

**COUNCIL  
19 JANUARY 2023**

**Part 1**

**TITLE OF REPORT: Churchgate update**

REPORT OF: Service Director - Enterprise

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR ENTERPRISE AND THE ARTS

COUNCIL PRIORITY: SUSTAINABILTY AND A BRIGHTER FUTURE TOGETHER

**1. EXECUTIVE SUMMARY**

1.1. To provide Members with an update on Churchgate since the Council purchased the Leasehold.

**2. RECOMMENDATIONS**

2.1. For Members to note the report

**3. REASONS FOR RECOMMENDATIONS**

3.1 To ensure Members are kept updated on the progression of Churchgate.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 As this is an update on a project, no other alternatives have been provided.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

5.1 Project Board, which includes the Leader and Deputy Leader, the Executive Member for Enterprise and Arts and the Executive Member for Finance and IT have all been kept up to date on this project. The Leader of the Opposition has also received regular briefings. Political Leadership Board have also been kept informed on key elements.

5.2 The Project Manager will provide Churchgate specific updates within the Members Information Service (MIS) throughout the project, when relevant milestones have been or are to be achieved.

**6. FORWARD PLAN**

6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan, as this is a Full Council decision.

**7. BACKGROUND**

- 7.1. Set out below is one of the recommendations that was approved at Full Council on 23 March 2022: -

*To note that if this acquisition is approved and completes, that a further report will be brought to Full Council to set out in detail the short-, medium- and long-term approach for the asset and how the project will be managed.*

- 7.2. The Council successfully purchased the Churchgate Shopping Centre Leasehold on 1 August 2022. Therefore, this report is to ensure Members are kept up to date on the progress of this asset.

## 8. RELEVANT CONSIDERATIONS

- 8.1 There are two elements to this Part 1 report, 1) *the project* which will investigate the potential to undertake a regeneration of Churchgate and the surrounding areas and 2) *the operational* management of the asset prior to a regeneration taking place.

- 8.2 There is also a Part 2 report available that focuses on the operational management of the asset.

### 8.3 Project

- 8.3.1 This is a Council led project, whereby we have adopted the 'NHC Project Management Framework' which is based on 'PRINCE 2' (Project Management tool). This framework ensures that the Council follows a clear process when setting up, managing, delivering and completing a project.

- 8.3.2 The following table sets out the process that the Council has followed so far to complete the first three steps of the project management process.

Step 1 – Project Trigger	Date	Approval Obtained by:
Project Mandate approved	26/09/22	Leadership Team
Project Categorisation completed	26/09/22	Leadership Team
Data Protection Impact Assessment form completed (it was agreed that this was not required at this stage, but would be reviewed as the project developed)	N/A	N/A
Step 2 – Project Start Up	Date	
Project Manager and Project Executive appointed	7/11/22	Project Board
Project Board and Project Assurance roles appointed and clear terms of reference established	7/11/22	Project Board
Quality expectations established and documented in the Project Product Description	7/11/22	Project Board
Draft Business Case produced	7/11/22	Project Board
Project Brief produced – updated Project Mandate, draft Business Case and details of project approach	7/11/22	Project Board
Relevant Lessons Learned from previous projects captured and Lessons Log produced	7/11/22	Project Board
Project Plan produced for 'Step 3 – Project Initiation' only	7/11/22	Project Board
Decision Point	Date	

Project Initiation authorised by the Project Board and the Project Manager's responsibilities and accountabilities confirmed	7/11/22	Project Board
<b>Step 3 – Project Initiation</b>	<b>Date</b>	
Full Project Plan produced, including Communication and Quality activities, with key stages identified	10/1/23	Project Board
Draft Business Case refined	10/1/23	Project Board
Any organisation conflicts in Council roles and duties identified and the method of managing these determined	10/1/23	Project Board
Issues Log produced	10/1/23	Project Board
Project Risks identified / analysed, Project Risk Log produced, and summary risk entry entered on Pentana (Pentana entry required for large and medium projects only)	10/1/23	Project Board
Benefits Review Plan produced on Pentana	10/1/23	Project Board
Project Initiation Documentation assembled - Benefits Review Plan, updated Project Brief (updated Project Mandate, refined Business Case and details of project approach), Project Plan, Project Product Description and Project Risk Log	10/1/23	Project Board

