Sincil Street</i> - <i>Public realm improvements to City Square connecting with the River Witham, High Street and Sincil Street</i> 	£8.5m
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7.1.8 Option 2 should ensure that the external fabric of the building is secured and free from any further major defects for a period upwards of 20 years. However it is essential to go beyond preserving the fabric of the building and taking into account the declining popularity of the market as a commercial enterprise and the limited viability in its current form, it will be necessary to “re-invent” the market to bring greater opportunity for a greater variety of traders in order to maximise the potential and recover some of the costs of the works but also to respond to local need and demand, ensuring that Lincoln has appropriate enterprise infrastructure to support business growth.

7.1.9 The transformational proposal outlined in Option 3 has been informed by successful restoration examples from Altrincham, Scarborough, Doncaster and Leeds, which have all moved away from a traditional market to a more food orientated offer, with opportunities for casual dining, entertainment and leisure, combined with strong branding, promotion and online trading options – all with a

focus on showcasing local produce. The proposals are considered key to attracting a greater variety of traders and opportunities to the market, with the potential for uplift in revenue to support delivery and ongoing viability of the operation.

- 7.2.10 The proposals will deliver approximately 1,500 sq m of upgraded commercial floorspace which we anticipate will help to attract new firms/jobs and improve the quality and diversity of use. The addition of a mezzanine and first floor will create a further 567 sqm of floorspace, with opportunities for longer-term lease arrangements or the attraction of an anchor tenant to support viability.
- 7.2.11 The economic benefits of the proposals can be summarised as follows:
- Safeguarding and creating new direct jobs. Although many pre-existing traders will occupy space in the new market, the project will facilitate the attraction of a number of new operators as a result of the diversification into foodhall, workspace and higher end activities.
 - Generating additional footfall in the City Centre. Lincoln does not currently have an established major venue for F&B in which multiple operators can benefit from the impact of co-location in creating a strong destination and economies of scale through shared seating. The market hall represents an important opportunity for facilitating this, exploiting synergies with other adjacent town centre schemes.
 - Increasing property values around Sincil Street and the Cornhill Quarter area as a result of increased vibrancy and footfall.
- 7.2.12 The proposal is in direct alignment with the Towns Fund Intervention Framework in terms of its 'fit' with the objectives for urban regeneration, arts, culture and heritage and enterprise infrastructure. The benefits of creating a new destination will flow through to enhancing the resilience and diversity of the town centre's offer and specifically stimulating regeneration in this part of the City centre, strengthening fragile confidence of investors and developer.

Commercial Viability

- 7.2.13 A 50 year cashflow model has been generated for the scheme taking into account the likely rental income and operating costs of the market over the period. The cashflow provides an indication of the borrowing capacity of scheme given the net income in the cashflow discounted to the present day.
- 7.2.14 Underpinning the cashflow model are a number of assumptions including occupancy, rental income and operating costs. Careful consideration to each of these assumptions has been given, using the baseline of the existing market P&L and considering the likely impact on cost/income of the new scheme.
- 7.2.15 Market research has been produced to assess the occupancy potential of the new scheme and enable refinement of designs. There are three key target occupiers that have been assessed:
- Select pre-existing market retailers (food and non-food) who operate sustainable businesses and fit into the vision that is being created for the

regenerated market. Reasonable assumptions have been made regarding the quantity of these operators that would be expected to take space within the new hall and the level of rent they would pay, closely calibrated from recent/current P&L data

- Food Hall vendors. Benchmarking of comparable food markets such as those cited above has been carried out to test the number of vendors, the ratio of vendors to covers (seating capacity) and the layout requirements of such operators. Assessment of the local market has also been undertaken to ascertain the likely parameters of the minimum rent that such vendors will pay. Conservative assumptions have been made regarding the likely level of rent and also the occupancy profile, allowing for voids in the initial year of operation whilst the new offer establishes itself.
- Self-contained food and beverage operator, to take the space above the existing cold food area. Careful consideration has been given to the likely void/marketing requirements and likely tenant inducements that will be required through life of the scheme in respect of re letting / re occupation.

7.2.16 Although the commercial income that can be generated by the scheme is significant, our operational cashflow projections indicate that there is insufficient value in the scheme to enable capital expenditure requirements to be financed commercially. A cash injection via public funding is needed at the outset to enable the scheme to become financially sustainable.

7.2.17 Based on our financial analysis, the capital costs required for the scheme preferred option is £8.5m. Our assessment of operational cashflows indicates the borrowing capacity of circa £2m over a 50-year period, assuming PWLB on a fixed repayment basis, assuming modest growth of rental values in line with inflation.

