

Cabinet Meeting

11 July 2023

Name of Cabinet Member:

Cabinet Member for Jobs, Regeneration and Climate Change – Councillor J O’Boyle

Director Approving Submission of the report:

Director of Transportation and Highways

Ward(s) affected:

St Michaels

Title:

Palmer Lane Regeneration 2023 Update

Is this a key decision?

Yes – the total budget for the delivery of the Palmer Lane Regeneration scheme will be in excess of £1 million pounds

Executive Summary:

Since 2019 the Council has transformed the city centre through a £44m programme of investment in the public realm. The impact of this work has been significant, attracting developers to invest in the city and creating a legacy for residents and those living and working in the city.

Palmer Lane is a proposed regeneration scheme that includes deculverting the River Sherbourne and hard and soft landscaping around the area to create a new city centre place for dwell time and supporting the establishment of a new business in the Illingworth building.

The scheme was first approved by Cabinet as part of the Public Realm Phase 5 report in March 2018, as a complement to the Public Realm 5 (PR5) works taking place in the city centre and to develop designs for the proposal. During 2021 there was an additional need identified for a further £950k to fund the overall regeneration of Palmer Lane as well as approve the external funding contributions towards the project. This was given approval in a Cabinet Member report in July 2021.

The Palmer Lane project has continued to detailed design level throughout the year of 2021 and 2022 to a point where final designs are in place and legal land agreements are concluded.

Following early contractor engagement with a framework construction company the project will need further funding in order to deliver the overall Palmer Lane scheme. This increase in cost is a consequence of high inflation over the last 12 months and increases in labour and material costs that we have seen during 2022/2023. This report therefore also seeks approval for an additional ask of £318k to be funded from corporate reserves.

This report also seeks to report to Cabinet a grant acceptance from Historic Coventry Trust (HCT) of £534k which took place in March 2023, this was an increase of £155k from the previous approved HCT contribution of £379k. Due to the urgency required to accept the grant funding, this was accepted under delegated powers in accordance with the provisions of the Council Constitution.

Recommendations:

The Cabinet is recommended to:

- (1) Approve the additional funding of £318k for the delivery of the Palmer Lane project taking the total budget for the delivery of the scheme to £2.4m. The additional funding will be added to the 5-year capital programme.
- (2) Note the grant acceptance of £534k received from Historic Coventry Trust in March 2023 under delegated authority contained in paragraph 2.3.2 (c) of Part 3F (Financial Procedure Rules) of the Council Constitution.
- (3) Note the delegated authority provided to the Director of Transportation and Highways following consultation (by way of the Cabinet Member report dated 15th July 2021) to conclude negotiations and enter into legal agreements with the various landowners for parcels of land to be acquired or leased by the Council and/or for licences to be entered into to enable works to be carried out and for agreements to be entered into and/or for leases to be granted by the Council to third parties over land in the Council's ownership in order for the scheme to be viable and to Authorise any variations related to such legal agreements.
- (4) Note the continued exercise of the delegated authority provided (by way of the Cabinet Member report dated 15th July 2021) to commence the procurement in order to appoint a works contractor through an approved procurement framework.
- (5) Note the delegated authority provided (by way of the Cabinet Member report dated 15th July 2021) to the Director of Transportation and Highways, following consultation with the Chief Legal Officer, to approve grant expenditure to any such external body, third party or person as is deemed necessary for the delivery of the Palmer Lane project up to an individual maximum sum of £250,000.

List of Appendices included:

Appendix 1 - Designs for Palmer Lane

Background papers:

None

Other useful documents

March 2018 Public Realm 5 Report - Cabinet 6th March 2018 and Council 13th March 2018

Palmer Lane Regeneration Report – Cabinet Member for Jobs, Regeneration and Climate Change 27th July 2021

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Palmer Lane Regeneration 2023 Update

1. Context (or background)

- 1.1 A series of transformational public realm improvements have been delivered as part of the Public Realm Phase 5 programme. The schemes have delivered enhancements to key strategic parts of the city and also enhanced the setting of the key events venues and visitor attractions. As part of the PR5 Cabinet Report March 2018, Palmer Lane was identified as a key project to develop in line with a funding contribution towards a Heritage Lottery Funded scheme to de-culvert the River Sherbourne in Palmer Lane, as part of the wider improvements to the Burges area.
- 1.2 The Palmer Lane regeneration aims to create a new city centre visitor destination by opening up the Sherbourne, supporting the repurposing of the Illingworth building and creating a new public space to enable people to spend time by the river. The project will include extensive landscaping, enhanced lighting and sustainability improvements to the area. It ties in with the works which have recently taken place on the Burges. Final designs can be seen in the appendix.
- 1.3 The March 2018 Cabinet report also gave delegated authority to the then Deputy Chief Executive (Place) following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change and the Director of Finance and Corporate Services to agree the detailed works
- 1.4 The Palmer Lane design has developed throughout 2022 and we now have detailed construction designs which have allowed for more accurate pricing from a contractor. These costs mean the overall project cost has increased to £2.402m primarily as a result of high inflation.
- 1.5 The corporate funding agreed to date is £950k (approved in July 2021). A number of external contributions have been agreed totalling £979k making the total funding agreed to date £1.929m. This leaves a funding gap of £473,000.
- 1.6 Historic Coventry Trust have agreed to increase their contribution to £534k (from £379k) and this report asks cabinet to note the increased grant acceptance which took place in March 2023.
- 1.7 The net shortfall is therefore £318k. If this cannot be found the HCT contribution, along with contributions from ST and EA would need to be returned and would be lost to the project. To avoid losing this funding, and to enable this project which offers a unique opportunity to create a unique space in the city centre to go ahead, approval for a further allocation of £318k from corporate resources is being sought.

