

## Levelling Up Fund Application Form

This form is for bidding entities, applying for funding from the Levelling Up Fund (LUF) across the UK. Prior to completing the application form, applicants should read the [LUF Technical Note](#).

The Levelling Up Fund Prospectus is available [here](#).

The level of detail you provide in the Application Form should be in proportion to the amount of funding that you are requesting. For example, bids for more than £10m should provide considerably more information than bids for less than £10m.

Specifically, for larger transport projects requesting between £20m and £50m, bidding entities may submit the Application Form or if available an Outline Business Case (OBC) or Full Business Case (FBC). Further detail on requirements for larger transport projects is provided in the [Technical Note](#).

One application form should be completed per bid.

### **Applicant & Bid Information**

**Local authority name / Applicant name(s)\*:** [Gloucester City Council](#)

*\*If the bid is a joint bid, please enter the names of all participating local authorities / organisations and specify the lead authority*

**Bid Manager Name and position:** [Ian Edwards, Head of Place](#)

*Name and position of officer with day-to-day responsibility for delivering the proposed scheme.*

**Contact telephone number:** [01452 396034](#)

**Email address:** [ian.edwards@gloucester.gov.uk](mailto:ian.edwards@gloucester.gov.uk)

**Postal address:** [Gloucester City Council, Shire Hall, Westgate Street, Gloucester, GL1 2TG](#)

**Nominated Local Authority Single Point of Contact:** [Ian Edwards](#)

**Senior Responsible Officer contact details:** [Ian Edwards](#)

**Chief Finance Officer contact details:** [Jon Topping, Head of Policy and Resources](#)

**Country:**

**England**

**Scotland**

**Wales**

**Northern Ireland**

Please provide the name of any consultancy companies involved in the preparation of the bid:

AMION Consulting, Thomas Lister Ltd, Cube LLP

For bids from **Northern Ireland applicants** please confirm type of organisation

Northern Ireland Executive

Third Sector

Public Sector Body

Private Sector

District Council

**Other (please state)**

## PART 1 GATEWAY CRITERIA

Failure to meet the criteria below will result in an application not being taken forward in this funding round

### 1a Gateway Criteria for **all bids**

Please tick the box to confirm that your bid includes plans for some LUF expenditure in 2021-22

Yes

No

*Please ensure that you evidenced this in the financial case / profile.*

### 1b Gateway Criteria for private and third sector organisations in **Northern Ireland bids only**

(i) Please confirm that you have attached last two years of audited accounts.

Yes

No

(ii) **Northern Ireland bids only** Please provide evidence of the delivery team having experience of delivering two capital projects of similar size and scale in the last five years. (Limit 250 words)

## PART 2 EQUALITY AND DIVERSITY ANALYSIS

2a Please describe how equalities impacts of your proposal have been considered, the relevant affected groups based on protected characteristics, and any measures you propose to implement in response to these impacts. (500 words)

The equalities benefits from our proposals are a key element of the Gloucester LUF bid because of the dedicated public space on two floors of the University of Gloucestershire (UoG) City Campus in the former Debenhams building.

A first ever public health Well Being Centre, where anyone can drop in for advice, (while not specific to a particular group, and protected characteristics related to age, disability, gender and gender reassignment, marriage and civil partnership, race, religion and sexual orientation) will particularly benefit marginalised individuals and groups who find for cultural or educational reasons access to online based solutions difficult. In addition the high profile presence of skills and employment opportunities for UoG courses in both health and education so close to the Transport Hub will particularly benefit less well-off communities without private transport. Those pursuing e.g. Higher Level Apprenticeships in health, involving hands on practical work in the Gloucester Royal Hospital (GRH) during their course, will benefit from the GRH being only a ten minute walk. A high percentage of those joining these courses are from ethnic minorities groups.

Equality impacts on protected characteristic groups have been considered during the project scoping/development stages and will continue to be reviewed as the package is implemented. Gloucester City Council's (GCC's or the City Council's) Social Value Policy (2020-2022) takes a proactive approach to asset-based regeneration which serves as a key driver for improving outcomes for local people, creating new employment opportunities, a stronger economic environment for businesses, and healthier and more resilient communities. The adoption of the policy ensures development programmes:

- **Promote fair employment practices** - ensuring workforce equality and diversity within supply chains.
- **Community benefits** - maximising opportunities for organisations to participate in the Council's supply chains and encouraging suppliers to make a social contribution to local areas.
- **Encourage a diverse base of suppliers** - promoting supplier diversity; including the participation of small and medium sized enterprises (SME's) and third sector organisations, and local suppliers in general.
- **Meet targeted recruitment and training needs** - offering a range of apprenticeship, training and skills development opportunities as well as employment opportunities.

- **Ethical sourcing practices** - ensuring compliance with UK, EU and international standards, promoting fair trade and fair pricing policies, tackling corruption, child labour, animal welfare, blacklisting of union members and similar social issues.
- **Promote greater environmental sustainability** - minimising waste and pollution, supporting carbon reduction initiatives, furthering energy efficiency and other sustainability programmes.

The City Council will ensure that the LUF package not only meets all equality, diversity and social value requirements but promotes them through the new Well Being Centre.

The delivery partners have their own equality and diversity policies which will be met in delivering the projects. For example, the UoG requires staff and students to behave in a non-discriminatory manner and treat each other with respect. It is committed to being a community in which equality of opportunity a reality for all. In addition, it supports positive links with local communities and stakeholders.

When authorities submit a bid for funding to the UKG, as part of the Government's commitment to greater openness in the public sector under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, they must also publish a version excluding any commercially sensitive information on their own website within five working days of the announcement of successful bids by UKG. UKG reserves the right to deem the bid as non-compliant if this is not adhered to.

Please specify the weblink where this bid will be published: [www.gloucester.gov.uk](http://www.gloucester.gov.uk)

## PART 3 BID SUMMARY

3a Please specify the type of bid you are submitting

Single Bid (one project)

Package Bid (up to 3 multiple complimentary projects)

3b Please provide an overview of the bid proposal. Where bids have multiple components (package bids) you should clearly explain how the component elements are aligned with each other and represent a coherent set of interventions (Limit 500 words).

The overall purpose of Gloucester’s LUF package is to ‘rocket charge’ the regeneration of the City Centre, hugely increasing footfall, employment, tourists and overall economic growth by bringing back into creative use two empty buildings and a vacant site.

The City Centre at present predominantly serves as a centre for local shopping and services. Its localised primary catchment area has high levels of deprivation. The three projects will combine to boost local pride, visibly demonstrate greater activity and less empty buildings/sites, fill a major gap in tourist and visitor provision, bring Higher Education courses into the City Centre for the first time and provide new secure business facilities for start-ups in growth sectors. This will in turn create much greater footfall and consumer demand and stimulate further investment, as well as an audience for more cultural events planned for Kings Square.

The projects are:

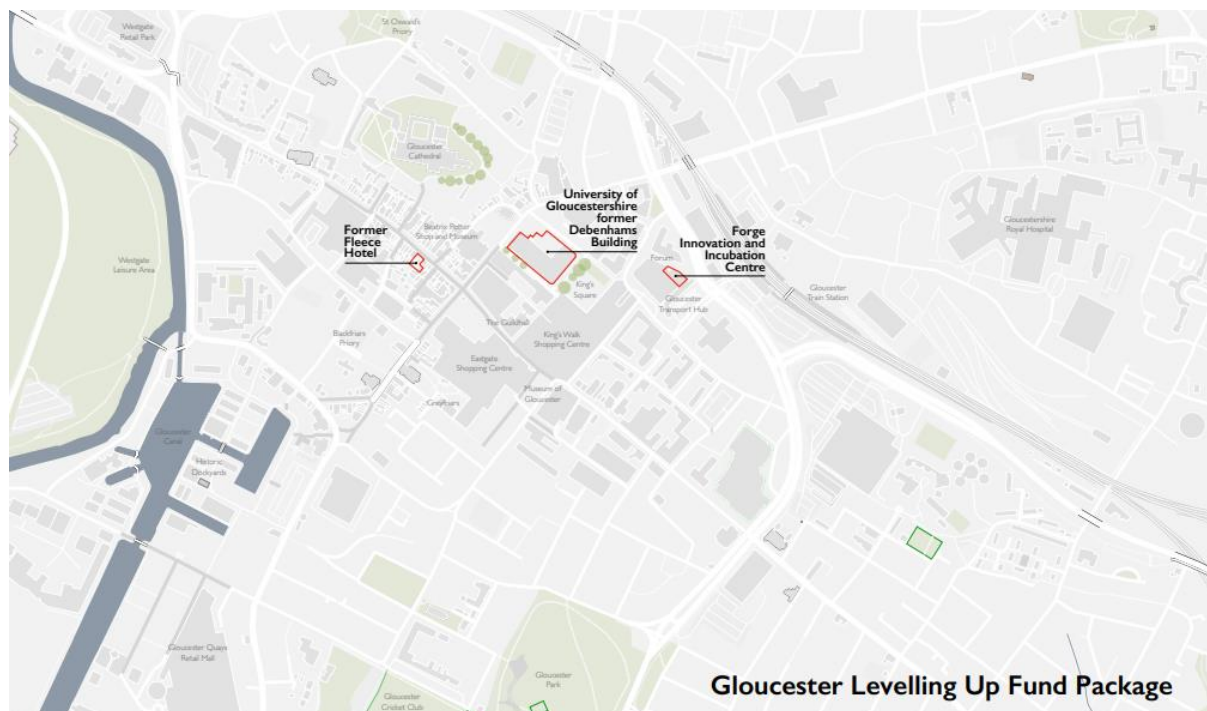
The **Fleece Hotel** located in the heart of historic Gloucester, is a derelict Grade I and II Listed building dating back over 500 years, which is owned by the City Council but has been vacant for over 20 years and is on Historic England’s at Risk Register. The LUF funding will enable Phase 1 (2,170 sqm) of a high-quality mixed-use scheme to be developed, delivering a much needed 60 bed 4-star boutique hotel. This would mean that for the first time visitors would be able to stay in the Four Gate streets in 4 star comfort. The City Council has selected **Dowdeswell Group Limited** as its preferred development partner.