8.3.3 The Council is in the process of setting up a dedicated 'Project Churchgate' web page within the North Herts Council internet site. This will provide all of the key documents and minutes of each Project Board that takes place. Some of the information within these documents will be confidential, and therefore elements will be redacted.

8.3.4 Appendix A provides the current Draft Project Plan, this provides an overview of the key tasks that will be undertaken in the short, medium, and long-term. This document will be updated as the project progresses, and more certainty is known. The following table demonstrates the key tasks that will be undertaken in the next six months (subject to change and approval).

19 January 2023	<b>Report to Full Council</b> Report to set out short, medium, and long-term approach of the asset and how the project will be managed. This will include a draft project plan and draft Communications plan.	Project Executive Project Manager	Steve Crowley Chloe Gray
January 2023	<b>Economic recovery work</b> Consider outcome of town centre recovery work being undertaken by People for Places and how it could inform proposals. Ensure that these strategies are aligned with Project Churchgate and the newly adopted Local Plan.	Consultants (People for Places) Project Team Newly appointed Planning Officer Andrew Figgis	Louise Symes Chloe Gray
February 2023	<b>Consultation – Phase 1</b> Close Phase 1 survey (on 5 February) and analyse data (with help from ZenCity)  Start to build digital hub on Engage platform using information regarding the journey so far. This will provide a platform for results to be shared, comments, interactions and allows us to upload live data (or responses back to questions etc).	Steve Crowley Engage (owners of the ZenCity platform) Project Team	Chloe Gray Christine Crofts Sarah Jenkinson Steve Crowley

End of February-early March 2023	<p><b>Open in-person Hub in Unit 10, Churchgate.</b> This will provide a base for relevant officers to work from and create a presence within the premises. Members of the community and businesses will be encouraged to come in and talk to officers to find out more about the project. Councillors are also welcomed to work from/ be present at the Hub once we have agreed set times and dates.</p>	Project Manager Project Executive Brown & Lee Members	Chloe Gray Steve Crowley Graham Stilwell
Early March 2023	<p><b>Sharing the results</b> Release top level information to the community (via various comms channels defined in the Comms Plan) regarding key themes identified from the survey.</p> <p>We will create vision boards to display in the Hub to show the key themes and how these <i>may</i> look. The themes will allow the Council to define a clear vision for the project. Once the Council are clear on this, we can continue to tailor our messaging and other communications accordingly.</p> <p>These themes will also enable us to narrow down our specification for any potential partners (examples of this include housing associations, retail operators, entertainment operators etc).</p>	Engage (owners of the ZenCity platform) Project Team	Christine Crofts Sarah Jenkinson Chloe Gray
March-April 2023	<p><b>Preparing to appoint a consultant/s</b> Write the specification for the appointment of a consultant that will assist the Council in the development and project support of Churchgate. This role will be independent of any potential developer and be appointed directly by the Council to assist of the writing of any tender specifications/ documentation according to the consultations and briefs given by the Council. This role will act on the Council's behalf when engaging with subcontractors etc in the future. The independency of this role ensures that the Council are getting value for money, working with the 'best possible' contractors and ensures that the project is controlled.</p>	Project Team Project Board Seek external advice to support the Council Procurement Team	Steve Crowley Chloe Gray Anthony Roche
April 2023	<p><b>Digital Hub goes live</b></p>	Communications Engage (owners of the ZenCity platform) Project Team	Chloe Gray Christine Crofts Sarah Jenkinson
May-June 2023	<p><b>Appointment of the consultant/s</b> Upon writing the specification for the above role, the team will look to appoint this role via the Council's Procurement Process.</p> <p>The current aim is to appoint by June 2023 depending on the preparation process.</p>	Project Team Project Board Procurement Team	Chloe Gray Steve Crowley Anthony Roche Rizwan Sarwar