7.2.18 To further reduce the borrowing requirement, Council reserves remaining after Cornhill Phase 1 can be used to support this work, together with the potential for grant funding support from the Heritage Action Zone. It is anticipated that c £220k can be utilised from these sources.

7.2.19 There is a clear need for grant funding to bridge the gap between the capital expenditure requirement and what can be financed by borrowing and hence it is the intention to put this scheme forward as a priority for funding within the Towns Fund programme.

If funding is not forthcoming through this programme, alternative options to finance the work to achieve a viable and enhanced market offer within Lincoln can be considered. This includes:

- Finding a markets occupier who is prepared to take-on the market building under long term lease. Based on the cashflow forecasts, there is not likely to be adequate profit in the market to enable a private sector operator to fund the extent of the works that are proposed and pay the Council a rent, although a more modest scheme may be possible and delivered in this way (subject to market-testing and a formal process);
- Council to enter into a long-term income strip lease commitment from a developer/investor. This would generate a substantial premium on the investor markets given the Council's strong covenant strength and market's perception of secure income. It would enable the capital construction costs to

be met by private funding however the Council would then have a lease liability which it would have to repay out of the market income which may not cover the lease costs over the life of the term.

These options will be considered as a fall-back in the event that Town Funds are not secured for this scheme. At this stage however, we remain optimistic that the Market is in direct alignment with the Towns Fund Intervention Framework and should be a priority for this funding.

7.3 Road to Zero

7.3.1 In total there are four Road to Zero carbon reduction projects, of which the City Council would act as project lead for SME Green Recovery Grant Scheme, Community Investment Bond Scheme and Construction Retrofit Project.

7.3.2 In July 2019 the City of Lincoln Council passed a unanimous motion to Declare a Climate and Environmental Emergency. The Declaration includes the following Council resolutions:-

- Work with partners in the area to deliver carbon reductions and support environmentally sustainable industry, business & employment.
- Facilitate the work of a Lincoln Climate Commission to draw upon expertise in the community (industry, commerce, education, health etc.) and general public, to devise a carbon reduction road map with staged targets and policies consistent with carbon neutrality by 2030.

7.3.3 Since January 2020 the City Council has been working closely with the Lincoln Climate Commission to develop a Lincoln Roadmap to Zero Carbon. The Roadmap sets out Lincoln's carbon budget between 2020 and 2030, a breakdown of Lincoln's Green House Gas emissions and future GHG projections. The roadmap outlines three future scenarios of GHG emissions based on a 'business as usual' approach, implementation of a range of economically viable and technically feasible options. The roadmap prioritises significant GHG reductions on emissions from transport and heat energy in order to achieve the City of Lincoln Council's aspirational net zero carbon target by 2030.

7.3.4 The Road to Zero suite of projects included in the Towns Fund Programme are informed by the emerging Lincoln Roadmap to Zero Carbon. They provide an opportunity to trial emerging low carbon solutions with the potential to roll out across the city over the next 10 years and establish a Community Investment Bond, providing a sustainable investment platform to fund a zero carbon programme.

7.3.5 Construction Retrofit Programme

The Construction Retrofit Programme provides an opportunity to trial emerging low carbon building techniques within older, hard to treat homes with the aim of establishing cost effective, low carbon, fabric first solutions to roll out over the next 10 years to improve the energy efficiency, reduce the energy costs for homes

across the city and reduce the number of people living in fuel poverty over the next 10 years. The properties will be provided by the City of Lincoln Council and involve working with Lincoln construction college new training facility 'ECONstruction Centre of Excellence' and the University of Lincoln School of Architecture and the Built Environment. This programme would help to identify the most cost effective and low carbon approach to improving properties that were originally built with minimal insulation and as a result are expensive for residents to heat during the winter.

7.3.6 Small and Medium Enterprise (SME) Green Recovery Grant Scheme

The SME green recovery grant scheme would be available to SMEs to provide support, advice and potentially a grant of up to £5000 to improve the energy efficiency of their business premises and/ or operations. A Green Business Grant would be available to SME's based in the centre of Lincoln and used for capital works and purchases to improve the energy efficiency of buildings and business operations. A grant could help an SME to:

- avoid harmful emissions that contribute to climate change
- reduce energy bills and lower maintenance costs
- make buildings healthier for employees
- improve an SME's green credentials with customers and contractors
- access cutting edge low carbon technologies
- actively support the local supply chain for energy efficiency goods and services.