The **UoG** has acquired the vacant iconic former **Debenhams building**, which is the first time a University has done this, to create a new City Campus for teaching, learning and community partnerships in the City Centre accommodating 4,700 students and up to 450 staff. It will refurbish and extend the five storey prominent building to provide 18,700 sqm of space on five floors to expand the scale and range of its higher education programmes in both Health and Education. The LUF bid will

also enable an important public role in the UoG building by creating a drop in Well Being Centre, a new digitally enabled public library and information centre.

The **Forge Digital Innovation and Incubation Centre** will provide 2,430 sqm of accommodation and support for high value added SME businesses. It will form part of the wider mixed-use Forum development which will provide a vibrant and active destination in an important gateway adjacent to the City Centre bus station and rail interchange, in the Kings Quarter area. The project will be developed by **Gloucester City Council** in collaboration with the **Reef Group**.

The project locations are:



LUF investment of £20 million is sought towards total package costs of £95.2 million. The project is expected to deliver 23,300 sqm of new or refurbished floorspace, generating a total of 2,844 jobs, with 490 net additional jobs in Gloucester, generating £148 million in Gross Value Added (GVA) per annum. The overall Benefit Cost Ratio (BCR) is 4.6:1.

3c Please set out the value of capital grant being requested from UK Government (UKG) (£). This should align with the financial case:	£20m	
3d Please specify the proportion of funding requested for each of the Fund's three investment themes	Regeneration and town centre	68%
	Cultural	32%
	Transport	%

<b>PART 4 STRATEGIC FIT</b>	
<b>4.1 Member of Parliament Endorsement (GB Only)</b>	
See technical note section 5 for Role of MP in bidding and Table 1 for further guidance.	
4.1a Have any MPs formally endorsed this bid? If so confirm name and constituency. Please ensure you have attached the MP's endorsement letter.	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No
<p>A letter of strong endorsement is appended (see Annex E) from Richard Graham MP for Gloucester, which highlights the importance of the bid and the transformational impact that the projects will have.</p>	
<b>4.2 Stakeholder Engagement and Support</b>	
See technical note Table 1 for further guidance.	
4.2a Describe what engagement you have undertaken with local stakeholders and the community (communities, civic society, private sector and local businesses) to inform your bid and what support you have from them. (Limit 500 words)	
<p>The City Council has undertaken extensive engagement on the City Centre with a wide range of stakeholders including residents, businesses and other organisations and held a State of the City event to agree priorities with attendees including: GFirst Local Enterprise Partnership (LEP), Gloucester Business Improvement District (BID), Gloucester City Homes, Gloucester Chamber of Commerce, Gloucestershire County Council, Gloucestershire VCS, Gloucestershire Wildlife Trust, Local Businesses, Marketing Gloucester, NHS Gloucestershire and the University of Gloucestershire. Letters of support for the LUF package are included at Annex F.</p> <p>Amongst agreed priorities was the need to introduce unmet demand for start-up businesses and visitor/leisure facilities. The City Council has continued to actively engage with these partners and others to bring forward key investments adopting an Asset Based Community Development (ABCD) approach.</p> <p>This involves many partners including Gloucestershire Constabulary and local charity Barnwood Trust, and engages with partners including residents, community groups and businesses. The approach has been commended by the Centre for Public Impact. We believe social regeneration is just as important to and complementary with physical regeneration of the City and the ABCD approach is one strong reason why the LUF bid and the UoG element in particular is so strong.</p> <p>The Gloucester City Plan has just completed its Examination in Public. It has an important focus on the City Centre and includes specific policies covering both the</p>	



Fleece Hotel (SA10) and the Kings Quarter (SA08) which includes both the Forum and UoG City Campus developments. There has been extensive physical and online consultation with all stakeholders at all stages of its preparation over a 10 year period, boosted by media and social media engagement and public events. The Forum scheme (which includes the Forge project) was subject to additional detailed engagement as part of the project development and planning approval process.

The preservation and reuse of the former Fleece Hotel has the full backing of Historic England, whose Chief Executive visited the site in 2019 at the invitation of the MP, the Gloucester History Trust, the Civic Trust and the Gloucester Historic Buildings Trust. In addition, the Heritage Lottery Fund has encouraged the City Council to submit a bid for in the order of £2 million funding towards the scheme.

The purchase of the former Debenhams Building by the UoG has received very positive media and social media coverage and the MP's e news on the detail of this to over 10,000 residents received more positive feedback than any other e news in the last decade. It offers arguably the most creative community and footfall boost of any of the uses being found for former Debenhams stores so far around the Country.

4.2b Are any aspects of your proposal controversial or not supported by the whole community? Please provide a brief summary, including any campaigns or particular groups in support or opposition? (Limit 250 words)

The proposed package, far from being controversial, gets one overwhelming reaction: 'when does the work start?'. It reflects the strong views of stakeholders that the former Fleece Hotel, former Debenhams building and Forge site - especially given their prominent and strategic locations - need to be brought back into productive use as soon as possible. Their current condition is a major impediment to growth, pride, regeneration momentum and Build Back Better. Their success will deliver a sharp turnaround in both reality and perception. This is not unique to Gloucester: this is the situation in many small cities. What is unique in Gloucester is that we have three great opportunities now through this LUF to make an almost instant difference – and a ten year track record of delivering successfully.

The three projects package therefore has the enthusiastic support of the MP (see letter attached), the governing party and other and all political parties represented on the Council, local Heritage and civic groups and no visible opposition to the proposals.

The City Council and project developers are committed to working closely with relevant stakeholder to mitigate any potential concerns, with for example close liaison with conservation groups (both local and national) in relation to the Grade I and II Listed Fleece to ensure the details for appropriate conservation.

4.2c Where the bidding local authority does not have the statutory responsibility for the delivery of projects, have you appended a letter from the responsible authority or body confirming their support?

- Yes
- No
- N/A

Project deliverers letters of support and co-funding are included at Annex G	
For Northern Ireland transport bids, have you appended a letter of support from the relevant district council	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
<b>4.3 The Case for Investment</b> <b>See technical note Table 1 for further guidance.</b>	
<b>4.3a Please provide evidence of the local challenges/barriers to growth and context that the bid is seeking to respond to. (Limit 500 words)</b>	
<p>While unemployment in Gloucester is at levels broadly in line with regional and national averages, it suffers from relatively low skills levels that constrain its potential for GVA and productivity growth. In 2020 it had a higher proportion of residents with no qualifications (7.1%) than the South-West (5.0%) and UK (6.6%), alongside a lower proportion of residents with higher-level qualifications (36.5% with NVQ4+ qualifications in Gloucester versus 40.5% regionally and 43% nationally).</p> <p>Low productivity and skills and high unemployment and deprivation are particular issues in the wards adjacent to the City Centre - the Westgate ward (which includes the City Centre) contains three LSOAs within the 10% most deprived in the country (Gloucester 002C, 004B and 004F) and one LSOA within the 20% most deprived (Gloucester 002C). It is these wards that the City Centre is currently too dependent on for its catchment. The Centre has a relatively narrow and undistinctive retail offer with a high proportion of national chains (46% v 35% nationally). There is also a general oversupply of retail space with too many units spread over too wide an area.</p> <p>Even pre-Covid, footfall in the Centre was falling and vacancies increasing, currently at 14.4%, a level which reflects “difficult trading conditions”. The median number of days properties have been vacant is greater than 12 months, with a high occupation churn.</p> <p>Overall, the current City Centre ‘offer’ suffers from a sub-optimal balance of commercial, residential, cultural, leisure and service industries resulting in limited drivers of footfall and a general lack of vitality – particularly in the evening. There is also a lack of physical coherence to the centre blighted in key locations by vacancies. The LUF bid would increase connectivity between the successful Quays and Docks areas (7 million visitors a year pre COVID) by improving the City Centre offer and adding cultural reasons to include in a visit.</p> <p>Although the combination of recent MHCLG funding and proactive Council action has greatly reduced the numbers of rough sleepers and homeless, the perception and reputation of our City Centre for high levels of street crime and anti-social behaviour linger. The LUF package would help greatly change that.</p>	

One considerable block to visitor and tourism potential being realised – given our heritage assets – is the lack of a single high-quality hotel. The boutique Fleece Hotel, building on an over 600 year history as an Inn and with a spectacular 12<sup>th</sup> century crypt in particular, would transform that – and indeed this package as a whole is transformational: whether heritage, education, public wellbeing, cyber start-up and student numbers.

However, the pandemic has further accentuated the above challenges and trends. In the absence of action there is a real danger of the City Centre entering a spiral of decline. The LUF package is key to stimulating regeneration.

4.3b Explain why Government investment is needed (what is the market failure)? (Limit 250 words)

In the absence of a public sector catalytic funding the private sector will not invest and our City will decline even more rapidly. The high profile LUF package has the potential to turn the tide - similar to what Michael Heseltine achieved in Liverpool 35 years ago.

Without the proposed LUF support none of the three projects would not be viable/happen as proposed :

- the costs of stabilising and restoring the Grade I and II listed Fleece building are substantial and could not be met by the private sector alone. Built heritage is a public good and thus there is a clear market failure rationale for intervening.
- the Forge office incubator development will provide accommodation for new, innovative SMEs in growth sectors, for example, linked to GCHQ and cyber PLCs. Such businesses however have limited covenant strength and without support speculative development of this type is not viable. However, the SME sector is essential for future economic growth providing innovation and knowledge spillover effects.
- the University's reuse of the former Debenham's Building will result in additional higher education skills, bring new footfall and activity into the Centre and result in a health/wellbeing cluster with the nearby hospital. As well as the public good benefits from funding higher education, the development will provide accommodation for a Well Being Centre and a new library with substantial wider public benefits.

The combination of listed hotel, reinvented skills based department store and innovative start-up centre is a package which only the Government can deliver.

4.3c Please set out a clear explanation on what you are proposing to invest in and why the proposed interventions in the bid will address those challenges and barriers

with evidence to support that explanation. As part of this, we would expect to understand the rationale for the location. (Limit 500 words)

A vibrant, successful City Centre is key to the future growth of Gloucester. This proposal comprises investment in three projects which in combination will serve to:

- diversify and grow the City Centre's economy;
- increase City Centre footfall and expenditure; and
- improve the City Centre environment.