June- August 2023	<p><b>Consultation – Phase 2</b></p> <p>This is yet to be determined and will take steer from the Phase 1 outcome/s. However ultimately this will seek to clarify what the public would like to see (based on Phase 1 responses) and looking to see how this can be made possible alongside the vision of the Council.</p>	Project Team Project Board	Steve Crowley Chloe Gray
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- 8.3.5 As part of the budget setting process the Council has proposed that surpluses from this asset are used to appoint the necessary professionals. This will ensure the Council is able to appoint appropriate professionals to assist with the planning, developing and delivery of this project.
- 8.3.6 The draft Communications Plan is provided in Appendix B and focuses on the first year (approximately) of the project from October 2022 to December 2023. So far, we have completed the following stages of the plan:
- 8.3.7 Consultation – Phase one  
Launched across all channels (digital and in-person) on the 5 December 2022 via a quick 2-minute survey and runs until the 5 February 2023. Taking advice from the Stevenage Council Regeneration team, the initial consultation survey is broad, to provide us with initial high-level ideas by age group of the type of offering they'd like to see in the Churchgate shopping area in the future. As at Friday 6 January 2023, we have received 1,277 survey responses.
- 8.3.8 In-person Communications Hub - We are opening Unit 10 within Churchgate (previously known as The Bronzing Shop, but now vacant) to operate as an in-person hub for Project Churchgate. The hub will provide the community with an opportunity to speak to project team members, Councillors and eventually developers/ partners. Here they will be able to get a live update of the project and view existing and potential proposals as the project progresses. Members of the Project Team will be based at the Hub during the week and available for drop-in sessions. The Project Manager is currently obtaining quotes for basic decoration of the facility to make the premises presentable.
- 8.3.9 Digital Communications Hub - A key part of our Phase Two consultation will be our Churchgate digital hub which we'll be developing throughout February with our digital engagement supplier Zencity. The current aim is to go live with the Digital Hub in April.
- 8.3.10 The online hub will have everything about Churchgate in one place, including live consultations, maps (where our community can drag and drop ideas and most importantly, see the cost), timelines, and an ideas board option – where people can post ideas and others comment on (similar to a digital post-it note).
- 8.3.11 Respondents have had the option to sign up for our digital hub at the end of the Phase one consultation survey and we've had 180 sign ups so far.

## 8.4 Operation

8.4.1 The Council appointed Brown & Lee Chartered Surveyors (in accordance with the Council's Contract Procurement Rules) to manage Churchgate for a period of 2 years following acquisition of the leasehold. Their role is to provide facilities and estate management services required by the Council to help ensure Churchgate's efficient operation. Such services include:

- Lettings, marketing, agency and negotiations management;
- Collection of rent and commercialisation income;
- Managing tenant & occupier performance of their occupancy obligations;
- Service charge budgeting and reporting;
- Safeguarding and accounting for tenant rent deposits;
- Organising statutory compliance, such as health and safety;
- Ensuring all insurances are in place, such as buildings insurance;
- Organising planned preventative maintenance and repairs; and
- Coordinating provision of soft facilities management, such as cleaning.

8.4.2 Officers regularly meet with Brown & Lee to discuss operational goals and strategy, occupancy issues and to clarify progress on instructions for managing the property. Two key areas of focus at present are:

- (i) Addressing urgent tasks detailed in the Technical Due Diligence Report by BNP Paribas Real Estate, the consultant that advised the Council on the acquisition. These tasks chiefly comprise building repairs, building fabric replacements, inspections, and investigations.
- (ii) Fulfilling buildings insurance stipulations.

