Corporate Resources Management and Governance Scrutiny Committee

Meeting: June 2021

FUTURE HIGH STREET FUND - MERSEYWAY

Report of the Deputy Chief Executive, Place and Deputy Chief Executive, Corporate and Support Services

1. PURPOSE OF REPORT

1.1 To provide an update on progress with Stockport's Future High Street Fund project.

1.2 To seek delegated authority for the Deputy Chief Executive (Place) and Deputy Chief Executive (Corporate and Support Services) in conjunction Cabinet Member for Citizen Focus & Engagement and the Cabinet Member for Economy & Regeneration to utilise the monies received from the Future High Streets Fund to progress the projects to the stage of being able to enter into a construction contract and any necessary planning applications. This would also cover any early works packages such as strip out, asbestos removal and any required surveys.

1.3 To approve the engagement and consultation programme set out in Section 6 of this report.

1.4 To seek delegated authority for the Deputy Chief Executive (Place) and Deputy Chief Executive (Corporate and Support Services) in conjunction Cabinet Member for Citizen Focus & Engagement and the Cabinet Member for Economy & Regeneration and the Strategic Head Service (Legal & Democratic Governance) to take the necessary steps to implement the strategy set out in this report.

2. BACKGROUND

2.1 The Government announced the Future High Streets Fund (FHSF) in the Autumn Budget of 2018 with the aim of renewing and reshaping town centres and High Streets in a way that improves experience, drives growth and ensures the future sustainability of our town centres.

2.2 The Fund was announced as an integral part of the Government's Plan for the High Street and invited authorities to bid on co-funded capital projects which would transformative change and bring forward innovative regeneration proposals around transport, housing delivery and public services. The prospectus and guidance produced by the Ministry for Housing, Communities and Local Government (MHCLG) clearly set out that any bid must be able to deliver against the objective of the Fund, namely:

"to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability".

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AGENDA ITEM

It also expected that any Expressions of Interest put forward would be for schemes which could deliver a catalytic effect on the wider town centre regeneration.

2.3 The Stockport response to the Expression of Interest focussed around a number of projects in Merseyway:

- Adlington Walk – a new arrival point for the High Street incorporating a new 'hotel lobby' style entrance with concierge, high quality toilets, new entrance from the car park and a number of features to improve the customer experience.

- Merseyway Innovation Centre – providing new shared workplace in vacant first floor space in Merseyway in the former Next unit.

- Stockroom (Working Title) – a future-focussed community hub. This would incorporate a learning and knowledge store which could include a 21st century library offer, a new cultural and museum experience, multi-functional space for use by communities and schools and access to a variety of public services

2.4 This sought to repurpose approximately 71,400 sq.ft. of vacant retail and ancillary space which comprises 9,200 sq.ft. in Adlington Walk, 15,200 sq.ft in the Merseyway Innovation Centre and 47,000 sq.ft. in Stockroom. By comparison, the recently completed latest phase of offices, 2 Stockport Exchange, is 61,500 sq.ft.

2.5 Councils were invited to submitted an initial Expression of Interest in March 2019 and Stockport were advised that they had been successful in progressing to a Full Business Case in July 2019.

2.6 MHCLG originally required the Full Business Case submitted in March 2020 but this submission deadline was extended to June 2020 as a result of the pandemic.

2.7 On 26th December 2020 the Government announced that Stockport had been successful, securing its full request of £14.5m FHSF capital funding. Stockport were one of only four high streets in the North West, and only fifteen nationally which were awarded the full funding request.

3. MERSEYWAY REDEVELOPMENT STRATEGY

3.1 When Merseyway was acquired in April 2016, it was on the assumption that further investment would be required to maintain and improve the asset. The strategy to achieve this was set out in Cabinet reports in December 2017 and November 2018.