It will do this through the provision of new commercial and tourism/cultural facilities in key locations and by enabling a significant expansion of higher education's presence in the Centre. The three projects are:

- The restoration of the over 500 year old, derelict Grade I and II Listed **Fleece Hotel**, which is located in the heart of historic Gloucester and is on Historic England's Buildings at Risk register. The building is owned by the City Council after being transferred to it by the Regional Development Agency but has been vacant for over 20 years. It occupies a key site on an historic route between Gloucester Cathedral, Blackfriars and the Quays and forms a key element of the regeneration of the City Centre. The vision for the Fleece and adjacent car park site is for a high-quality mixed-use scheme including a boutique hotel, brewery, residential, food and beverage and commercial uses. The City Council has selected Dowdeswell Group as its preferred development partner. LUF will enable the delivery of Phase 1 (2,170 sqm), which will restore the Grade I and II listed building and provide a 60-bed boutique hotel and improved retail units fronting on to the main Westgate Street. It will be a catalyst for increased activity in this historic gate street.
- The **UoG** acquired the vacant **Debenhams building**, which is also located in the heart of Gloucester City Centre in the Kings Quarter area, in March 2021. It is seeking to refurbish and extend the building, to provide 18,700 sqm of space, in order to expand its higher education programmes with plans for a 65% increase in students. The site will provide a new City Campus for 4,700 students and up to 450 staff in the heart of the City Centre and will accommodate the School of Health and Social Care, as well as the School of Education and a community wellbeing centre.
- The **Forge Digital Innovation and Incubation Centre** will provide 2,430 sqm of accommodation for high value added SMEs with a focus on cyber security, aviation and agri-tech sectors. It will form part of the wider Forum development which will include a 116-bed hotel, residential apartments, Grade A office space, a gym, and a conference centre to provide a vibrant and active destination. The development will be located adjacent to the City Centre bus station and rail interchange, in the Kings Quarter area. The project

will be developed by **Gloucester City Council** in collaboration with the **Reef Group**.

The projects will combine to provide a substantial stimulus to the Centre's economy and will address key challenges and opportunities (see diagram below). By increasing activity and providing key improvements to the environment, they will stimulate further development and growth.

Challenges	Fleece Hotel	UoG Debenhams	Forge Digital Hub	Evidence
<b>Socio-economic conditions</b>				
Low skills levels and productivity	✓	✓✓✓	✓✓✓	Improvement of education provision captured in UoG's modelling of courses and student numbers Forge development supporting SMEs proven to provide knowledge spillovers, increase competition and encourage technological progress and skills development Higher wage / productivity job positions to be created through each project based on sectors/type of project
Concentrations of unemployment in Westgate	✓✓	✓✓✓	✓✓✓	Construction and operational employment will arise from interventions in city centre, for example as indicated in UoG Economic Impact Assessment
Overreliance on retail sector employment	✓✓✓	✓✓✓	✓✓✓	Diverse mix of projects to expand employment opportunities in range of sectors
City Centre deprivation	✓✓	✓✓	✓✓	City centre focus corresponds to pockets of deprivation shown by IMD data Combination of projects can encourage wider investment in the City Centre area
<b>City Centre offer</b>				
Retail vacancies	✓✓	✓✓✓	-	Vacancy data shows increasing vacancies Options of re-purposing buildings as part of each project informed by experts such as JLL to ensure market appetite and demand
Limited office supply	-	-	✓✓✓	Property market research shows limited office accommodation in City Centre Custom built SME space with Forge Hub
Underperforming tourism sector	✓✓✓	-	-	Relatively low employment in tourism sectors despite heritage assets Mixed-use development and new boutique hotel proposals at Fleece site informed by JLL guidance
Evening / night-time economy	✓✓✓	✓✓✓	-	Limited evening/night-time economy Tourists attracted for overnight visits / students living in the city
Declining footfall	✓✓✓	✓✓✓	✓✓✓	Footfall data shows declining usage Greater number of tourists / students / workers within area
Poor perceptions e.g. crime and ASB	✓✓	✓✓	✓✓	Improved placemaking and greater footfall resulting in increased natural surveillance
<b>Wider challenges</b>				
Covid-19 pandemic exacerbating issues	✓✓✓	✓✓	✓✓	Fleece Hotel to grow tourism and leisure sectors Each project creating employment and recovery opportunities
Carbon emergency	✓✓	✓✓	✓	Repurposing of vacant buildings shown to create efficiency savings Public transport linkages captured in Forge proposals
<b>Opportunities</b>				
Visitor and tourism potential	✓✓✓	-	-	Existence of heritage assets within Gloucester, which are demonstrated to be of exceptional interest
Diversify economy and increase usage	✓✓✓	✓✓✓	✓✓✓	Based on successful projects in other town centre such as Newport and Glasgow
Supporting wider development	✓✓✓	✓✓✓	✓✓✓	Kings Square public realm, High Street Heritage Action Zones fund and ongoing transport investments

4.3d For Transport Bids: Have you provided an Option Assessment Report (OAR)

Yes

No

N/A	
<p>4.3e Please explain how you will deliver the outputs and confirm how results are likely to flow from the interventions. This should be demonstrated through a well-evidenced <i>Theory of Change</i>. Further guidance on producing a Theory of Change can be found within <a href="#">HM Treasury's Magenta Book</a> (page 24, section 2.2.1) and <a href="#">MHCLG's appraisal guidance</a>. (Limit 500 words)</p>	
<p>The proposed projects are rooted in a clear Theory of Change model as summarised below. The context for the bid is provided by the longstanding issues facing the City Centre of declining use as a result of restructuring in the retail sector feeding into further decline which are in turn exacerbated as a result of the COVID-19 pandemic.</p> <p>The three projects form a coherent package of key interventions designed to achieve higher footfall and visitor numbers and strategically address these issues primarily by:</p> <ul style="list-style-type: none"> <li>• bringing new uses to the area and providing a more diverse and dynamic base to its economy;</li> <li>• restoring key sites and historic/prominent buildings thereby securing key improvements to the Centre's image and its attractiveness;</li> <li>• increasing the vitality of the area throughout the day and evening thereby increasing footfall and expenditure; and</li> <li>• improving linkages and better integrating the centre into a coherent whole and with neighbouring areas with high footfall.</li> </ul> <p>The package comprises a series of coordinated inputs and actions across the three component projects based on the Delivery Plan and project delivery timescales. To date:</p> <ul style="list-style-type: none"> <li>• the City Council has selected Dowdeswell Group Limited as its preferred development partner for the Fleece project;</li> <li>• the vacant Debenhams building was purchased by the UoG in March 2021;</li> <li>• the Forge project, which is being brought forward by Gloucester City Council in collaboration with the Reef Group on a Council owned site, has full planning permission and Council approval for funding subject to viability.</li> </ul> <p>Project partners have undertaken significant preparatory work and have committed resources to taking each project forward. In Year 1 (2021/22) the first phases of capital development costs/works will involve expenditure on all three projects, which are all ready to go now.</p> <p>The outcomes in the early to medium term will include higher numbers of visits to the City Centre, higher levels of expenditure and additional local employment. In particular there will be a significant boost to levels of footfall and activity in the City Centre as a result of the 4,700 students and up to 450 staff who will be based on the new University City Campus. As well as the direct employment impacts of higher visitor numbers, the outcomes will also include indirect employment in local supply chains as well as induced employment generated by the new employee expenditure.</p>	

The result will be a significant enhancement of Gloucester’s image and its heritage, visitor and leisure ‘offer’ which in turn will lead to further downstream positive outcomes as the LUF interventions help to unlock additional projects in the City.

Figure 1 summarises the theory of change for the package. This will be reviewed and developed over the lifetime of the project as circumstances change and as new evidence is obtained, as part of the evaluation framework.