2. Options considered and recommended proposal

- 2.1 Option 1 – Agree to fund a further £318k of the Council's own corporate capital receipts and continue with the delivery of the scheme building upon the shovel ready design in place and capitalising on the match funding opportunity. Note the use of emergency powers to accept HCT contribution of £534K in March 2023.
- 2.2 Option 2 – Leave the project design 'on the shelf' and seek future external funding, meaning the Council misses the opportunity of match funding arising from the Historic Coventry Trust regeneration of the Burges and would need to return £534k to Historic England,

2.3 It is recommended that the Council proceeds with Option 1.

3. Results of consultation undertaken

3.1 The project team have engaged with Historic Coventry Trust (HCT) and affected businesses and landowners in order to gauge the appetite for regeneration of the space. This has been successful and there is support for repurposing the space, opening-up the river and driving-out anti-social behaviours.

4. Timetable for implementing this decision

4.1 Following a decision by the Cabinet the project team are able to proceed quickly to appoint a contractor using a current procurement framework and proceed with works during Summer 2023.

5. Comments from Interim Chief Executive (Section 151 Officer) and Chief Legal Officer

5.1 Financial implications

Existing budgets and contributions for the programme are:

<u>Funding:</u>	<u>Amount</u>
Growth Fund	£ 50,000
HCT: Grant Agreement	£ 534,000
S106	£ 130,000
S111	£ 75,000
Corporate Funding - CCC	£ 950,000
Suds	£ 150,000
Environment Agency	£ 95,000
STW	£ 100,000
Corporate Funding Ask - CCC	£ 318,686
	£ 2,402,686

5.2 The report seeks approval to progress with the scheme, allocating a further £318k from corporate capital receipts to bridge the funding gap.

5.3 The Palmer Lane de-culverting project was previously approved by Cabinet in March 2018, forming part of the draft scheme list approved by Cabinet for the PR5 project. Subsequently Palmer Lane had a further £950k approved in July 2021.

5.4 Any further pressures will be managed within the project budget by de-scoping or identifying scheme efficiencies where able.

6. Legal implications

6.1 The Council has the power to enter into the arrangements within this report pursuant to its power contained within section 1 of the Localism Act 2011 ("General Power of Competence")

6.2 All services and works contracts required for the delivery of the project, will be entered into following the conclusion of a compliant procurement processes in accordance with the

Public Contract Regulations 2015 (where applicable), the Council's constitution and the Council's Rules for Contracts.

- 6.3 All grant agreements necessary to deliver this project will need to be compliant with the Subsidy Control Regulations (to prevent distortion to the market) and the Council's constitution.
- 6.4 All land transactions (leases/ licences/ transfers and other ancillary agreements) have been entered into in compliance with the Council's constitution and the Council's fiduciary duty to achieve best value.

7. Other Implications

None

8. How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

- 8.1 The Palmer Lane project will indirectly or directly provide jobs across the city and sub-region. The Economic Growth and Property Strategy specifically acknowledges the importance of infrastructure to help create growth and connect people to jobs.
- 8.2 The schemes also support the City Centre Area Action Plan and Local Plan, which identifies the importance of public realm and these key areas for development.
- 8.3 The project will support sustainability outcomes and deliver a greener space in the heart of the city centre

9. How is risk being managed?

The legal agreements entered into provide the Council with access to the necessary land required for the project to proceed.

There is a robust governance structure in place for the public realm programme whereby risks are managed by project team level and reported to project board. Regular risk workshops are undertaken on all projects to ensure active monitoring and management.

The maximum budget available for the scheme is as stated in the report. Although the design of the scheme is considered deliverable within this, there is a risk that prices tendered could exceed the budget available, this risk will be minimised by agreeing a target cost before works start and close financial management of design and budgets.

10. What is the impact on the organisation?

None

11. Equality Impact Assessment (EIA)

The Palmer Lane project will undertake an Equality Impact Assessment as part of project development and impact. The public realm proposals will make movement around the city centre easier for everyone. Discussions with the Access Groups and representative organisations will continue through scheme development, to ensure that the design of all schemes to be developed properly reflects access needs. The EIA document is currently being developed by the project team.

12. Implications for (or impact on) climate change and the environment

The project will have a positive impact on the environment in the city centre. More green spaces will be introduced into the city centre. The Palmer Lane de-culverting scheme will create an open water-course in the city centre, water-courses in urban locations have been linked to public health benefits and opening up the river will offer a new dwell space in the heart of the city.

12. Implications for partner organisations?

The Council will need to work with the Environment Agency as part of the Palmer Lane de-culverting work and the project will be delivered in partnership with Historic Coventry Trust and the CCC Ecology team.

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