

Cabinet

Item
7(i)

9th June 2021

Report of	Assistant Director Place and Client Services	Author	Matthew Brown ☎ 507348
Title	Queen Street Grow-on & Digital Working Hub facility		
Wards affected	Castle Ward		

1. Executive Summary

- 1.1 This report seeks Cabinet approval for delegation of the key contracts for the delivery of the 43 Queen Street Grow-on scheme and digital working hub to the Portfolio Holder for Economy, Business and Heritage. The report also provides a general update on this scheme.
- 1.3 The core 43 Queen Street Grow-on scheme provides much-needed enterprise infrastructure. It responds to a long-standing identified need and market failure; providing local businesses in the creative and digital sector of the economy wishing to expand with attractive, affordable accommodation. In turn, this enables business incubation facilities such as the adjacent 37 Queen Street Business Centre to fulfil their primary role; stimulating churn and thus generating new start-up businesses and local jobs growth.
- 1.4 This scheme will form a key part of the Town's employment and enterprise infrastructure and plays a key role within the St Botolph's regeneration programme. It recently received planning and grant funding approval, and is now progressing towards final delivery.
- 1.5 With the recent confirmation of Colchester's 'Town Deal' award from Ministry of Housing, Communities & Local Government (MHCLG); the scope, outputs, impact, and profile of this scheme are significantly magnified. The Town Deal funding enables this scheme to incorporate Colchester's first digital working hub, and stimulates Colchester's emerging 5G connectivity; greatly increasing the innovation, appeal and added value of the facility.
- 1.6 To summarise the planned key milestones in this project:
 - Develop business case for the integral Digital Working Hub and 5G infrastructure (*as part of the Town Deal 'fast track' projects): Summer to Autumn 2021.
 - Prepare supplemental planning application for; and commence preparatory on-site works (demolition of existing structures etc): Summer 2021.
 - Complete further on-site surveys as required. Finalise design and prepare construction tender: Summer 2021.
 - Construction: Summer 2021-Summer 2022.
 - Normal operation commences: Late summer 2022.

2. Recommended Decision

- 2.1 It is recommended that Cabinet:
- a) Agrees to delegate decisions on all consequential matters related to the 43 Queen Street Grow-on scheme and digital working hub and therefrom, including contractual, financial, and legal, to the Assistant Director, Place and Client.
 - b) Agrees to the proposed approach to appointment of a managing operator for the new facility, via a delegation to the Assistant Director for Place and Client in consultation with the Portfolio Holder for Economy, Business and Heritage.
 - c) Notes the general updates provided in this report which supplement the related report presented to and approved by the cabinet meeting held on Wednesday 27th January 2021.

3. Reason for Recommended Decision

- 3.1 Progress of this programme meets a long-standing local and regional need to provide space for businesses to grow. This facility will substantially boost the capacity and capability for small businesses in the vital creative and digital sector to expand. This will bring significant job creation to the town and alleviate pressure on business start-up or incubation facilities.

The integral Digital Working Hub and 5G sub-projects (funded under the Town Deal programme) significantly boost the attractiveness, distinctiveness, and quality of this facility. Together these innovative features maximise the scope of this scheme to stimulate the tech sector of the local economy; recognised as crucial to its diversification.

The facility will play a vital role in helping to retain the boroughs highly skilled residents; boosting skills, increasing the availability of training and employment opportunities, and inspiring our young people. The scheme helps the town centre diversify through new uses, and complements recent investment in this recognised regeneration zone.

4. Alternative Options

- 4.1 No alternative options have been presented to Cabinet. The business case for the core 43 Queen Street grow-on scheme, associated grant funding and planning application have been approved. Colchester's Town Deal (which encompasses the digital working hub and 5G projects) has been approved and Heads of Terms signed by MHCLG, the council and the Town Deal Board chair.

5. Background Information

- 5.1 Following the approvals outlined in 4.1 above, the project is now moving into its delivery phase. To enable this, a number of contracts will need to be entered into between the council and a number of suppliers.

- 5.2 No further contract for architecture is required, as the architect who undertook the concept, pre-application and planning application stages of scheme design will also undertake the final stages of design.
- 5.3 A contract will need to be developed and then entered into between the council and a contractor for the main construction phase of the scheme, so this report seeks approval to delegate the authority to enter this contract to the Portfolio Holder for Economy, Business and Heritage.
- 5.4 A separate contract covering the managing and operation of the new facility is being prepared and a tender process for this will begin shortly. The intention is to appoint a single managing operator who will be responsible for day-to-day operation of the building, developing the brand/identity and vision of the facility, and attracting and retaining tenants.
- 5.5 This managing operator will also play a key role (in partnership with the council) in developing the final vision and specification of the digital working hub / 5G facilities. Once the facility opens to tenants and users, they will manage and monitor the delivery of the outcomes and outputs prescribed in the final business case which was approved under South East Local Enterprise Partnership's 'Local Growth Fund' programme.
- 5.6 The specific digital working hub / 5G facilities will be developed through the preparation of a business case as part of the Town Deal programme. Following a project confirmation submission to MHCLG in June 2021, detailed business case development for all Town Deal projects commences. There is an imperative for all business cases to have been developed no later than March 2022, at which time formal letters of approval must be submitted to MHCLG in readiness for initial release of funds. Appropriate reports will be brought to Cabinet in a timely manner to reflect such programme milestones.
- 5.7 Elements of the overall 43 Queen Street scheme may include (dependent on viability and demand) one or more of virtual/augmented reality studio facilities and development space, digital music production facilities, digital video production and broadcast facilities, digital maker space. From its inception, the building will have 10Gb broadband connectivity installed, a first for Colchester and the region.
- 5.8 It was reported in the January 2021 cabinet report that this scheme creates an unsupported revenue pressure in the early years of operation where annual scheme costs initially exceed scheme income. This risk has now been fully mitigated; as the Town Deal funding includes a small revenue allowance (max 10%), part of which can be used to bridge this initial revenue funding shortfall.
- 5.9 The planning application for this scheme was approved under delegated authority in February 2021. Whilst the general design and external treatment of the building notably its front and rear elevations were covered in detail through the planning approval process, the final internal designs and layout are under development and will be finalised in partnership with the managing agent once appointed, to ensure they support all the specific uses which the building will need to accommodate (see 5.6 above).