In addition to reducing the overheads of running a business the green business grant will support businesses to review how their business operates, identify opportunities to reduce business costs and assist with the recover post Covid 19.

7.3.7 Lincoln Community Investment Bond

A Community Investment Bond will provide financial support for a range of emergent projects that align with the Council's declaration of a climate and environmental emergency and the Lincoln Roadmap to Zero Carbon. It is proposed that the investment bond's main focus is addressing climate change to fund activities that help deliver the City of Lincoln Council's net zero carbon ambitions through investment in a range of sustainability focused projects throughout the City. The bond will encourage community focussed investment in sustainable projects that would provide a net benefit to the community.

The 'Roadmap to Zero Carbon Lincoln' informs us that in order to achieve a net zero carbon ambition by 2030 the majority of all carbon cuts need to be delivered in the next ten years. The 'Road to Zero' suite of projects we have identified as part of the Towns Fund offer a deliverable stepping stone to support SMEs, organisations and residents achieve substantial reductions in carbon emissions.

7.4 Tentercroft Street

- 7.4.1 Tentercroft Street is a strategic brownfield site located within the city centre. The site has been identified for intervention within the City Centre Masterplan and the primary landowners – CoLC, LCC and Lincs Co-op - have worked together previously to develop proposals for the land and to agree ‘in principle’ terms for the transfer of land to enable delivery on a phased basis.
- 7.4.2 Previous proposals were based on a student accommodation-led scheme to serve the requirement from Lincoln University. Further provisions included workspace and Private Rented Sector (PRS) accommodation together with public realm enhancement and the opportunity to accommodate a new footbridge, linking directly with the Station and wider Cornhill Quarter/City Centre.
- 7.4.3 The case for investment by the City Council was predicated on securing an agreement to lease with the University for the provision of student accommodation. The decision by the university to withdraw their interest and pursue alternative development has led to a review of the options for this site.
- 7.4.4 Options for the redevelopment of the site have been reviewed as part of the overall growth and regeneration programme for the City and crucially, to establish whether there is an opportunity for Town Fund to support further development of proposals or the early delivery of a phase of development on site, with a particular focus on the Council-owned parcel. As an alternative to student accommodation, the option of city living, with a focus on PRS, has been considered, alongside the provision of workspace.
- 7.4.5 The need for workspace is demonstrated through enquiries and waiting lists at our existing managed workspaces. A number of businesses have taken on multiple offices in these centres due to a lack of quality, affordable grow-on space in the City. This is further substantiated with evidence from agents and other providers such as LSIP and Lincolnshire Co-operative. Whilst this is based on pre-covid assessment, current analysis suggests that the demand for grow-on space remains and the market is and will continue to recover.
- 7.4.6 The delivery of new homes in the City has been constrained by infrastructure requirements and has fallen behind local growth targets within the Central Lincolnshire Local Plan. Notwithstanding the current LP review, there is an urgent need for housing of all types and tenures across the City to provide for the labour market, support growth and contribute to the vibrancy of the place during the daytime and evening. This includes a need for high quality, city living in a sustainable location for young professionals and entrepreneurs. Tentercroft Street offers a prime opportunity to provide for this need.
- 7.4.7 The development of the Cornhill Quarter and Transport Hub has now raised the bar and created new opportunities to re-shape and develop this part of the City, creating an imperative for investment in public assets including strategic brownfield sites such as Tentercroft Street. The rationale for development of workspace and living on this site is now further strengthened following investment in direct rail services to London, with the capital now accessible in under 2 hours.

7.4.8 A number of revised development options have been considered to include up to 124 apartments and c 30,000 sq m commercial space but there is a need to further consider the mix in order to improve the commercial viability of the scheme which is currently marginal.

7.4.9 Given the pressure on funds for the Town Deal, it is proposed that the Council prioritises Central Market and Road to Zero in terms of the request for funding under this programme. The funding request will therefore be limited to supporting further due diligence, understand the site costs and to determine the optimal mix and delivery solution enable future development, either directly by the Council or as part of a development partnership. Concurrently, Officers will explore funding options and interest expressed from investors aligned with Homes England and alternative housing options on this site to improve viability under the New Homes Programme.

8. Strategic Priorities

8.1 Let's drive economic growth

The objective of the Town Fund is to provide core investment to drive economic regeneration and productivity growth through the delivery of activities within a Town Investment Plan. This will directly support the Council's Strategic Vision in respect of economic growth. The objective in Lincoln is to drive a growth agenda that is both inclusive and sustainable.