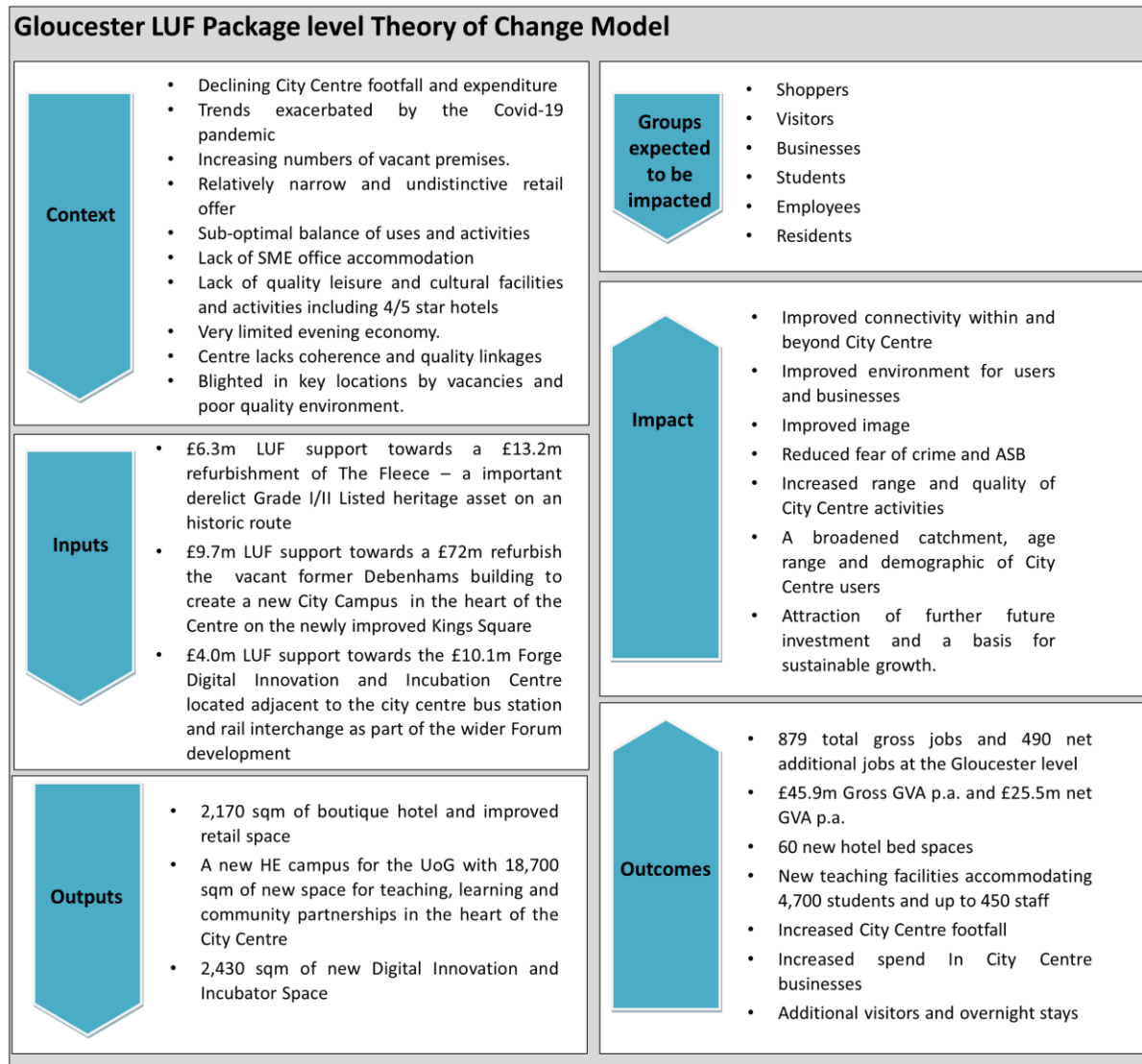
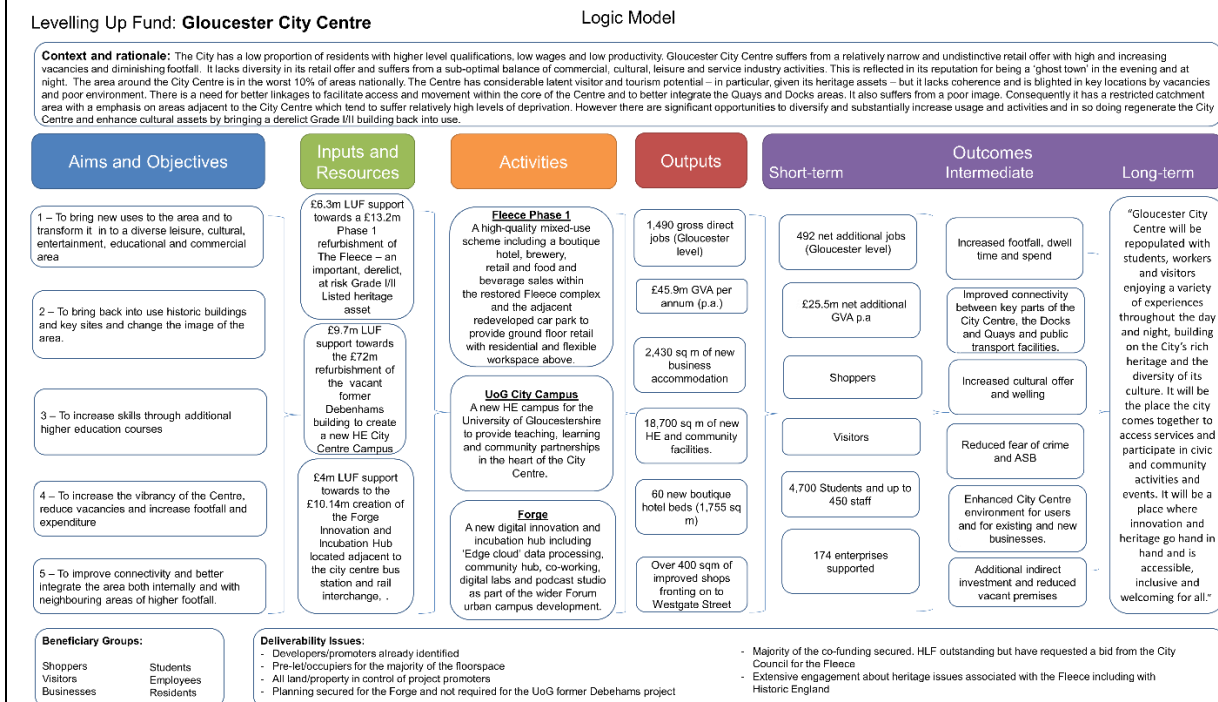




Figure 2 sets out the overall logic model for the package.



Copies of the Theory of Change and Logic Model are included in Annex H.

## 4.4 Alignment with the local and national context

See technical note Table 1 for further guidance.

4.4a Explain how your bid aligns to and supports relevant local strategies (such as Local Plans, local economic strategies or Local Transport Plans) and local objectives for investment, improving infrastructure and levelling up. (Limit 500 words)

The projects in the bid align closely with the objectives and priorities of all relevant local strategies and they have been specifically identified as priorities in a number of documents. Relevant strategies include:

- **GCC's Economic Growth Strategy 2019-2022** and its key objective of creating a location that attracts and sustains business investment. The Forge project and the Fleece Hotel renovation will help diversify the City Centre economy and provide accommodation to attract new businesses. The UoG's City Campus project will develop the area's skills base and help attract and sustain further investment in the area by substantially increasing footfall.
- **GCC's Regeneration and Economic Development Strategy 2016-2021** has the objective of creating a vibrant City Centre through diversification of uses. The Strategy also identifies as important regeneration schemes the



Blackfriars project (including the Fleece hotel) and Kings Quarter (including the Forge and UoG's City Campus project).

- The adopted Local Plan for Gloucester is based predominantly on the **Joint Core Strategy (2017)**. The Forge project will contribute to Policy SD1: Employment – Except Retail Development by creating accommodation in the cyber and information technology sectors. The creation of a new hotel in the Fleece aligns with Policy SD2: Retail and City / Town Centres (by supporting the leisure and tourism sector) and SD8: Historic Environment by bringing a listed building back into use and improving its contribution to local character and distinctiveness. The **Gloucester City Plan 2011 – 2031** recently completed its Examination in Public and, alongside the Joint Core Strategy and other strategies, will set out the city's statutory Development Plan up to 2031. It has specific policies covering both the Fleece Hotel (SA10) and the Kings Quarter (SA08) which includes both the Forum (including the Forge project) and City Campus developments.
- The **GFirst LEP's Local Industrial Strategy (LIS)** sets an ambition to become a "magnet county". Each of the LUF projects has an important role to play in achieving this through for example: creating a vibrant and diverse City Centre; attracting and retaining graduates; supporting the County's growing cyber-tech and digital sector; increasing the University's capacity and offering; ensuring an education and training system that meets local businesses' skills needs; developing the City's arts, heritage and culture 'offer'; and introducing new uses including a boutique hotel that will attract both tourists and residents to the City Centre.
- The **Council Plan** for Gloucester identifies priorities including development of a Major Projects Programme which includes the Fleece and the Kings Quarter redevelopment (which includes the Forge project as part of the wider Forum scheme).
- **Growing Gloucester's Visitor Economy** strategy (2014) identifies the lack of hotel rooms in the City, particularly 4/5 star-rated hotels, as a key gap. This will be addressed by the Fleece project.
- The update to **Gloucester's cultural vision and strategy, 2021-2026**, has the objective to develop a vibrant City Centre full of cultural activity.
- The **Gloucester Heritage Strategy, 2019-29**, identifies the Fleece as key development and regeneration sites to enhance the City Centre's historic core.

4.4b Explain how the bid aligns to and supports the UK Government policy objectives, legal and statutory commitments, such as delivering Net Zero carbon emissions and improving air quality. Bids for transport projects in particular should clearly explain their carbon benefits. (Limit 250 words)

The bid aligns directly with multiple UK policy objectives as follows:

- **Build Back Better:** identifies three core pillars for growth: infrastructure, skills and innovation. The LUF package involves investment in each pillar, with new commercial and tourist accommodation, new skills and innovation through the UoG City Campus and further innovation at the Forge. The bid will help to grow the City's tourism and leisure sectors as visitor numbers nationally recover. The University project will ensure local skills match the demands of firms and increase employment, supporting the 'Plan for Jobs'.
- **Levelling up:** Gloucester is ranked as a priority 1 category for investment with pockets of significant deprivation, including the City Centre area which is ranked in the 1<sup>st</sup> decile on the Indices of Deprivation 2019.
- **Global Britain:** the UK wishes to "continue to be open, inclusive and outward facing; free trading; assertive in standing up for British interests and values; and resolute in boosting our international standing and influence". The bid for Gloucester will support this strategy by improving the internationally renowned destination's tourism offering and facilities. The bid will also strengthen the County's globally significant cyber and technology sector.
- **Net zero carbon policy:** the project will deliver clean growth which contributes to the target of net zero emissions by 2050 through maximising benefits and mitigating potential adverse impacts. The Forge project will improve links to public transport through the City Centre whilst the Fleece and Debenhams projects will repurpose vacant buildings, reducing the environmental impact of development.

4.4c Where applicable explain how the bid complements / or aligns to and supports other investments from different funding streams. (Limit 250 words)

The City Council is investing £5 million in the redevelopment of the Kings Square public realm which will provide new opportunities for events and both planned and spontaneous cultural / artistic activity. This will complement the UoG City Campus and Forge investments, and will be a key element in ensuring the Kings Quarter will be a dynamic place for prospective occupiers. The UoG Campus will front directly on to the new Square.

The bid also aligns closely with investments using the High Streets Heritage Action Zones fund under which Gloucester City Centre was allocated £1.9 million to enhance the area's image through repairs to historic buildings, improvements to the streetscape, the conversion of vacant upper floors into new uses and strengthening the area's night-time economy and leisure sector. These investments will combine

with the Fleece project to create a more attractive destination for tourists to the historic area and ensure better linkages.

The Forge and UoG City Campus projects will also be supported by ongoing transport investments in the northeast of the City Centre. In 2018, the award-winning Transport Hub opened following investment from GFirst LEP and GCC. In addition, Gloucester railway station is currently being improved with £4.3 million in funding from GFirst LEP through its Growth Deal, £1.7 million from DfT and additional gap funding from GCC. These investments will greatly improve 'gateway' perceptions of the Centre, as well as improving access, and will link closely to the Forge and UoG City Campus projects.