6. Equality, Diversity and Human Rights implications

- 6.1 Consideration has been given to equality and diversity issues in respect of this scheme through the development of the final business case which included an Equality Impact Assessment.
- 6.2 CBC will ensure that all remaining work required to bring this scheme to final delivery including all contracts for management & operation and final design include further and more detailed Equality Impact Assessment, including ensuring engagement and consultation with key user groups and representatives.

7. Strategic Plan References

- 7.1 The following Strategic Plan (2020-2023) references are relevant to this scheme:

Growing a fair economy so everyone benefits:

- Ensure our borough becomes stronger post Covid-19 by supporting businesses to recover, adapt and build resilience.
- Work with partners to facilitate a high skill, high wage, low carbon workforce.
- Work with our partners to enable Colchester town centre to be more vibrant, resilient, and adaptable to future change.
- Tackle local skills shortages working with businesses, University of Essex, Colchester Institute, and other partners.

Work with partners to deliver a shared vision for a vibrant town:

- Work with partners to deliver a shared vision for a vibrant town.
- Continue to regenerate Colchester Town Centre using Council assets, aligned private investment, the Town Deal and Town Investment Plan.

Create an environment that attracts inward investment to Colchester and help businesses to flourish:

- Ensure our strategy for inclusive economic growth supports the ambitions outlined in the North Essex Growth Strategy, the Local Industrial Strategy, and our Town Deal.
- Ensure a good supply of employment land and premises to attract new businesses and allow existing firms to expand and thrive.
- Ensure the Council's assets continue to contribute to economic growth and opportunity.

8. Consultation

- 8.1 The scheme was developed through consultation with Historic England, Planning, and key local stakeholders. Further discussions have been held with key local businesses, BID board, and other sector and local representatives.

- 8.2 Further consultation will be undertaken throughout the remaining stages of finalising the detailed design and scope of the facility including the development of the business cases for the Town Deal funded elements of the scheme and the project delivery plan.

9. Publicity Considerations

- 9.1 None specific to this report. The scheme is subject to a communications and engagement plan.

10. Financial implications

- 10.1 The financial parameters of the core 43 Queen Street Grow-on scheme were set out in the January 2021 cabinet report. The scheme, which is majority grant funded will provide an attractive new building, delivering a dynamic business space which will create jobs and develop new business in line with the Council's strategic priorities as set out above.
- 10.2 The operational phase of the core grow-on scheme will be delivered firmly within the principles of financial sustainability, whereby its long-term costs of operation, maintenance and upkeep are fully met by income derived from the users and tenants of the facility. Thus it does not create any unsupported revenue pressure for the Council.
- 10.3 Whilst the Town Deal funded elements of the project are yet to have their business cases developed, these features will also be developed and delivered within the financial resources available, and the council and partners will look to leverage wider and private sector investment alongside the core MHCLG funding where practicable.
- 10.4 As outlined in the January 2021 cabinet report, the capital costs of the core 43 Queen Street grow-on scheme are being met through a combination of the SE LEP Local Growth Fund grant secured, and council's Public Works Loan Board (PWLB) borrowing, also agreed through the January 2021 cabinet report approval.
- 10.5 The scheme is expected to make a small positive financial return once the operation has been established. The anticipated unsupported revenue pressure in the initial years of operation due to the difference between expenditure and income can and will legitimately be met and mitigated through deploying part of the Town Deal funding.

11. Health, Wellbeing and Community Safety Implications

- 11.1 There are no specific implications but generally the proposal aims to promote positive health and well-being for our residents.

12. Health and Safety Implications

- 12.1 There are no specific concerns at this stage of the development of the scheme. Risk will be identified and assessed as part of the project delivery process.

13. Risk Management Implications

- 13.1 No implications are identified at this stage. A risk register has been prepared for the core 43 Queen Street grow-on scheme as a component of developing the business case. The supplemental work to develop the associated business cases for Digital Working Hub and 5G facilities will include risk management.

14. Environmental and Sustainability Implications

- 14.1 Environmental and sustainability considerations are considered of paramount importance and are a cross-cutting theme within the Town Investment Plan. The scheme will be considered in relation to the Climate Emergency Action Plan to ensure that the Council's climate change, environmental and sustainability ambitions and policies are actively addressed and promoted throughout the development of the scheme.

Located close to several transport hubs and planned walking & cycling infrastructure, the scheme strongly supports the councils travel planning policies including promoting active and sustainable travel. The energy performance of the building will be considered and optimised within the final technical specification of the building.

Appendices: None.

Background Papers: None.