8.2 Let's deliver quality housing

Whilst the Town Deal programme has an economic focus, there may be an opportunity to support the delivery of quality housing within an urban regeneration context. Indirectly, by driving economic productivity the programme will have a positive impact on the delivery of quality housing by driving market demand and improving viability.

8.3 Let's enhance our remarkable place

The Town Deal Programme will support regeneration activity within the City where there is an economic outcome. A number of brownfield/vacant and underutilised sites have been identified for potential intervention through this programme, which will enhance the place and contribute to city centre vibrancy. As above, driving productivity will help to support and sustain our cultural and heritage assets, and the wider city offer.

8.4 Let's address the challenges of climate change

The Town Deal Programme will improve sustainable transport options, enable city centre living and support the council's aspiration to achieve a net zero carbon target by 2030.

9. Organisational Impacts

9.1 Legal Implications including Procurement Rules

The Council has and will continue to follow guidelines published by MHCLG in respect of the governance, management and administration of the Town Deal Programme.

Heads of Terms and final contractual arrangements for the overall programme and any project-specific funding agreements will be subject to review by the City Solicitor and to final approval by the Council's Executive in its role as accountable body.

Where identified as the lead organisation for an approved project, the Council will resource the project management of the scheme via a mixture of in-house project management and specialist consultants (architects, engineers etc). The cost of professional fees will be capitalised/included within the overall project costs funded through this programme.

Where partner organisations are identified as the lead for an approved project, and subject to full guidance being provided by government in due course, the Council may enter into back to back funding agreements with MHCLG and the identified organisation.

Specialist legal advice will be sought as required (e.g. state aid) to supplement our internal resource and funding has been requested as part of the programme management function to serve this purpose.

All procurement activity in support of the Town Deal Programme will be undertaken in accordance with the Council's Contract Procedure Rules and ultimately Public Contract Regulations 2015

9.2 Financial Implications

A total of £24.75m is requested from Town Fund to support the delivery of this programme, inclusive of programme management fees.

This total also includes funding towards 3 Council-sponsored schemes, including Central Market, Road to Net Zero (Climate Commission) and Tentercroft Street.

Relevant to the City Council's role as Accountable Body:

The total Town Fund request is inclusive of £604,500 management fees which will be charged to each project to support the Council's expenses in managing the overall programme. This will be used for a combination of consultancy and recruitment and support the management of the programme in addition to existing staff resources. The specific arrangements will be subject of a further report following a decision and heads of Terms from MHCLG.

Relevant to the City Council's role in the direct delivery of projects:

£6.54m is requested from Towns Fund to support the delivery of Central Market with the remainder of up to £2m requested from borrowing, reserves and grant (HAZ).

£360k is requested to support the delivery of the Road to Zero programme with match-funding of £50k from the City Council's HRA and a contribution of £3k from the Lincolnshire Food Partnership.

£340k is requested from Towns Fund to support the development and feasibility work to progress a scheme of development on Tentercroft Street, with the final proposals subject to commercial viability or a future business case for funding

All of the above will be subject to agreement of the Investment Plan and Heads of Terms Offer from government and subsequently to full business case approval and a final Delivery Agreement with government- all of which will be subject to Executive reporting and approval before proceeding with delivery.

In addition to this, a total of £1m has now been received from government to support the full cost of delivering Cornhill Square. The total cost of Cornhill Phase 2, inclusive of fees is approximately £1m and the scheme can be delivered over a 23-week programme commencing in January 2021 (subject to contract). It is currently expected that a January start will enable a substantive project expenditure of £700,000 by year-end. To achieve full expenditure of the Accelerated fund this financial year (20/21), Town Fund grant will be used in place of our own reserves to forward fund the Cornhill Phase 1 works and the feasibility and design work in respect of the Market with the reserve allocation being carried forward for completion of Cornhill phase 2 in 21/22 financial year.

9.3 Equality, Diversity and Human Rights

The Council has followed the guidelines published by MHCLG in respect of the governance, management and administration of the Town Deal Programme. Consultation and engagement with stakeholders, partners and the wider public, has been undertaken including through the Citizen Panel, website and social media.

In meeting the objectives of the Town Deal programme to drive economic growth, the Council will seek to address local needs and create opportunities for all. The overriding objective being to ensure growth is both inclusive and sustainable.

The Council will continue to adhere to government guidelines and to consider all individuals in shaping and delivering the Town Investment Plan. legislation.