4.4d Please explain how the bid aligns to and supports the Government's expectation that all local road projects will deliver or improve cycling and walking infrastructure and include bus priority measures (unless it can be shown that there is little or no need to do so). Cycling elements of proposals should follow the Government's cycling design guidance which sets out the standards required. (Limit 250 words)

The bid relates to town centre regeneration and cultural investment and does not include local road projects. However, the Gloucestershire County Council transport bid extends the Cheltenham to Gloucester cycleway connecting the University of Gloucestershire, Gloucestershire College, Gloucestershire Hospitals Trusts. Building cycle infrastructure beside the former Debenhams building and Southgate Street aligns the Government objectives.

## PART 5 VALUE FOR MONEY

### 5.1 Appropriateness of data sources and evidence

See technical note Annex B and Table 1 for further guidance.

All costs and benefits must be compliant or in line with [HMT's Green Book](#), [DfT Transport Analysis Guidance](#) and [MHCLG Appraisal Guidance](#).

5.1a Please use up to date evidence to demonstrate the scale and significance of local problems and issues. (Limit 250 words)

Gloucester's LUF Priority 1 designation highlights the high level of need.

#### **Labour market and economy**

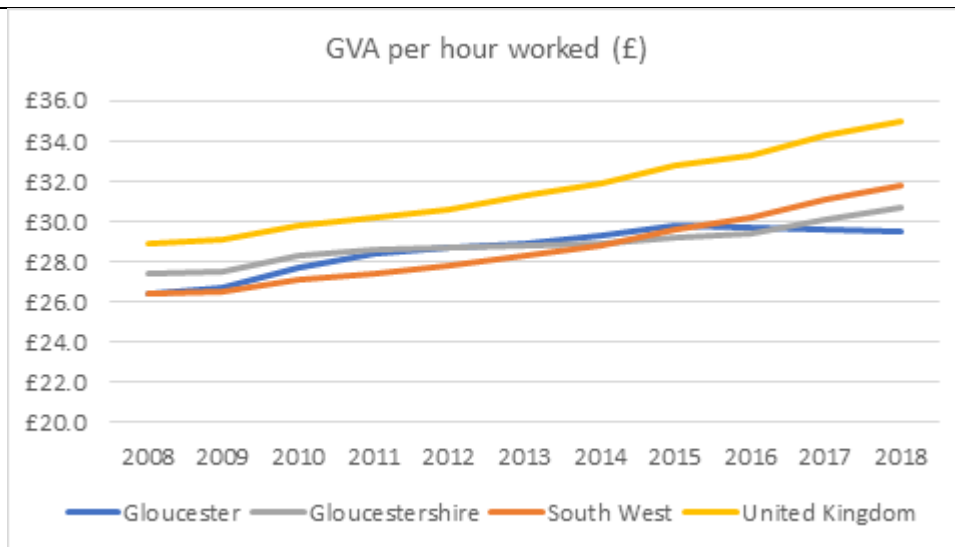
Gloucester has a higher proportion of jobs in retail than the UK average – 12.1% and 9.2% respectively.

<b>BRES 2019 – Employment by sector</b>						
<b>Industry</b>	<b>Gloucester</b>		<b>South West</b>		<b>UK</b>	
	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>
17: Health (Q)	13,000	19.7	350,000	13.3	3,368,000	12.4
7: Retail (Part G)	8,000	12.1	279,000	10.6	2,504,000	9.2
14: Business administration & support services (N)	6,000	9.1	181,000	6.9	2,413,000	8.9
16: Education (P)	4,500	6.8	214,000	8.1	2,288,000	8.4
3: Manufacturing (C)	4,000	6.1	220,000	8.3	2,113,000	7.8
9: Accommodation & food services (I)	4,000	6.1	243,000	9.2	2,033,000	7.5
15: Public administration & defence (O)	4,000	6.1	105,000	4	1,064,000	3.9
4: Construction (F)	3,500	5.3	155,000	5.9	1,355,000	5
13: Professional, scientific & technical (M)	3,500	5.3	219,000	8.3	2,490,000	9.2
11: Financial & insurance (K)	3,000	4.5	78,000	3	942,000	3.5
10: Information & communication (J)	2,250	3.4	77,000	2.9	1,188,000	4.4
18: Arts, entertainment, recreation & other services (R, S, T and U)	2,250	3.4	111,000	4.2	1,253,000	4.6
2: Mining, quarrying & utilities (B, D and E)	2,000	3	35,000	1.3	303,000	1.1
8: Transport & storage (inc postal) (H)	2,000	3	98,000	3.7	1,355,000	5
6: Wholesale (Part G)	1,750	2.7	81,000	3.1	1,070,000	3.9
12: Property (L)	1,750	2.7	58,000	2.2	541,000	2
5: Motor trades (Part G)	1,500	2.3	55,000	2.1	517,000	1.9
1: Agriculture, forestry & fishing (A)	50	0.1	75,000	2.8	357,000	1.3
<b>Total</b>	<b>66,000</b>		<b>2,636,000</b>		<b>27,154,000</b>	

Gloucester's reliance on retail and associated services generally generates low-skilled, poorly paid positions, reflected by a comparatively low workplace salary (£29,321) versus the UK (£31,461)<sup>1</sup>. The City has a significantly lower productivity rate than the UK.<sup>2</sup>

<sup>1</sup> ONS Annual Survey of Hours and Earnings – workplace analysis (2020) Gross annual pay for full-time workers, median

<sup>2</sup> Source: ONS Sub-regional productivity (February 2020)



The claimant rate for Westgate ward is significantly higher than Gloucester, reflecting a stark contrast between the City Centre and outer wards.

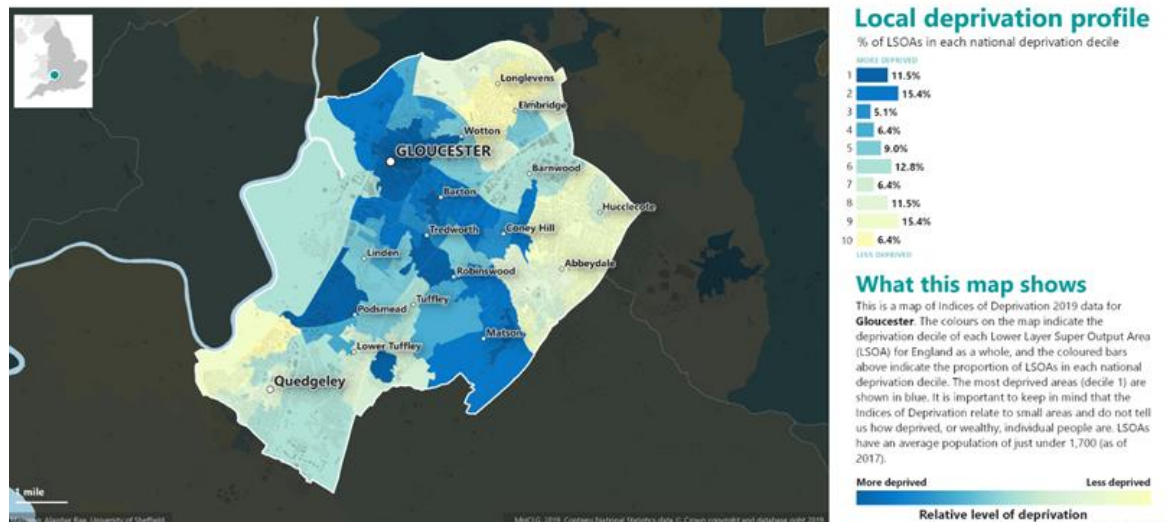
Unemployment rates				
	Westgate	Gloucester	South West	UK
Unemployment rate (claimant rate) (%) (April 2021)	9.4%	5.8%	5.0%	6.3%

Deprivation is also higher in the central areas.

## English Indices of Deprivation 2019

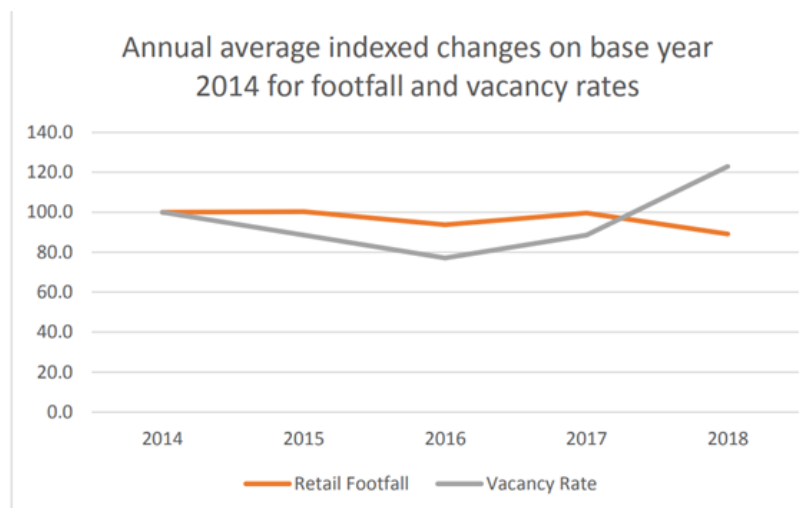
Ministry of Housing, Communities & Local Government

### GLOUCESTER



## City Centre

The City Centre predominantly provides local shopping/services due to its proximity to stronger retail areas such as Cheltenham. This has contributed to a reduction in footfall and increasing vacancy rates<sup>3</sup>.



## Office accommodation

Gloucester has limited office supply. The City Centre has lost occupiers (e.g. Ecclesiastical Insurance) to out-of-centre business parks and is not an attractive proposition<sup>4</sup> because of the poor quality commercial stock.

## Tourism

Despite its historic assets the proportion of employment in tourism sectors (accommodation and food service) is lower than the South West and UK – 6.1% compared with 9.2% and 7.5% respectively. There are no 4/5 star or boutique hotels within Gloucester (JLL, 2021).

<sup>3</sup> Local Data Company and City Council data

<sup>4</sup> Strategy options for the Gloucester Economy, My Local Economy, November 2017

5.1b Bids should demonstrate the quality assurance of data analysis and evidence for explaining the scale and significance of local problems and issues. Please demonstrate how any data, surveys and evidence is robust, up to date and unbiased. (Limit 500 words)

#### Up to date sources

A robust evidence base has been gathered through secondary source data and published research/studies.