3.2 The Council's strategy for Merseyway is summarised below;

- Family offer
    - Attract more families with improved offer, animation and amenities

- The provision of high quality toilet and changing facilities
- Improvement of the leisure and food and beverage offer
- Incorporate more community based activities

- Access and linkages
  - Enhancing linkages across the town centre
  - Improved car park access for pedestrians, vehicles and general appearance

- Creating A Place People Want to Be
  - Improvement of the aesthetic quality of the centre
  - Re-fronting of units and introduction of consistent signage
  - Public Realm works

- Vibrancy
  - Commercialisation / animation strategy to create a vibrant family destination 52 weeks a year

- Diversification
  - Diversification of offer through introduction of workspace, residential, community activities and complimentary food and beverage operators

- Retail
  - The stabilisation of existing retail and attraction of new retailers

3.3 The successful bid for the FHSF funding was built upon this strategy to advance and support the Council's ongoing redevelopment of Merseyway by repurposing vacant retail space to create a new social, community and cultural hub.

3.4 The Stockroom project is built around the core amenity facilities proposed as part of the Adlington Walk redevelopment that was suspended in March 2020 when the lockdown started. Planning permission was obtained and some initial enabling work undertaken prior to the suspension. These elements of the project can now be accelerated as part of a first phase of the Stockroom project.

3.5 In October 2020, Cabinet approved the creation of One Stockport Hub as a temporary offer which would allow residents access to library, cultural and IT services in the Town Centre in a modern setting. It was also mentioned that this could act as a precursor to any successful award of Future High Streets Funding. However it should be noted that the public accessible areas of the Hub are a fraction of the space - approx. 3,500 sq. ft – less than 10% of the floor area of the Stockroom element of the FHSF scheme.

4. PROGRESS TO DATE

4.1 Following successful award of the £14.5m from FHSF, work has been underway to transform the bid into three deliverable projects, namely Adlington Walk, Merseyway Innovation Centre and Stockroom.

4.2 The exact mix of the services above cannot be finalised until the engagement and consultation process has been concluded and it is proposed that a further Cabinet approval is sought on the final scheme for Stockroom at Cabinet on 7th December 2021.

4.3 AEW and Space Invader have been appointed to undertake the design work to progress the schemes to construction and Grahams who were already procured to undertake the Adlington Walk scheme pre-pandemic, have been appointed as the contractor.

4.4 A number of internal design workshops have taken place with a variety of colleagues across the Council to explore the detail of functions and services which could be located within the Stockroom element of the scheme beyond the indicative, high level proposal which was submitted as part of the Full Business Case.

4.5 This work has also looked at a number of precedent schemes in the UK and beyond such as Rochdale, Chester, Croydon and Barnsley, where local authorities have re-imagined their community learning and cultural offers as more extensive facilities which that cater for the modern ways in which people now access information and attract more people to benefit from using these community assets.

4.6 The vision for Stockroom is an exciting new concept for a learning and discovery store, which will inspire, entertain and support the people of Stockport and bring vibrancy and animation to the Town Centre. Adlington Walk and Stockroom will act as a new 'front door' to the town and will be a public facing hub to be used by the whole community. It will celebrate the culture and creativity of the town, providing a space that encourages people to tell their story, where residents can spend leisure time, learn and celebrate their heritage.

4.7 Stockroom could be a family centric place for generations to come together and share activities and events.

4.8 All of this will be clustered around Adlington Walk, a new arrival point for the Town Centre which will provide a concierge service for the Town Centre, new 'best in class' toilets with enhanced provision for disabled people, a 'Changing Places' facility, parent and child room, and a new stair and lift core that will bring people from the car park above right into the heart of Stockroom.

4.9 Additionally new shared workspace for entrepreneurs and start-ups will be provide in the Merseyway Innovation Centre offering flexible workspace in the Town Centre to incubate those businesses and give them the best possible chance of success.

