



ADDENDUM

DIRECTOR OF STRATEGY,
PERFORMANCE AND GOVERNANCE
Paul Dodson

14 July 2022

Dear Councillor

STRATEGY AND RESOURCES COMMITTEE

Please find enclosed an addendum to the following, for consideration at the above meeting.

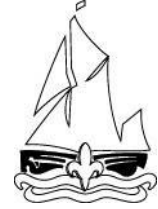
8. **UK Shared Prosperity and Levelling Up Funding Update**(Pages 3 - 6)

Yours faithfully

Director of Strategy, Performance and Governance



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**REPORT of
DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE**

**to
STRATEGY AND RESOURCES COMMITTEE
14 JULY 2022**

ADDENDUM

AGENDA ITEM 8 - UK SHARED PROSPERITY AND LEVELLING UP FUNDING UPDATE

Note: This addendum will be supported by further detail presented to the Committee as a verbal update.

1. ADDENDUM RECOMMENDATIONS

It is proposed that the following recommendations replace recommendation (i) as set out in the report.

- (i) that the progress made at compiling an application to the Government's Levelling-Up Fund Round 2 to invest in the Maldon Historic Waterfront Revival Programme be noted;
- (ii) That Members agree to commit the Council's land and property assets of Hythe Quay, the former River Bailiff Hut and the former River Bailiff Classroom, as a match-contribution to the application;
- (iii) that the release of £49,200 from the Levelling-Up Fund Capacity Grant 2022 / 23 to be spent on advancing the Maldon Historic Waterfront Revival Programme's planning application between July and September 2022 be approved.

2. CONTEXT

2.1 An application entitled "Maldon Historic Waterfront Revival Programme" has been prepared to submit to the Government's Levelling-Up Fund (LUF) Round 2 under its 'Culture and Heritage' levelling-up investment priority. As will be explained in further detail at the Committee, it is an application which focuses on a set of built environment interventions and investment projects around the historic Hythe Quay in Maldon.

2.2 If funding is awarded by the Government in Autumn 2022, the Council would deliver the following series of sensitively designed improvements to support the historic maritime operations based at Hythe and the area's growing attraction to visitors. This would be achieved by:

- reorganisation and refurbishment of the landside surface of Hythe Quay to create a sympathetically rejuvenated waterside public space, safely segregating vehicles and pedestrians, whilst retaining the working quayside as a visitor destination. This would better support the historic maritime

operations of heritage vessels moored and maintained at the quay, whilst allowing space for increased visitor dwell, landscape and heritage interpretation, sensitive commercial activity, public events and more organised commercial waste storage and vehicle parking;

- improved connections to Promenade Park and Lower High Street with appropriate wayfinding, lighting and surface treatments;
- refurbishment and repurposing of the former River Bailiff hut into new, but complementary commercial uses, with an integrated washroom, a new tiled roof, terraces, a low carbon / net-zero design and a space for a public wayfinding mural / public art on the outside wall facing The Hythe;
- demolishing the former River Bailiff's classroom and building a new Maritime Centre over a larger footprint. It would be a net-zero building offering a flexible space for heritage, culture and community uses, with a supporting kitchen and toilet. It will include an independently accessed fixed-welfare facility with a washroom, kitchen, laundry facilities and navigation information to support crews of visiting vessels. The welfare facility will feature a green roof for biodiversity net-gain, rainwater repurposing, sound proofing, ambient temperature management, air purification and as a new habitat for birds, butterflies and pollinating insects; and
- a community launch event to celebrate the opening of the new facilities and refurbished quayside.

2.3 It is considered that these interventions combined will increase footfall, improve net-zero performance of the Council's buildings and improve the safety of walking and cycling between Promenade Park and the Lower High Street, via Hythe Quay. It should also increase the rental yield from the Council's assets to support their ongoing maintenance and deliver towards commercial income targets sought by the Council's Commercial Strategy and Medium-Term Financial Strategy. Finally, the project will enable the continued preservation of the significant environmental and historic setting, whilst enhancing the cultural interpretation of the unique location, including the historic and cultural significance of the Thames Barges and other vessels which call Hythe Quay home.

2.4 In accordance with the application requirements, the bid has been reviewed by both the Director of Resources as Section 151 Officer, and the Director of Strategy, Performance and Governance, as the bid's Senior Responsible Officer; both of whom have signed an assurance statement to indicate that the bid has been prepared as thoroughly as possible despite the time constraints and has considered the key risks, opportunities and costs. It was due to be submitted by Noon on 6 July 2022, however the Government have advised they have encountered a technical delay in opening the submission portal and a new submission date is awaited.

