

Agenda Item 6	
Report To	Town Deal Board
Subject	Levelling Up Fund (LUF) / Capital Regeneration Project Update
Relevant Officer	Nick Gerrard, Growth and Prosperity Programme Director
Date of Meeting	17 November 2023

1. Purpose of Report

To provide an update on the Levelling Up and Capital Regeneration Projects

2. Recommendation

To note the update and progress to date

3. Capital Regeneration Project Update – Hotel Indigo (Former Post Office)

As previously outlined the delay in announcing the successful Capital Regeneration Projects, following initially being noted as unsuccessful in receiving Levelling Up Funding, has resulted in the acquisition of the Post Office building becoming more complicated. During the last quarter, negotiations have continued with the current building owner, but there has also been in-depth engagement with the Department for Levelling Up, Housing and Communities (DLUHC) regarding the anticipated payment profile relating to the project, the contractual legal structure of the project and the completion date.

An initial meeting was held with DLUHC officers on Monday 4th September to outline the Council's issues relating to the structures put forward in the original Levelling Up Fund application, which were no longer optimal in consideration of the changes in project circumstances. Following this meeting, and at the request of DLUHC officers, a briefing note was sent (29 September) regarding three required changes to the method of delivery (for the same scheme) which would result in the positive delivery of the project. These requests were:

- Current payment profile to be amended and grant payments to be accelerated in order to fund the property purchase and complete the intrusive surveys to finalise the design.

- Contractual legal structure to change to one, which would include Blackpool Council, Ashall Projects and an additional private sector partner to reduce risk.

- The timescale to be extended by 12 months and for the project to complete in October 2025 rather than October 2024 as previously agreed, but for the CRP spend to be complete by October 2024.

The overarching scheme objectives remain identical with no changes to outputs and outcomes. There are also no changes to CRP request and match funding levels. The proposed alterations highlighted above apply to bring the project back on track with an up to date spend profile, and a new structured approach to assist in de-risking the scheme. It is hoped that the changes proposed are in line with DLUHC approvals. A further meeting took place with DLUHC on 11 October, to address queries raised by the email submitted, in order to provide further clarity. On the 16 October, DLUHC confirmed that "Further to any subsidy amendments that



may be required (to be confirmed with DLUHC assessment team) we see no issue with your proposed contract changes set out in the document”. No Project Adjustment Request (PAR) was deemed necessary.

There have been no outputs and outcomes delivered to date, but none were anticipated to be delivered by this time anyway, so the project remains on track.

Within the next quarter, the following key actions are anticipated:

- Completion of the purchase of the building, and communication of the purchase
- Procurement of architects, following a tender process, to move scheme designs to RIBA Stage 4.
- The agreement of outstanding Heads of Terms and legal agreements
- Reaching a position with DLUHC regarding the request for an accelerated spend profile, as well as a variation to the legal structure of the purchasing entity.

Inflation remains a potential challenge. With movement towards RIBA Stage 4 designs in this quarter, this will be a major consideration.

Outputs and outcomes are to be achieved much later in the project life, are not considered an issue at this stage in the project.

A first tranche of Capital Regeneration Projects funding was received on 23 August. This was to the value of £2,227,106.

A second claim submission for the project to DLUHC was required to be submitted by the 27 October, which was achieved. The spend profile submitted in that claim was as outlined below.

Fund source	2023/4	2024/5	2025/6	Total
CRP / LUF	£2,727,016	£5,272,984	£0	£8,000,000
Co-funding	£0	£8,785,827	£9,248,204	£18,034,031
Total	£2,727,016	£14,058,811	£9,248, 204	£26,034,031

4. Multiversity Levelling Up Fund Update

Assembly of the Multiversity site is continuing (the Town Deal scheme) reported elsewhere on this agenda and the Council’s Executive authorised the formal making of a Compulsory Purchase Order on 16 October 2023.

- Planning Strategy implemented with planning submission forecast for mid November 2023
- Contractor Procurement Route confirmed.
- RIBA Stage 1 delivered by Hawkins Brown
- RIBA Stage 1 Cost Plan developed for comment
- RIBA Stage 2 Commenced

Progress on land assembly is still the most critical activity for the LUF project at this stage whilst the scheme design progresses as a result of which the LUF spend is increasing significantly over the next few quarters..

In the next quarter:

- More property purchases will be completed supporting both final scheme delivery and co-funding spend
- CPO to be formally made and issued
- Contractual negotiations on the College's £16m contribution should be finalised
- Engagement with Blackpool and the Fylde College stakeholders to develop RIBA Stage 3
- RIBA 2 completion and agreement
- RIBA 2 cost assessment
- RIBA 3 progression
- Outline Planning Submission, including public consultation

Inflation remains a potential challenge, especially in regard to realising all the carbon related aspirations within the Multiversity concept. There has been some stabilisation seen with regards inflation since the earliest stages of the project, though.

A second claim submission for the project to DLUHC was submitted by the 27 October deadline. The base spend profile submitted in that claim is as outlined below.

Fund Source	2022/3	2023/4	2024/5	2025/6	2026/7	Total
LUF	£22,333 (actual)	£1,813,985.16	£19,848,660	£18,315,021.84	£0	£40,000,000
Town Deal	£581,358.32 (actual)	£3,961,159.43	£2,750,000	£1,707,482.25	£0	£9,000,000
Co-funding	£0	£0	£0	£12,396,293.00	£3,603,707	£16,000,000
Total	£603,691.32 (actual)	£5,775,144.59	£22,598,660	£32,418,797	£3,603,707	£65,000,000

At 30 September 2023, the LUF spend sat at £141,724 with co-funding spend (Town Deal) to date of £1,348,082, with total scheme spend therefore £1,489,806.

5. Programme Management

5.1 General



As noted above, the PMO team have overseen the compilation and submission of the two external claim forms to DLUHC by the 28th October. Oversight of internal claims will also now commence.

The Multiversity LUF and Town Deal quarterly claims are to be amalgamated into one claim bearing in mind the co-funded nature of the schemes.

A CRP claim for the Post Office scheme will be made when the project has all legal documents in place and spend commenced.