4.10 The potential components for Stockroom which are consistent with these aims and the successful bid for FHSF could include the following:

- A 21st Century library offer with access to both physical and digital content and public access IT provision

- Discovery centre to allow visitors to experience the Borough extensive cultural collections in new and more accessible ways
- Specific children's and young persons' areas
- Seating areas and quiet study spaces
- Makers space incorporating craft opportunities, 3D printing and classes to learn making skills
- Access point to Council Help Networks such as Housing, Financial Advice and Benefits, Employment and Skills Advice and Citizens' Advice Bureau
- Health Services such as vaccination, blood donation, screening and general health advice clinics
- Registrars service
- Flexible community space and event space for hire
- Performance space
- Café
- Tourist information
- Concierge service for the Town Centre
- Amazon lockers

This is not an exhaustive list of potential uses and the engagement plan set out in Section 6 will test the public view on these options, as well as seek ideas from residents as to what they would welcome in the space.

4.11 The proposals look to address the key challenge of how to repurpose empty, hard to let retail units with active uses, improving the visitor experience in Stockport and contribute to the long-term sustainability and recovery of the Town Centre post Covid.

4.12 Subject to the above approval, it is anticipated that the main construction contract would commence in January 2022 with a completion date of May 2023.

5. CENTRAL LIBRARY SERVICES AND BUILDING

5.1 The Future High Street Fund bid includes a concept for a new 21st library offer as just one element of the wider vision for Stockroom. The bid was submitted on the basis that any changes to library service provision in the town centre would be subject to a full consultation and formal decision-making process.

5.2 It is recognised that there is a strong public affection for the Central Library Building and a desire to ensure that its heritage is protected and there is continued community access to the building. The work over the coming months, as set out below, will ensure that this is given proper regard.

5.3 Over the coming months as part of the engagement process set out in this report the Council will be gathering views from the public and stakeholders about all aspects of the proposal for the Future High Streets fund – including the potential to move library services from the Central Library Building into the new facility.

5.4 If the early engagement process shows there is support for the new library concept as part of the overall development, then a second stage formal

consultation process will be undertaken prior to any final decision about the future of library services in Stockport Town centre.

5.5 In 2020 as a result of the Covid pandemic, Central Library had to close to the public. The One Stockport Hub proposal was progressed during the Autumn of 2020 to both provide example of what might go into Stockroom but in much more limited space and importantly provide a temporary library offer that was Covid compliant.

5.6 Following need for clarity around future of Central Library, a Council resolution was made in October 2020 which agreed:

- to re-open Stockport Central Library as soon as social distancing restrictions have been removed; and
- not to permanently close or remove library services from Stockport Central Library unless and until there has been a proper public consultation that makes this intention clear and sets out the alternative plans for the building so that Stockport residents can have their say

5.7 The One Stockport Hub opened on 17th March 2021 and Central library remains closed due to Covid restrictions with the clear continued commitment from the Council that Central Library will reopen once social distancing measures are removed.

5.8 One of the key considerations for any future decision about where library services should be provided will be the future of the Central Library buildings.

5.9 Following the Council resolution and in anticipation of it potentially being required as part of the consultation and/or final Cabinet decision in December, initial work, albeit at a draft stage, has been undertaken by CBRE to look at future uses of Central Library building if decision taken to move service.

5.10 This work will continue to run in parallel over the next few months in anticipation of a final decision later in the year following all the engagement and potentially formal consultation. It is important to note that this work is only progressing in the event that the engagement and any future formal consultation process shows support for a move of library services, and that the work is not pre-empting in any way the future outcomes.

5.11 Early outcomes of the CBRE work are :

- An initial survey of the building identifies remedial works required in the region of £2-2.5m to bring the property to a condition where it is capable of long term use. This figure does not include the cost of any fit-out of the property

- The difficulty and/or cost of making structural changes to the property arising from its heritage status may impact on the range of potential uses for the property

- At this early stage, it is thought that there may be demand from leisure uses, food & beverage uses and office/employment use particularly as flexible workspace

- There may also be some demand from independent hotel operators but the number of rooms that it would provide plus the high conversion costs means this demand is likely to be low. For similar reasons, it is extremely unlikely that there will be any demand for residential conversion.