3. LUF CAPACITY FUND

3.1 The Strategy and Resources Committee resolved on 25 May 2022 (as Minute 9 refers) to use any Government allocated preparatory funding to develop the Council's application to the Levelling-Up Fund Round 2. The funding awarded to the Council was £125,000. A total of just over £45,772 has been committed from this budget to prepare the LUF application as follows:

Bid Development Item	Value
Capacity Consultants	£27,500.00
Architectural Advice, Drawings & Costings	£3,850.00

Bid Development Item	Value
Valuation Office Agency (VOA) Valuation Report	£1,200.00
Maldon District Council (MDC) Staffing Resources Recharge	£13,222.71
COST INCURRED	£45,772.71
LUF CAPACITY FUND BALANCE	£79,227.29

- 3.2 As such, the cost to develop the bid, including the financial value of MDC staff time has been met by the Government grant and a balance of just over £79,227 remains.
- 3.3 In order to deliver the project components as quickly as possible, the bid's costing estimates and delivery programme assume the Council can advance the project *before* knowing the outcome of the LUF application. This would see heritage and flood risk assessments prepared and architectural plans developed in more detail to submit a planning application to Maldon District Council in September 2022. It is estimated that the cost of this stage will total £41,000, including project management costs. Commencing enabling activities ahead of the bid outcome is compatible with the LUF Round 2 guidance terms.
- 3.4 It is therefore recommended that the Committee approves further expenditure from the LUF Capacity Fund budget of £49,200 (includes a 20% contingency) to ensure the planning application preparation process can commence in July 2022. Whilst this would be an activity conducted at risk of the LUF funding outcome not being positive, it ensures the project can be delivered on time *should* the Council's application for funding be successful and will, in turn, reduce the risk that the Council's project over-runs into 2025 / 26. This latter risk is considered to have a much greater impact on the Council given it will be obligated to cover any costs that are not drawn from the LUF funding award by 31 March 2025, including from delivery delays.
- 3.5 It is recommended that the risk of not being successful is tolerated in this instance given the £49,200 being spent is not from the Council's budget, rather the Government grant and therefore it is not risking the Council's own resources by making this commitment. Furthermore, the LUF Round 2 application will include additional financial allowances to recover the £49,200 investment should the bid be successful, which is also permitted by the fund's guidance, which can, in turn, be re-used by the Council to further support the delivery of the Maldon Historic Waterfront Revival Programme with things that could not be included in the bid, or alternatively fund other priorities in due course.

4. MATCH CONTRIBUTIONS

- 4.1 The Government encourages all bids to make match contributions of at least 10% of the project's value. Officers have worked with the Council's capacity consultants, Deyton Bell Ltd & Capita plc, Essex County Council and Annabel Brown Architects Ltd to fully cost the project and model its monetised and non-monetised benefits. The project cost between 2022 - 2025 currently stands at c. £2.7m, of which c.£2.17m consists the value of all consents including planning permission and condition discharge, highway licences, materials, construction labour, project management resources and council project support costs (i.e. IT, finance, legal, etc.). The remaining c.£513k is the estimated value of Hythe Quay, a council owned asset. Officers have sought an up-to-date leasehold valuation from the Valuation Office Agency for the former river bailiff hut and classroom, which once provided, can then also be added to the Quay's value to represent the final match-contribution for the LUF Round 2 application.

- 4.2 The application assumes that the Council will invest its freehold / leasehold assets into the project and declare their value as a match contribution. With the quay alone, this represents a 19% match funding contribution, greater than the recommended minimum; which improves the Council's chances of a successful bid outcome. The hut and classroom are also however required for the bid, and once the leasehold values are known this will increase the match contribution even further.
- 4.3 The application form requires the Council to declare whether the match contributions are 'secured' or 'unsecured'; and if the latter, the application has to indicate the date by which they can be secured. To be secured, an approval to enter them into the bid is required.
- 4.4 For the avoidance of doubt, whilst the Council would offer the value of its assets as a match contribution, it would not be placing them at risk of third-party control, or disposal, as a result of this action. It purely demonstrates that Council is investing its own assets into a project, which it is seeking over £2m Government investment for. The project cannot go ahead in any case, without the assets being used.
- 4.5 Given the match contribution value of the three assets combined will be over £50k, a decision to secure and commit these assets needs to be taken by the Strategy and Resources Committee, rather than the Director of Resources in accordance with the Council's Financial Regulations.