8.4.3 Further information on (i) and (ii) is provided in Appendix C.

8.4.4 Regarding (i) – urgent tasks, Brown & Lee is currently liaising with its building consultancy team to identify apportionment of responsibility between landlord and tenant. Brown & Lee will then arrange quotes and schedule the works. Brown & Lee advises they expect this work to commence in February or March 2023. The Council's Estates team will continue to closely monitor progress on addressing the urgent tasks.

8.4.5 In terms of (ii) – buildings insurance stipulations, Brown & Lee has corresponded with Churchgate's tenants and occupiers following acquisition to remind them of their occupational responsibilities in relation to buildings insurance, and to encourage action where required. The overriding priorities are to uphold health & safety standards and maintain adequate buildings insurance for Churchgate to ensure its full and efficient operation.

8.4.6 When the Council purchased Churchgate Shopping Centre there were several tenants that were behind with their rent and service charge payments. Since the Council acquired the leasehold, officers continue working with Brown & Lee to manage this position to improve upon the debt levels. This is covered in more detail in the Part 2 report.

## 9. LEGAL IMPLICATIONS

- 9.1. Under Section 120 of the Local Government Act 1972, the Council has the power to acquire any land by agreement for the purposes of its functions or for the benefit, improvement or development of the district of North Hertfordshire. The legislation provides that it does not matter if the land is not immediately required for the intended purpose, and it may be used for another purpose in the interim.
- 9.2. In addition, Section 2 of the Local Government Act 2000 provides that the Council can do anything (subject to the restrictions contained in Section 3) which is likely to promote the economic, social and environmental wellbeing of its area unless explicitly prohibited elsewhere in legislation. Again, for reasons identified in this report, the acquisition and operation of this key site would satisfy the requirements of promoting the economic and social wellbeing of the area and meet the Council's priorities.
- 9.3. As owner and landlord of Churchgate, the Council must adhere to its obligations under the Occupier Liability Acts.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 As covered in the body of the report.

## **11. RISK IMPLICATIONS**

- 11.1 Failure to conduct a successful consultation process could result in a disengaged community and tenants – which ultimately will have a negative impact on the entire regeneration project. The team aim to mitigate this risk by ensuring that the Council consultation process is adhered to and is regularly updated in line with Councillor and community steer. The team will ensure that all involved parties are consulted regarding each step of the regeneration project.
- 11.2 The risks associated with the project are being identified, recorded, and monitored as part of the wider project governance. The team are constantly thinking of the potential threats to success and taking proportionate steps to manage these where appropriate – such as logging the risk/s on our corporate system, Pentana.
- 11.3 Proactive estate and facilities management of Churchgate is imperative to safeguard the Council's capital outlay in acquiring the leasehold. Failure to manage performance of tenants' and occupiers' obligations could adversely impact on sustainability & resilience of income, increase void periods, and prolong associated holding costs. Similarly, failure to ensure the building complies with relevant legislation, such as health & safety and energy efficiency regulations, may impinge on smooth operation of the building, tenant retention and Churchgate's ability to maintain footfall. The Council's regular meetings and correspondence with Brown & Lee, whereby management strategy and issues are discussed in depth, help to address these risks.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no direct equality implications arising from this report.

### **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Social Value Act and “go local” requirements do not apply to this report but would apply to any relevant procurement and or contract.

### **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. There are no known Environmental impacts or requirements that apply to this report, although there is likely to be some in relation to the regeneration.

### **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 No direct Human Resource implication have been identified.

### **16. APPENDICES**

- 16.1 Appendix A – Churchgate Draft Project Plan
- 16.2 Appendix B – 2023 Churchgate Communications Plan
- 16.3 Appendix C - Outline of Urgent Tasks and Buildings Insurance Stipulations.

### **17. CONTACT OFFICERS**

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### **18. BACKGROUND PAPERS**

- 18.1 None.