- The high capital cost of conversion and high annual running costs may also limit the demand from other public sector uses.

- From the early work, it is likely that any alternative use will require a capital incentive to allow the user to bring the property up to the required condition.

5.12 The CBRE work is solely to provide a range of options for the use of the building and should not be viewed as in any way determining its actual use. This remains a Cabinet decision which will take into account all the matters regarding the building.

5.13 There has also been work undertaken to understand whether the Central Library buildings themselves could be eligible for spend under the Future High Streets Fund and this is not possible because as a scheme it would not meet the criteria of the Fund as set out in 2.2 above.

5.14 The importance of this heritage asset in the heart of the town centre is understood and any future decision regarding the re-provision of library services elsewhere in the town centre will need to be accompanied by a decision regarding the future of Central Library buildings and how best they can retain their value in the community and local economy, whilst also ensuring the necessary investment to preserve their heritage value.

6. ENGAGEMENT AND CONSULTATION

6.1 In Summer 2018 the Council consulted with people on a proposal to redevelop part of Adlington Walk as a new customer arrival point with high quality new toilets and associated facilities. As part of the consultation, the Council talked with people about what uses they would like to see in Merseyway and this helped to inform the bid to the FHSF and the early development of the proposals for Stockroom.

6.2 As part of the development work on the proposals, the Council has appointed specialist communications and engagement consultants to work alongside the Council teams to ensure that as many views as possible are sought on the proposals and these help shape and inform the final Stockroom scheme.

6.3 The suggested approach to engagement and consultation for which approval is sought in this report would be in three phases.

6.4 The first phase would be to share the work done to date with stakeholders and residents and gather views on whether the potential uses for Stockroom are what people would like to see in the Town Centre and importantly whether there are other uses or services which residents would like to see which are consistent with the overall ambition for Stockroom as a community learning and discovery hub.

6.5 If there is support to include a 21st Century library offer within Stockroom, then the second phase would be a formal consultation on the relocation of library services from the existing Central Library Building on the A6. This would also include the potential plans for alternative uses for the building. This is in line with the Council resolution made in October 2020 that library services would not be removed from Stockport Central Library building unless and until there has been a proper public consultation that makes this intention clear and sets out the alternative plans for the building so that Stockport residents can have their say.

6.6 The third and final phase of engagement is dependent on the outcome of the first two phases but would look to re-engage with stakeholders and residents to get views on the final proposals for Stockroom in advance of the Cabinet report on the final scheme on 7th December 2021 mentioned in Section 4.11 above.

6.7 The proposed engagement and consultation will involve a mixture on online consultation, focus groups and physical consultation in libraries, the One Stockport Hub and on Merseyway in a COVID compliant manner.

6.8 The proposed timetable for the above is as follows:

- Phase One – 5th July to 1st August 2021 (4 weeks)
- Phase Two (if required) – 15th August to 8th October 2021 (8 weeks)
- Phase Three – 18th October to 12th November 2021 (4 weeks)
- Final Report on Stockroom Proposals
    - Corporate Resource Management and Governance Scrutiny Committee – 23rd November 2021
    - Economy and Regeneration Scrutiny Committee – 25th November 2021
    - Cabinet – 7th December 2021

6.9 Work on the material for the first phase of engagement is ongoing and it is proposed that there is an All Member briefing on this arranged for 28th June in advance of Cabinet on 29th June and the start of the engagement on 5th July.

