

14 September 2022		ITEM: 12 Decision: 110623
Cabinet		
Grays Town Fund Programme		
Wards and communities affected: Grays Riverside	Key Decision: Key	
Report of: Councillor Mark Coxshall – Deputy Leader and Cabinet Member for Regeneration and External Affairs		
Accountable Assistant Director: Kevin Munnelly, Assistant Director Regeneration and Place Delivery		
Accountable Director: Sean Clark, Corporate Director of Resources and Place Delivery		
This report is Public		

Executive Summary

The development of the Grays Town Fund Programme is progressing in preparation for the submission of the Business Case summaries to the Department of Levelling Up, Homes and Communities (DLUHC) by 5 October 2022. This report sets out the development of the programme to date following the consideration of the initial programme in the Cabinet Report dated 7 July 2021. It also reports the recommendations made by the Grays Town Board with regards to a revised programme of projects and delivery strategy in response to stakeholder project feedback and unprecedented cost inflation issues.

The report highlights key contractual and financial implications for the Council associated with progressing with the recommended project programme, budget and delivery strategy. The report then seeks approval of the Grays Town Fund Programme and budget allocation and to a range of recommendations which will enable the Council to continue to develop and deliver the recommended programme within the programme timetable. It is proposed that, when required, further reports on individual projects will be brought back to the Cabinet for consideration and approval.

1. Recommendation(s)

That Cabinet:

- 1.1 Approve the Grays Town Fund Programme and Budget allocations as set in Table 1 of this report.**

- 1.2 Delegates authority to the Corporate Director of Resources and Place Delivery and the Director of Public Realm, in consultation with the Portfolio Holder for Regeneration and External Affairs, and Assistant Director of Legal Services to:**
- a. approve the Business Case Summaries,**
 - b. submission of planning application for the projects within Grays Towns Fund Programme,**
 - c. approve the operation of procurement processes through to the awarding of contracts to commission consultants and contractors to undertake services and works to deliver the Grays Town Fund programme, subject to tendered sums being within the anticipated budget.**
 - d. negotiate and enter into necessary agreements to facilitate delivery of Grays Town Fund programme including access agreements and licences, leases and design and construction contracts.**

2. Introduction and Background

- 2.1 On the 15 July 2021, DLUHC announced a conditional Town Deal offer of up to £19.9 million for Grays, following submission of Grays Town Investment Plan with a Town Deal ask of £24.9 million to the Ministry for Housing, Communities and Local Government (now DLUHC) in February 2021.
- 2.2 Heads of Terms for Grays Town Deal were accepted on the 5 August 2021 and a list of projects to be delivered under the Town Deal was submitted to DLUHC on the 5 October 2021.
- 2.3 To secure this Town Deal, the Full Business Cases will need to be developed for each of the shortlisted projects and the associated Towns Fund Business Case Summaries will need to be submitted to DLUHC by the 5 October 2022.
- 2.4 The Town Deal projects were shortlisted from Grays Town Investment Plan by Grays Town Board based on their ability to drive Grays’ regeneration agenda and the available grant funding. The Grays Town Investment Plan projects and their respective aims are set below:

Project 1: Station Gateway - £2.64m
The project seeks to deliver two buildings on the south side of the rail line to complete the public realm around the underpass and support continuation of the High Street to other Town Fund Projects at the riverfront. This was to include a 350 sq.m cultural facility and 225sq.m of business start-up space, retail and food and drink and provide an arts, culture and event venue attracting 5000 visitors per year.
Project 2: Active Riverfront Connectivity - £2.51m

<p>The project seeks to enhance the public realm and improve connectivity between the town centre and the riverfront through improved pedestrian routes, planting, lighting and signage and a table crossing over Argent Street.</p>
<p>Project 3: Grays Riverfront - £5.59m</p>
<p>The project seeks to create a welcoming destination with high levels of public amenity and access to the riverside foreshore including a beach, multi-use structures for events, pedestrian paths set in enhanced public spaces attracting 30,000 arts, culture and events-based visitors each year.</p>
<p>Project 4: Grays Beach Riverside Park and Kilverts Field Leisure Destination - £4.57m</p>
<p>This project seeks to further enhance the riverfront and connectivity with the river which includes the provision of physical events space and infrastructure, small multi-use structures, space for community-led public arts projects, and the reconfiguration of the Lightship Café to provide a multi-use food and beverage offer.</p>
<p>Project 5: Riverfront Activities Centre - £3.04m</p>
<p>This project seeks to provide a 1,200 sq,m activities centre to establish a strong sense of place with links to Grays' maritime identity, history and culture.</p>
<p>Project 6: Grays Town Jetty - £6.6m</p>
<p>This project seeks to create a new jetty to serve river bus services along the river and across to Kent, providing an alternative sustainable means of transport for both commuters and visitors.</p>