A range of publicly available sources, documents, and web-based applications have been used including the following latest sources as shown by their date of publication:

- Annual Population Survey (2020),
- Business Register and Employment Survey (2020),
- English Indices of Deprivation (2019),
- Levelling Up Fund: Prioritisation of places methodology note (2021)
- ONS Sub-regional Productivity (2020)
- ONS Claimant Count (2021)

#### Robustness and unbiasedness of data

To ensure robustness, multiple sources have been examined to verify the same conclusions. Additionally, the combination of data sources allows local problems as well as sub-local patterns to be examined. The broadly public data sources can be collated to demonstrate a clear and robust picture of the main issues facing Gloucester, whilst the bespoke sources illustrate how declining retail and commercial markets play a role in the wider issues for the City. In addition, certain public sources, such as the IMD and APS, allow sub-local areas to be examined to cross-check findings from reports and engagement. This approach can be seen above, with multiple government resources supported by specific studies into the local area and developments in question.

The robustness and unbiased nature of evidence presented from official public sources has been continually verified and these are considered the primary resource for data in the UK. This data has also been cross-referenced during our research to ensure similar findings arise from, for example, the APS and claimant count compared to IMD rankings. For example, this exercise found the same conclusions arising in terms of the multiple issues in the Westgate ward for employment, productivity and skills.

In terms of the professional reports utilised, multiple methods were used to ensure their robustness and unbiasedness:

- Each of the reports present their methodology, which has been cross-examined by economic and business case specialists from AMION Consulting as well as GCC.
- The professional reports, surveys and publications can be assured against each other. For example, the socio-economic evidence from the recent BiGGAR Economics research highlighted issues in terms of the employment composition in Gloucester and reliance on retail employment. This is echoed in Gloucester's City Centre strategies, which are strongly focused on diversifying the economy.
- Each of the organisations used to produce evidence are renowned for their attention to detail:
  - **BiGGAR Economics** is a leading independent consultancy firm working across Europe for central and local government, universities, companies, economic development agencies and other public sector bodies.
  - **JLL** are real estate advisers and have provided commercial advice in relation to The Fleece Hotel by reviewing documents such as Dowdeswell Group's Tender Response and Heads of Terms and in respect of the Forum development, which includes the Forge. JLL also have a specialist Hotels and Hospitality Group.

In addition, a thorough and extensive engagement process between AMION, GCC and key stakeholders has been undertaken to assure the findings from different surveys and resources are unbiased and mirror specialist local knowledge.

5.1c Please demonstrate that data and evidence chosen is appropriate to the area of influence of the interventions. (Limit 250 words)

The Fleece Hotel, the UoG City Campus in the former Debenhams Building and the Forge will be key economic assets within Gloucester City Centre and the Westgate ward, meaning where possible data has been collected at this local level (claimant rate, IMD). For other data, where ward-level information is not available, data for Gloucester local authority has been used in line with the methodology for the LUF prioritisation process. This is considered appropriate since research has identified that Gloucester City Centre serves as a centre for local shopping and services and does not generate a significant number of retail day trippers. Its localised primary catchment area comprises a resident population of 96,000 generating £387m of non-grocery spend.

Of key importance in assessing the employment and economic impact of the proposals on the local economy is the extent to which new activity is truly additional, in other words it does not simply displace existing activity. It is important to understand who is likely to benefit from the impacts generated and the degree



to which further demand and investment is stimulated and there is local competition. One of the key elements to understand is leakage: the proportion of outputs that benefits those outside the project's target area or group. Consequently, travel to work data has also been assessed. This additionality assessment informed the area of influence and thus the geographical level of data and evidence within this bid.

## 5.2 Effectiveness of proposal in addressing problems

5.2a Please provide analysis and evidence to demonstrate how the proposal will address existing or anticipated future problems. Quantifiable impacts should usually be forecasted using a suitable model. (Limit 500 words)

The proposed package is expected to contribute significantly to addressing existing/anticipated problems:

Project	Existing anticipated problem	Outputs	Outcomes / impacts	Modelling approach/ evidence
Fleece	<ul style="list-style-type: none"> <li>Listed Grade I&amp;II building on 'at risk' register – costs of stabilising and restoring are substantial and could not be met by private sector alone</li> <li>Under-performance of heritage tourism in Gloucester</li> <li>Lack of high-quality hotels</li> <li>Unmet visitor and tourism potential</li> <li>Narrow and undistinctive retail offer</li> <li>Declining footfall</li> <li>Lack of night-time economy vitality</li> </ul>	<ul style="list-style-type: none"> <li>Development of a new mixed-use scheme within the restored Fleece complex</li> <li>Provision of commercial space, including 1,755 sq m boutique hotel and 415 sq m of improved retail units</li> </ul>	<ul style="list-style-type: none"> <li>Higher numbers of visits, expenditure and additional local employment</li> <li>Employment impacts of higher visitor expenditure</li> <li>Indirect employment in local supply chains and induced from new employee expenditure</li> <li>Enhanced image of Gloucester</li> </ul>	<ul style="list-style-type: none"> <li>Feasibility cost plans developed by CUBE/Ridge show significance of costs of stabilising / restoring the listed building</li> <li>Thomas Lister Development Appraisals highlight viability gap which requires external public sector funding</li> <li>AMION Economic Impact Assessment model assesses employment and GVA impacts</li> <li>AMION CBA model includes LVU, wider LVU and heritage benefit amongst others</li> <li>JLL and Thomas lister provided commercial advice with respect to the development of the boutique hotel / retail and possible rental rates and demand</li> </ul>

Debenhams	<ul style="list-style-type: none"> <li>• Large vacant iconic Debenhams building in prominent city centre location</li> <li>• Prevalence of vacant buildings across city centre</li> <li>• Low skills levels constraining GVA and productivity growth</li> <li>• Negative perceptions of city centre with respect to crime</li> </ul>	<ul style="list-style-type: none"> <li>• 18,700 sq m new HE facility</li> <li>• 65% increase in students</li> <li>• City Campus providing space for 4,700 students</li> <li>• New footfall and activity in city centre</li> <li>• Construction and operational employment</li> <li>• Reduced vacant premises</li> </ul>	<ul style="list-style-type: none"> <li>• Higher education skills developed</li> <li>• Diversification and expansion of wider city centre economy</li> <li>• Research and knowledge exchange</li> <li>• Student accommodation</li> <li>• Health and wellbeing cluster</li> </ul>	<ul style="list-style-type: none"> <li>• UoG courses and qualifications model demonstrates the additional capacity and skills provision which will be generated</li> <li>• UoG Investment Appraisal model factors in operational arrangements for the next 10 years, informing the public sector ask</li> <li>• BIGGAR Economics EIA calculates expected jobs from the Debenhams refurbishment</li> <li>• AMION CBA model estimates crime cost savings / benefits and productivity benefits</li> </ul>
The Forge	<ul style="list-style-type: none"> <li>• Lack of office accommodation</li> <li>• Lack of diversity in the City Centre economy</li> <li>• Unemployment concentrations in city centre wards</li> <li>• Limited covenant strength of SMEs – without support speculative development is not viable</li> </ul>	<ul style="list-style-type: none"> <li>• 2,430 sq m new office floorspace for new, innovative SMEs in growth sectors</li> <li>• New businesses supported</li> </ul>	<ul style="list-style-type: none"> <li>• Supportive of future economic growth through innovation, knowledge spillover effects, a highly competitive environment, technological progress and skills development</li> </ul>	<ul style="list-style-type: none"> <li>• Feasibility cost plans developed by CUBE/Ridge</li> <li>• Thomas Lister Development Appraisals highlight viability gap which requires external public sector funding</li> <li>• AMION CBA model estimates labour market and productivity benefits</li> </ul>

5.2b Please describe the robustness of the forecast assumptions, methodology and model outputs. Key factors to be covered include the quality of the analysis or model (in terms of its accuracy and functionality) (Limit 500 words)

The assumptions are based on a range of forecasts, baseline evidence, expert advice and consultations, which have informed quality assured modelling by independent specialists, as follows:

- CUBE LLP have developed the **feasibility cost plans** for the Forge and Forum projects, based on previous analysis for Reef and GCC. Key assumptions identified and costs benchmarked against other schemes. **Ridge** have undertaken a building survey and prepared cost estimates for the UoG City Campus project.
- Thomas Lister have prepared detailed financial models and **Development Appraisals** for the Fleece and Forge projects and undertaken market analyses. Starting in June 2021, costs within the development appraisals are grouped around construction costs, professional fees, disposal and other costs. Value is estimated based on the space occupied by use and the rental rates which can be achieved on this. These gap funding

appraisals have determined the overall LUF ask which is requested for each project.

- For the City Campus project, the UoG have provided an **Investment Appraisal Model**, which has been assessed. Income within the model is sourced from fees, grants and commercial space based on the UoG extensive experience. The residual value has been based on the remaining depreciation of the capital expenditure after the 15 year assessment period, discounted at 6% WACC.
- The **UoG** have developed a **courses and qualifications model** based on the degree and other programmes which will be delivered at the new Campus. This is based on their extensive existing experience and advice. The model runs over 2020/21-2030/31. All courses are assumed to be 3 years and the data builds in an adjustment based on current completion rates by course.
- **BiGGAR Economics** have prepared an **Economic Impact Assessment of the City Campus project**. The analysis categorises impacts as either construction, 'University' or 'catalytic', and involves data gathered from previous work undertaken by the UoG and a building survey report by Ridge, supplemented by consultations. Economic value is reported in terms of GVA and FTE employment, with multipliers derived from the Government's input-output tables.
- **AMION** have developed an **Impact Model for the Forge and Fleece** projects. The former is based on a churn model, which assesses the potential employment accommodated using Homes England Employment Density benchmarks, as well as the turnover and growth of occupiers supported through the Innovation/Incubation Centre. GVA per job has been assessed using the ONS Sub-regional productivity and employment data. In the case of the Fleece, the Homes England Employment Density benchmarks and GVA per job ratios from ONS have again been used.
- **AMION** have also developed a **comprehensive CBA model** for the projects, which is linked to the Impact Model, based on assumptions and best practice outlined in the HM Treasury Green Book – for example, there is a consideration of Optimism Bias and a discount factor of 3.5% is applied. Costs and benefits have been profiled over the appraisal period. A detailed explanation of the benefits assessed is contained within 5.4a. The modelling framework has recently been reviewed by Homes England analysts on behalf of MHCLG.