7. FINANCIAL IMPLICATIONS

7.1 The FHSF award is for £14.5m, with Council co-funding of c.£0.5m, which represents historic expenditure in 2020/21 to develop the project and undertake initial enabling works, then part of the Adlington Walk redevelopment project. The FHSF grant will be drawn down annually as required in advance. Payment will be subject to monitoring and evaluation and the terms of the grant funding are contained within a 'Memorandum of Understanding' from MHCLG

7.2 It is expected that there will be additional costs to the Council as a result of the development of Stockroom that will sit outside of the funding provided by FHSF. These costs may include;

- Relocation costs of services accommodated into Stockroom
- Digitisation of resources (Museum and Heritage archives)
- New equipment and ICT upgrades
- Occupational costs for the Stockroom building
- The costs of any Service Redesign

Work is ongoing to identify the scope of these and how they could be funded. This will be covered as part of the December Cabinet report. A number of these costs are ones which the Council are likely to incur in any event, particularly as part of its ongoing focus on developing services that meet the needs of local residents and are fit for 21st Century.

8. RISKS

8.1 Financial risks around the capital build budget for the project will be addressed through a robust design and cost management process and will evolve as the final design takes place through the engagement and consultation process.

8.2 The award of £14.5m from the Fund was the result of a competitive bidding process with a number of other town centres. The final proposal needs to be consistent with the Business Case which was put forward. A departure from this is likely to jeopardise the funding of all elements of the scheme.

9. LEGAL CONSIDERATIONS

9.1 A Memorandum of Understanding will be entered into between the Council and Ministry of Housing, Communities and Local Government (MHCLG) in accordance with grant award criteria. There will be requirements to ensure that FHSF spend is eligible, is spent within the grant availability period, and that monitoring and evaluation obligations are fulfilled.

9.2 There are no Subsidy Control (formerly State Aid) implications associated with accepting the FHSF grant as all expenditure is directed towards a publicly owned asset.

9.3 The Council have given a commitment to undertake a consultation on any proposed relocation of the library service and legal advice has been received which confirms that the proposed engagement and consultation plan in Section 6 is in line with any statutory requirements and best practice and the phased approach does not prejudice any subsequent phases.

10. HUMAN RESOURCES IMPACT

10.1 Until the final proposals are determined, it is difficult to be definitive about the Human Resources Impact but it is not currently anticipated that there will be any significant impact.

11. EQUALITIES IMPACT

11.1 Engagement will be done with a range of stakeholders to inform completion of the Equalities Impact Assessment (EqIA). The EqIA will examine the impact of the proposals and identify possible negative impacts of decisions on individuals and groups with protected characteristics and allow the Council to plan mitigating action accordingly.

12. ENVIRONMENTAL IMPACT

12.1 The proposed scheme involves the re-use of a number of existing buildings bringing largely vacant retail space back into public use. This avoids the need for demolition and minimises the impact of embodied carbon. The proposed refurbishment of the building would involve new more efficient building services and we would look to optimise these as the scheme cost will allow.

12.2 The proposed location of Stockroom would allow access to all residents and its close proximity to public transport means it can be visited using sustainable modes of transport. This will be enhanced by the forthcoming construction of the Interchange scheme.

13. CONCLUSIONS AND RECOMMENDATIONS

13.1 Cabinet are requested to:

- Note the progress made with Stockport's Future High Street Fund project.

- To approve the delegated authority for the Deputy Chief Executive (Place) and Deputy Chief Executive (Corporate and Support Services) in conjunction Cabinet Member for Citizen Focus & Engagement and the Cabinet Member for Economy & Regeneration to utilise the monies received from the Future High Streets Fund to progress the projects to the stage of being able to enter into a construction contract and any necessary planning applications. This would also cover any early works packages such as strip out, asbestos removal and any required surveys.

- To approve the engagement and consultation programme set out in Section 6 of this report.

- To approve the delegated authority for the Deputy Chief Executive (Place) and Deputy Chief Executive (Corporate and Support Services) in conjunction Cabinet Member for Citizen Focus & Engagement and the Cabinet Member for Economy & Regeneration and the Strategic Head Service (Legal & Democratic Governance) to take the necessary steps to implement the strategy set out in this report.