Project Selection

- 2.5 Grays Town Board together with the Council sought a £24.9 million Town Deal for Grays at the outset to fund all 6 projects identified within the Grays Town Investment Plan, however, was only offered a maximum of £19.9 million Town Deal. In light of this offer, the Town Board reviewed ('First Review') its priorities and decided to drop Project 1 and all but £100,000 of Project 2, and to focus its work on the remaining 4 projects at Grays Riverfront.
- 2.6 The Grays Town Investment Plan identifies projects which are key to achieving the vision and strategic objectives in the Town Investment Plan. The projects are also identified as a priority in the Council's Grays Town Centre Framework agreed by Cabinet in November 2017. These projects can be delivered in phases enabling them to be brought forward as funding becomes available. The Town Board and the Council will continue to promote and seek funding for the undelivered projects.
- 3. Issues, Options and Analysis of Options**

- 3.1 Approval of initial funds to proceed with design development was received from DLUHC on the 3rd December 2021 and since then a design team has been appointed to develop proposals for Town Deal projects up to RIBA Stage 2 (Concept Design) to inform the business case for each project. Central to this work has been the verification of viability and deliverability of individual projects at each stage of the design development.
- 3.2 The latest development costs estimation highlighted the need to further review the approach, compounded by unprecedented construction cost price escalation since the initial bid submission. This second review was undertaken at the June and July 2022 Town Board meetings. In as far as possible, the review has sought to retain and deliver the key priority projects as set by the Board and contained within the Town Investment Plan.
- 3.3 Key Programme Changes arising from the second review were:
- Project 2 and 6 have been excluded entirely from the Towns Fund Programme but both projects remain a priority for the Town Board.
 - Budgets for other projects have been revised to reflect latest costs estimate with appropriate allowances for risk and contingency.
- 3.4 Table 1 details the revised programme and budget the Cabinet are asked to approve, and the section below provides further details supporting the proposed changes arising from the first review of the programme.

Table 1 Revised Programme and Budget Allocation

Project	Town Deal Ask (Original Budget) £m	Town Deal Grant - Initial List of Projects & Budget (1st Review) £m	Town Deal Grant - Final List of Projects & Budget (2nd Review) £m
Project 1: Station Gateway	2.64	0.00	0.00
Project 2: Active Riverfront Connectivity	2.51	0.10	0.00
Project 3: Grays Riverfront	5.59	5.59	9.00
Project 4: Grays Beach Riverside Park and Kilverts Field - Leisure Destination	4.57	4.57	5.60
Project 5: Riverfront Activities Centre	3.04	3.04	5.30
Project 6: Grays Town Jetty	6.60	6.60	0.00
TOTAL	24.95	19.90	19.90

Project 2: Active Riverfront Connectivity

- 3.5 In the first review the Board had concluded that the highest priority should be given to the projects at the riverfront. These were judged to provide the greatest positive impact and benefit. As a consequence of that first review, this project was allocated a small sum, being the remaining residual after allocations to other projects. In the second review it was concluded that in isolation this sum would provide limited benefit. Therefore, this project was excluded from the towns fund and the budget diverted to the riverside park space.
- 3.6 The Board view this project as a priority for later phases of the implementation of the Town Investment Plan and would seek to identify other sources of funding to enable the project to proceed.

Project 3: Grays Riverfront

- 3.7 The estimated cost of Project 3 has increased from £5.59 million to £9 million which reflects;
- a greater understanding of the works required following preliminary consultations with statutory consultees and key stakeholders; particularly in relation to works on and around the flood defence.
 - a provision to maintain flood storage capacity in the river. ecological issues associated with works in the river
 - the impact of significant construction cost price inflation
 - the necessary risk and contingency allowances for marine works (including works on the flood defence) at this early stage of development.

Project 4: Grays Beach Riverside Park and Kilverts Field Leisure Destination

- 3.8 The estimated cost of Project 4 has increased from £4.57 million to £5.6 million which reflects;
- a greater understanding of the works required following preliminary consultations with statutory consultees and key stakeholders; particularly in relation to works on and around the flood defence. the impact of significant construction cost price inflation. necessary risk and contingency allowances for works on the flood defence at this early stage of development.