### 5.3 Economic costs of proposal

5.3a Please explain the economic costs of the bid. Costs should be consistent with the costs in the financial case, but adjusted for the economic case. This should include but not be limited to providing evidence of costs having been adjusted to an appropriate base year and that inflation has been included or taken into account. In addition, please provide detail that cost risks and uncertainty have been considered and adequately quantified. Optimism bias must also be included in the cost estimates in the economic case. (Limit 500 words)

#### Converting Financial to Economic Costs

The nominal financial costs in the Financial Case (Deliverability section) have been converted to economic costs in line with the Green Book approach by converting estimates of future costs to constant (2021/22) prices.

The constant price costs have been adjusted to present value costs by applying the Treasury's Social Time Preference discount rate of 3.5% per annum. LUF funding within the programme is expected to run until March 2024, in line with the published guidance. Private sector capital investment will continue beyond this point to support the delivery of the later phase of the UoG City Campus project over the period to 2027/28.

#### Optimism Bias

The economic costs for each project include an allowance for Optimism Bias. This has been estimated using an Optimism Bias Mitigation Model based on the Supplementary Green Book Guidance produced by Mott MacDonald. The mitigations made to each element of Optimism Bias for each project are set out below.

<b>Optimism Bias Mitigation, by Intervention</b>				
<b>Intervention</b>	<b>Type</b>	<b>Upper Bound OB</b>	<b>Mitigated OB</b>	<b>Comments</b>
<b>Fleece Hotel</b>	Non-Standard Building	51%	30%	Key mitigations include reducing the impact of an inadequate business case, the involvement specialist input from architects, cost consultants and business case specialists; and reduced impact of poor project management and project intelligence. It is recognised that the redevelopment of a building of this age does bring the potential for cost increases as the project progresses.
<b>UoG Debenhams Building</b>	Standard Building	24%	13%	Key mitigations include reducing the impact of an inadequate business case, the involvement specialist input from architects, cost consultants and business case specialists; and reduced impact of poor project management and project intelligence.
<b>Forge Digital Innovation and Incubation Centre</b>	Standard Building	24%	13%	The overall Forum scheme is well-developed and the level of OB applied to the Forge reflects this. Key mitigations include reducing the impact of an inadequate business case, the involvement specialist input from architects, cost consultants and business case specialists; and reduced impact of poor project management and project intelligence.

The impact of higher levels of optimism bias is tested in the subsequent sensitivity analyses.

## Capital costs

The estimated discounted public sector costs of the overall programme in constant 2020/21 prices are set out below. These costings are based on cost appraisals and financial modelling undertaken for the projects.

<b>Gross Public sector economic costs (£m), discounted, excluding Optimism Bias</b>					
	<b>2021 / 22</b>	<b>2022 / 23</b>	<b>2023 / 24</b>	<b>2024 / 25 or later</b>	<b>Total</b>
Package	£5.132	£12.958	£8.235	£0.000	£26.326

Optimism Bias has been applied to the economic costs of each project, as set out above. Income expected to be generated by The Forge has been capitalised and subtracted from the gross costs including Optimism Bias, to arrive at a net public sector cost including Optimism Bias. The costs incurred by the public sector in the reference case (the annual costs of maintaining The Fleece) have been subtracted from the net public sector costs to produce an estimate of the marginal net The discounted net present public sector cost including Optimism Bias for the package as a whole is set out below.

<b>Net present public sector costs including Optimism Bias (£m)</b>	
	<b>Gloucester LUF package</b>
Gross public sector cost	£26.326
Optimism Bias	£4.763
Gross public sector cost including OB	£31.089
Income and residual value	(£5.215)
Net public sector cost including OB	£25.873
Marginal net public sector cost including OB	£25.477

## **5.4 Analysis of monetised costs and benefits**

5.4a Please describe how the economic benefits have been estimated. These must be categorised according to different impact. Depending on the nature of intervention, there could be land value uplift, air quality benefits, reduce journey

times, support economic growth, support employment, or reduce carbon emissions. (Limit 750 words)

### Economic Outputs

In addition to the economic benefits described below, the Gloucester LUF programme will generate jobs and GVA outputs. In total at the national level the package is expected to generate 2,840 gross jobs and £148 million GVA p.a. These economic impacts are not included in the cost benefit assessment but are illustrated further in the table below at the Gloucester level. They have been estimated using standard jobs densities (The Fleece, The Forge) and through University modelling (City Campus) and Experian GVA per job estimates.

<b>Gloucester LUF Programme Economic Outputs</b>				
	<b>Jobs (FTEs)</b>		<b>GVA, £m per annum</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Fleece hotel	30	19	£0.804	£0.50
UoG Debenhams building	692	392	£34.854	£19.76
The Forge	157	81	£10.194	£5.27
Programme total	879	492	£45.852	£25.537

### Economic Benefits

The framework for assessing the economic benefits of the Gloucester LUF programme has been developed using the HM Treasury Green Book, guidance published by MHCLG and other government departments including DCMS and BEIS.

Reflecting the nature of the interventions and their diverse expected impacts, a wide range of benefits have been assessed. Following published guidance, this has included the consideration of the following benefits within the BCR:

- **Land value uplift (LVU)** – analysis of changes in land values, which reflect the economic efficiency benefits of converting land into a more productive

use. The existing land value is subtracted from the value of the more productive use. LVU applies to the commercial re-development of The Fleece, and its assessment has been based on the development appraisal prepared by Thomas Lister.

- **Wider land value uplift** – wider placemaking effects arising from the LUF programme have been estimated in line with MHCLG guidance, using Valuation Office Agency (VOA) data for commercial analysis and Council Tax band data for the residential value assessment. An average uplift of 5.7% to commercial property values has been applied, and 1.5% to residential property values.
- **Labour Supply benefits** – the significant number of jobs created through the programme will lead to labour supply benefits as new entrants / re-entrants are attracted into the workforce. The GVA benefits which arise from an increased labour supply are assessed over a ten year period based on the recommended MHCLG methodology.
- **Employment wellbeing** – benefits experienced by residents not currently in work who move into jobs created through the programme have been estimated based on research by HACT and Simerica. The estimate takes account of proportion of jobs likely to be taken up by those not currently in work.
- **Heritage wellbeing** – benefits associated with the value from visitors being able to access the Grade I and II listed Fleece have been estimated. Allowance has been made for the well-being benefits enjoyed by attendees at this heritage asset, having regard to benchmark values derived from 2014 research cited in DCMS' Culture and Heritage Capital Evidence Bank.
- **Productivity: skills uplift** – the growth in student numbers arising from the University's re-development of the Debenhams building will lead to productivity benefits through increased skills levels.
- **Productivity: wage premium** – the jobs created in the Forge Digital Innovation and Incubation Centre will be in sectors where wages are above the Gloucester average. The benefits of transferring labour into these more productive roles are captured in the wage premium benefit. This assessment uses the BEIS wage premium approach.

Further detail in relation to the calculation of benefit is included within the technical cost benefit paper which is appended at Annex I.

5.4b Please complete Tab A and B on the **appended excel spreadsheet** to demonstrate your:

Tab A - Discounted total costs by funding source (£m)

Tab B – Discounted benefits by category (£m)



Completed Excel spreadsheet appended separately

## 5.5 Value for money of proposal

5.5a Please provide a summary of the overall Value for Money of the proposal. This should include reporting of Benefit Cost Ratios. If a Benefit Cost Ratio (BCR) has been estimated there should be a clear explanation of how this is estimated in a methodology note. Benefit Cost Ratios should be calculated in a way that is consistent with [HMT's Green Book](#). For non-transport bids it should be consistent with [MHCLG's appraisal guidance](#). For bids requesting funding for transport projects this should be consistent with [DfT Transport Analysis Guidance](#). (Limit 500 words)

The appraisal summary table below sets out the estimated costs and benefits of the Gloucester LUF package. It is estimated that the scheme will generate monetised benefits of more than £199 million across the three projects.

All three projects have significant contributions from the private sector, which have been converted to constant prices and discounted, and had Optimism Bias applied, in order to arrive at a private sector economic cost. In the case of the UoG City Campus project, given the nature of the benefits arising from the project (productivity arising from skills enhancements) the opportunity cost of the private (University) funding has also been included in the overall economic costs, in line with BEIS guidance.

The private sector contributions are taken into account in the assessment of value for money. In the case of The Fleece, the private sector contribution is captured in the land value uplift figure (in line with the DCLG Appraisal Guide). For the other projects, the private sector contribution is subtracted from the total economic benefits before the BCR is calculated, resulting in a net economic benefits figure of £117.6 million.

The net marginal economic costs (including Optimism Bias) are £25.5 million, resulting in an overall package BCR of 4.6:1, which represents a high BCR.

Net marginal economic costs and benefits (NPV, £m)	Intervention
<b>Costs</b>	
<b>Net marginal public sector costs (including OB)</b>	£25.477
<b>Benefits</b>	
Land Value Uplift	£2.963
Wider Land Value Uplift	£15.517
Labour supply benefits	£12.497
Wellbeing of residents into employment	£0.469
Productivity – skills uplift	£145.000
Productivity – wage premium	£7.645

Social value of heritage	£15.247
<b>Total Benefits</b>	£199.337
<b>Total Benefits less private sector contribution not accounted for in the LVU estimate</b>	£117.612
<b>Total BCR</b>	<b>4.6</b>

5.5b Please describe what other non-monetised impacts the bid will have, and provide a summary of how these have been assessed. (Limit 250 words)

The proposed investments will result in a range of important wider impacts, which have been identified through comparable interventions and the ongoing analysis of needs/opportunities undertaken to inform the package:

- **acting as a catalyst for further investment and regeneration through placemaking impacts** – by bringing a range of new uses into the City Centre including students, innovative SMEs and a new boutique hotel;
- **image and City branding benefits** – the projects are strategically located within the Centre and will help to further improve the image of Gloucester both locally and across wider geographies;
- **diversifying and strengthening the economic and employment base** – the package will help to diversify the economic base of the City by providing space for new innovative businesses, supporting a health/wellbeing cluster and research/innovation impacts;
- **cultural benefits** – the package will support the further growth and diversification of cultural and other leisure activities in the City not least because of a significant expansion of their customer base through the development of a major HE campus;
- **addressing deprivation** through the provision of new employment, educational and training opportunities in a highly accessible location;
- **encouraging graduate retention and attainment** with its associated skills and enterprise benefits; and
- **sustainable development** – by strengthening the area adjacent to the bus station and rail interchange the scheme will help promote public transport use.