9.4 Human Resources

This 6 year programme will be led by existing staff within the Major Development Directorate drawing on other Council expert resources including legal, finance and procurement staff. The total Town Fund request is inclusive of £604,500 management fees which will be charged to each project to support the Council's expenses in managing the overall programme. This will be used for a combination of consultancy and recruitment and support the management of the programme in addition to existing staff resources. The specific arrangements will be subject of a further report following a decision and heads of Terms from MHCLG.

Additional expertise to support the development of the Town Investment Plan and technical proposals will be co-opted through partner organisations and/or procured as required to deliver the programme, always in accordance with published guidelines and legislation.

9.5 Land, Property and Accommodation

Urban regeneration and the development of land and property to deliver economic growth is a key theme within the Town Deal Programme. Individual proposals will be subject to the development of a full business case and further approvals. The proposals support the safe guarding of Council property and assets.

9.6 Significant Community Impact

Subject to approval of the Town Investment Plan and funding to deliver, this programme will have a significant, positive community impact. Please refer to the emerging vision and delivery plan for specific details. The Plan has been developed in the context of wide public and stakeholder consultation.

10. Risk Implications

10.1 Risk: Town Investment Plan and associated recommendations not approved by Executive/Town Board and Town Investment Plan not delivered by required deadline

If submission to Government deadline is not achieved by end of October, Re-submission could not be made until the new year, with resulting delays to commencing the Investment Programme, potential mis-alignment with Project Partner delivery programmes and match funding opportunities may result. Delivery deadline of the end of April 2021 for the Accelerated Project proposal would also be unlikely with the potential for the £1million funding to be lost.

Mitigation: Development and presentation of a Tip is based on comprehensive evidence base, research and engagement strategy which strongly aligns with;

- the scope and objectives of the Town Deal Programme
- the Council's Vision 2025 priorities
- the Town Board's agreed vision and objectives.
- Community and Stakeholder engagement and consultation responses.
- Key delivery partners/Stakeholder project priorities.

10.2 Risk: Town Investment Plan does not meet government requirement

Compliance with government requirements is required to secure funding and minimise delays in agreeing Heads of Terms. Any such delays may result in potential mis-alignment with Project Partner delivery programmes and match funding opportunities and the Cornhill accelerated project proposal.

Mitigation: Development of the TIP has been progressed in line with published guidance (June 2020) and in close liaison with government advisers. This dialogue included a 'Check and Challenge' of the draft TIP in early October, with amendments made in response to the advice/comments received.

- 10.3 **Risk: Funding not secured/insufficient funding secured for delivery**
MHCLG may not approve all the projects as submitted and reduce the funding accordingly.

Mitigation: MHCLG have already committed to an accelerated programme of Investment in Lincoln with the accelerated project strongly aligned with the TIP. The TIP proposed for submission presents the strength of the project programme as a whole in delivering positive outcomes for the City, and all have been assessed in line with expected criteria (green book), however if necessary all Projects could be delivered independently of each other.

- 10.4 **Risk: Programme results in resource pressures for the Council**
Delivering the projects and managing the programme will require the allocation of staff and financial resource over a five year period, with potential risk of future resource pressures.

Mitigation:

Town Deal City Council led projects align with Vision 2025 delivery priorities requiring resource allocation outside the Town Deal programme. Resource support for management of both the programme and individual projects has been considered and included in the bid, with the aim of minimising this risk. Subject to a successful Town Fund allocation, resource risk will continue to be managed on an ongoing basis over the course of the programme through Corporate project management and reporting procedures.

11. Recommendation

- 11.1 To approve the Town Investment Plan (TIP), proposed for submission to Ministry of Housing Communities and Local government (MHCLG) via the Town Hub by 29th of October 2020.
- 11.2 To consider and incorporate any changes, edits or additions arising from the Lincoln Town Deal Board meeting scheduled for Friday 23rd October, which will be given as a verbal update to the Executive at the meeting on Monday 26th October and to include the scheme within the General Investment Programme.
- 11.3 To approve works for Cornhill Square and Lincoln Central Market as the priority for MHCLG approved Accelerated Town Funding of £1 million.
- 11.4 To approve the Council's role as accountable body for the Town Deal Project Programme.
- 11.5 To approve the Council 's role as Project Lead in delivery of the following Town Deal Projects; Lincoln Central Market; Tentercroft St; and three Road to Zero carbon reduction projects, SME Green Recovery grant scheme, Community investment Bond Scheme and Construction retrofit project.

Is this a key decision?	Yes
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	5 Investment Plan Appendices 1,2,3 Project Prioritisation Report

List of Background Papers:
Government Published Town Deal Guidance
<https://www.gov.uk/government/publications/towns-fund-further-guidance>.

Project Information Workbook – upon request

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