Project 5: Riverfront Activities Centre

- 3.9 The estimated cost of Project 5 has increased from £3.04 million to £5.3 million which reflects;
- latest build cost estimate.
 - the impact of significant construction cost price inflation.
 - necessary risk and contingency allowances.

Project 6: Grays Town Jetty

3.10 The estimated cost of project 6 has increased from £6.6million to £16.1million which reflects;

- a greater understanding of the works required following consultations with statutory consultees and key stakeholders which include the Port of London Authority, Marine Management Organisation, Environment Agency and river bus operator.
- ecological issues associated with works in the river
- the impact of significant construction cost price inflation.
- necessary risk and contingency allowances for marine works at this early stage of development.

4. Next Steps

4.1 The proposed changes to the programme and outputs will need to be subject to a project change request to DLUHC. This will be submitted following consultation with Government. The Department have been clear that there is no guarantee that approval will be granted therefore placing some element of the Town Deal grant at risk; risk that the value of any funding attached to projects that don't proceed could be lost from the programme.

Progress and Programme

4.2 Below is an overview of the programme.



4.3 The shortlisted Town Deal projects are being developed to RIBA Stage 2 Concept Design and a planning application will be submitted at the end of 2022 / early 2023 to mitigate delivery risks and ensure grant funding timescales are met. Business cases are being prepared for each of the projects and business case summaries will need to be signed off by the Chair

of the Town Board and the Council's S151 Officer prior to submission to the Department by the 5 October 2022.

- 4.4 The next project development stage will also require consideration of the approach to sustainable management of the whole park space including review of exiting leases within the site (Lightship Café and Thurrock Yacht Club).
- 4.5 Projects affect the flood defences and potentially land owned on the riverside of the flood defences by the Port of London Authority. The Council will require licences with these organisations to undertake works.

5. Reasons for Recommendation

- 5.1 The development and delivery of the proposed Grays Town Fund programme provides an exciting opportunity to secure much needed funding to address long standing issues and provide opportunities for Grays residents, supporting the successful regeneration of Grays. The delivery will also address a number of the Council's priorities, as outlined in Section 7 below.
- 5.2 The deadline for the submission of the business case summaries has been set by DLUCH for the 5 October 2022. The final decision on funding is expected from the Department by December 2022. Delegated authority to sign off the business case summaries and agree terms for progressing projects is requested to ensure that the Council is able to respond and deliver projects within the required timeframes.

6. Consultation (including Overview and Scrutiny, if applicable)

- 6.1 An update report was considered at the Planning, Transportation and Regeneration Overview (PTR) and Scrutiny Committee 1 February 2022.

7. Impact on corporate policies, priorities, performance and community impact

- 7.1 The Thurrock Local Plan identifies Grays as a Growth Hub where economic regeneration and housing growth are to be focussed. The Grays Town Centre Framework Refresh was approved by Cabinet in November 2017. It sets out a vision for Grays town centre along with objectives aimed at regenerating the town centre economy. It describes a range of proposed interventions including projects in the TIP. The TIP programme aligns with the priorities set out in this document and would support delivery of specific interventions identified in the strategy.
- 7.2 The emerging priorities and schemes in the programme are consistent with the Council's strategies and priorities, provide a means for close community engagement, and importantly provide a vehicle for securing funds to support delivery.

8. Implications

8.1 Financial

Implications verified by: **Jo Freeman**
Finance Manager

The financial implications are set out in the body of the report. The Council believes it is prudent to revise the programme as recommended. Project delivery relies on Council owned assets. The revised programme in Table 1, is consistent with the Council's Asset Strategy: Reuse, Retain or Release. However existing leases with the Lightship Café and the Grays Yacht Club will need to be reviewed and revised to reflect the requirements of the projects.

The Board took the decision to reallocate funds from certain projects in response to costs pressures referenced in the report. Given the cost price inflation being experienced across all the programme projects, these changes do provide the Council and Town Board with a degree of financial flexibility to reallocate funds, whilst ensuring that the key transformational aspects of the original bid are still delivered.

Work continues to refine the individual elements of the programme and budgets have been reviewed and adjusted, with appropriate contingencies applied to ensure delivery within the funding available. Individual project contingencies have been reviewed to reflect the nature of works required affecting the flood defences and within the river and based on the stage of design, detailed cost assessments, and projected procurement timelines. The cost plans have been adjusted to include 15-30% provision for risk and contingency plus an allowance of £3 million for works to the flood defences subject to further consultation with the Environment Agency. If some or all of this allowance is not required, it can be recycled back into the projects.

The Board in refining and reprioritising the programme have provided the flex to respond to further cost challenges, whilst delivering key projects. It is noted the financial risk associated with the delivery of the proposed projects attaches to the Council (as the Accountable Body) and, consequently, must and will be managed by the Council as part of the capital programme. The relatively high provision reflects the proximity of the projects to the flood defences and works required on the riverside of the flood defences and reflect 'industry norms' for such projects at this stage of design development.

The projects will, when implemented, bring revenue costs associated with operation and maintenance of the facilities. They will also generate potential income from hiring facilities and events. The implications will depend on the model for long term management which is yet to be determined and will be subject to further detailed reports which set out the ongoing financial commitment and impact on the general fund. It is the Council preferred approach to offer up the proposed Water Based Activity Centre either on a

long lease or through the transfer of the freehold to a Community Based entity, who would ultimately be responsible for any ongoing maintenance and revenue liabilities.

8.2 Legal

Implications verified by: **Mark Bowen**
Interim Head of Legal

The Council by entering into the Heads of Terms with the Department has created formal obligations on the Council. The proposals whilst bringing forward the potential for significant benefits does carry risk for the Borough, and the Council. In considering this report Members must be mindful that there are several areas of developing detail within the proposals which may leave the Council exposed to material risks or continuing liabilities in the future.

All projects within the programme are being developed with a view to limiting any future contractual or financial liability falling to the Council. Terms of managing the facilities once completed are yet to be resolved as is responsibility for costs (maintenance and operation) and for receipts (e.g., events, hiring space etc). A range of possible management structures exist, and these will be resolved at a later stage.

There is therefore at this moment insufficient information to allow the Council to make a formal decision to dispose or appropriate its land assets for the purposes of delivering the proposed projects. Accordingly, the Council can only make a decision in principle to agree outline heads of terms and delegate authority to negotiate the lease terms and associated development agreements and tender packages. Some parts of the proposed land which may be included in the proposals are public open space; before a decision can be made to commit the use of this land if required for other purposes the Council must undertake statutory consultation under s123 of the Local Government Act 1972 and consider any representations received.

The Council is being asked to be the accountable body for significant public funds from government. Whilst risk can be mitigated through the use of appropriate contracts the ultimate risk will remain with the Council if deliverables are not met.

There is scope for the Council to have to repay funds or ensure delivery of projects with the resultant implications. This type of arrangement exists in a number of settings and can be managed effectively. The Council has in principle the necessary statutory powers to engage in these arrangements at this point and deliver the proposed projects. However, it must be recognised that in doing so it is not making determinations under specific statutory frameworks particularly around matters such as planning where future decision making will be necessary.

A number of the projects will require consents from third party bodies / regulators such as the Port of London, Marine Management Organisation and Environment Agency. Whilst the projects can be designed to mitigate difficulties this risk must be reflected in the consideration of the Council's overall risk as accountable body, and the terms of the grant agreement.

Where projects require works to be undertaken, or the entering into of long term service contracts formal procurement rules will have to be followed by the Council, following both the statutory requirements and the Council's procurement policies. During the course of the formal business case development and the shaping of the final proposals further formal decision making will be required by the Council to exercise its statutory functions, particularly in relation to the disposal or acquisition of land and use of its other statutory powers. One optional project if funding allows would include third party land that would require access agreements or acquisition. If required, this would need to be the subject of further reports to Cabinet.

Any contracts to be entered into will need to be in accordance with national procurement law and the Council's own internal procurement rules, and Legal Services will need to be consulted to ensure compliance as this project proceeds.

8.3 **Diversity and Equality**

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer

The Town Board and its Advisory Group include a full range of representation of stakeholders. The Advisory Group is open to others to join. Stakeholder engagement has built on existing engagement exercises carried out in Grays over recent years.

As part of the process of developing the TIP, the Council and the Town Board have carried out extensive community engagement.

The Town Board has committed to ongoing engagement through the process for submission and project development. The TIP will include different projects, each of which will require a community equality impact assessment. The TIP engagement plan will seek to ensure that proposals understand and, where possible, improve equality and diversity.

8.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder, and Impact on Looked After Children

None

- 9. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

Grays Town Centre Framework
Grays Town Investment Plan
Grant Offer and Heads of Terms

- 10. Appendices to the report**

N/A

Report Author

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