A weighting and scoring system has been used to assess these impacts – the most important wider benefits relate to regeneration, diversification and skills. Overall, substantial wider benefits are expected with a score of 8.5/10.

<b>Weighting and scoring of the qualitative benefits</b>			
<b>Wider benefit</b>	<b>Weight</b>	<b>Gloucester LUF programme</b>	
		<b>Score</b>	<b>Weighted score</b>
Regeneration	25%	9	2.25
Image	10%	9	0.9
Diversification/ strengthening	20%	9	1.8
Culture	10%	7	0.7
Deprivation	10%	8	0.8
Skills	15%	9	1.35
Sustainable development	10%	7	0.7
<b>Total</b>	<b>100%</b>		<b>8.5 (Very High)</b>

5.5c Please provide a summary assessment of risks and uncertainties that could affect the overall Value for Money of the bid. (Limit 250 words)

A risk register has been prepared for the Gloucester LUF package which identifies the procurement, project-specific, client-specific and environment risks associated with the projects and determines their severity according to probability and impact of occurrence. The overall average risk score for the package is 7.0 out of 25.

<b>Risk assessment (mitigated) – average risk scores</b>	
	<b>Gloucester LUF Package</b>
Procurement	5.8
Project specific	6.8
Client specific	6.0
Environment	8.7
<b>Overall average</b>	<b>7.0</b>

Key risks/uncertainties that could affect Value for Money (VfM) include:

- Cost increases – (a) property/site characteristics delay or constrain proposed re-development plans (particularly for the Fleece Hotel); and (b) inflationary pressures arise from labour and other factor shortages;
- Lack of demand/reduced benefits – success of scheme is contingent on demand for space from the leisure, business and education industries within

Gloucester which in turn will be reliant on demand for services from residents, visitors and students. There is risk that retail, leisure and entertainment sectors will continue to suffer from the COVID-19 pandemic (and associated footfall reduction) and that new approaches to work result in reduced demand for commercial space.

To test the sensitivity of the value for money results to changes in key variables, analysis of 'switching values' has been carried out.

<b>Switching values (change to achieve a BCR of 1:1)</b>	
	<b>% Change</b>
Percent change in net additional benefits	-78%
Percent change in net costs	362%

Alternative scenarios have also been modelled. Under each scenario, high value for money is provided (BCR at least 3.0:1) – see figure below.

<b>Scenario Testing</b>			
	<b>Net public sector cost inc OB</b>	<b>Total benefits</b>	<b>BCR</b>
Central Case	£25.477m	£117.612m	4.6
Scenario 1 – lower student numbers and lower job creation than anticipated (80%)	£25.477m	£78.406m	3.1
Scenario 2 – Costs are 15% higher than anticipated	£29.358m	£117.612m	3.6
Scenario 3 – Standard upper bound optimism bias levels apply	£29.082m	£117.612m	3.8

5.5d For transport bids, we would expect the [Appraisal Summary Table](#), to be completed to enable a full range of transport impacts to be considered. Other material supporting the assessment of the scheme described in this section should be appended to your bid.

## PART 6 DELIVERABILITY

### 6.1 Financial

See technical note Table 1 for further guidance.

6.1a Please summarise below your financial ask of the LUF, and what if any local and third party contributions have been secured (please note that a minimum local (public or private sector) contribution of 10% of the bid costs is encouraged). Please also note that a contribution will be expected from private sector stakeholders, such as developers, if they stand to benefit from a specific bid (Limit 250 words)

LUF support of £20m is sought to provide gap funding to deliver the three projects. This will lever co-funding of £75.2 million.

Funding Source	Amount (£m)	Proportion of funding (%)	Status
Levelling Up Fund	£20.0m	21%	Not yet confirmed
Private sector/UoG	£67.08m	70%	Confirmed
Gloucester City Council	£6.16m	7%	Confirmed
Heritage Lottery Fund	£2.0m	2%	Not yet confirmed – Funding bid requested
<b>Total</b>	<b>£95.24m</b>	<b>100%</b>	

The Council will provide the balance of the funding (£6.16 million) to deliver the Forge Innovation and Incubation Centre project. This is already approved subject to project viability. A copy of the Council's resolution is included at Annex J.

The UoG will provide the remaining £62.2 million of funding to implement Phases 1 and 2 of its new City Campus in the former Debenhams Building. The University's Governing Body and Finance and General Purposes Committee has approved the funding and a copy of a letter confirming co-funding is included at Annex G.

Dowdeswell Group will provide the private sector match funding in relation to Phase 1 of the Fleece project. A letter confirming its co-funding is included at Annex G.

In relation to the costs of restoring the Grade I and II Listed former Fleece Hotel, the Heritage Lottery Fund has indicated to GCC that it would be interested to receive a funding submission of some £2 million. The Heritage Lottery Fund is strongly supportive of the restoration and re-use of the Fleece, as is Historic England.

6.1b Please also complete Tabs C and D in the **appended excel spreadsheet**, setting out details of the costs and spend profile at the project and bid level in the format requested within the excel sheet. The funding detail should be as accurate as

possible as it will form the basis for funding agreements. Please note that we would expect all funding provided from the Fund to be spent by 31 March 2024, and, exceptionally, into 2024-25 for larger schemes.

See excel spreadsheet appended separately

6.1c Please confirm if the bid will be part funded through other third-party funding (public or private sector). If so, please include evidence (i.e. letters, contractual commitments) to show how any third-party contributions are being secured, the level of commitment and when they will become available. The UKG may accept the provision of land from third parties as part of the local contribution towards scheme costs. Where relevant, bidders should provide evidence in the form of an attached letter from an independent valuer to verify the true market value of the land.

Letters confirming co-funding are included at Annex I.

Yes

No

6.1d Please explain what if any funding gaps there are, or what further work needs to be done to secure third party funding contributions. (Limit 250 words)

The Heritage Lottery Fund has indicated to GCC that it would be interested to receive a funding submission of some £2 million towards the costs of restoring the Grade I and II Listed former Fleece Hotel.

6.1e Please list any other funding applications you have made for this scheme or variants thereof and the outcome of these applications, including any reasons for rejection. (Limit 250 words)

The Forge development was included as part of a submission to MHCLG for the Local Infrastructure Stimulus Fund submitted by GFirst LEP. The submission was based on a substantial overbid and the scheme did not secure funding. No feedback was provided.

6.1f Please provide information on margins and contingencies that have been allowed for and the rationale behind them. (Limit 250 words)

The following profit margins have been allowed for in the development appraisals:

- Fleece

- Speculative – 20% on value
- Pre-let – 15% on value
- Forge
  - Speculative – 15% on value
  - Pre-let – 10% on value

These have been assessed as appropriate by Thomas Lister, independent Chartered Surveyors.

In relation to the UoG's City Campus project, the following investment criteria have been considered: payback period; Internal Rate of Return (IRR), Net present value based on Weighted Average Cost of Capital (WACC); and institutional gearing limit of 45%.

Optimism Bias has been excluded from allowances and funding profiles within the Financial Case.

The cost schedules allow for the following contingencies/risk allowances:

- Fleece – 10%
- Forge – 10%
- UoG Debenhams project – 8%

In addition, a specific cost allowance has been allowed for the stabilisation of the Listed former Fleece Hotel.

The contingency allowances for the Fleece and Forge projects are based on advice provided by CUBE LLP. In relation to the Debenham's project the contingency is based on advice provided by Ridge.

6.1g Please set out below, what the main financial risks are and how they will be mitigated, including how cost overruns will be dealt with and shared between non-UKG funding partners. (you should cross refer to the Risk Register). (Limit 500 words)

A risk register (see Annex K) has been prepared for the Gloucester LUF programme. The financial risks include:

- Public sector funding risk – delivery will be contingent upon securing LUF in accordance with the financial models and funding profile outlined above, alongside co-funding from the HLF which has invited the City Council to submit an application for £2m towards restoring the Fleece.
- Market risk – there is a risk of not having a sufficient understanding of demand in Gloucester City Centre from SME's, students, residents and visitors.

Success of the scheme is contingent upon this demand. Demand could be affected by unforeseen changes in economic and external conditions, including the uncertainty generated by COVID-19. However, GCC and the delivery partners have a good knowledge of local market trends, has commissioned independent expert advice and will continue to actively monitor the level and nature of demand.

- Cost risks – there is a risk that the costs of delivering the interventions are greater than those identified – costs will be continually refined and monitored as the projects develop to account for this. Well established arrangements are in place to ensure cost control. A strong governance framework and effective systems are already established to support cost management on an ongoing basis. Cost overruns in relation to the Debenhams Building will be the responsibility of the UoG. In terms of the Forge, Reef will be responsible for cost overruns as set out in the Development Agreement, and in respect of the Fleece it will be Dowdeswell Group.
- Income/value risks – there is a risk that income/value generating interventions have a lower return than budgeted for, although the financial forecast includes allowance for current circumstances. In addition, the demand risk has been passed on to the delivery partners.
- Credit and liquidity risk – there is a risk that any delivery partner does not have access to sufficient funds for the development of the LUF project or has liquidity problems. A full financial vet and due diligence is a key part of the procurement and funding agreement process of a delivery partner.
- Contractor risk – as above, the Council will apply rigorous vetting procedures as part of the due diligence and legal agreement process. The process will recognise the wider market risk within the construction sector.
- Legal risks – the risk of legislative and regulatory issues arising could result in delays to the projects or their scope. Further, there is risk that interventions do not comply with State Subsidy regulations. The City Council has considered the proposed interventions and believe they are compliant.
- Risk of clawback of external funding – to avoid LUF being taken back, there will be a regular review of any potential slippage in the delivery of contractual expenditure, outputs and outcomes as tracked by the Council's internal monitoring systems.

## 6.2 Commercial

See technical note Section 4 and Table 1 for further guidance.

6.2a Please summarise your commercial structure, risk allocation and procurement strategy which sets out the rationale for the strategy selected and other options considered and discounted. The procurement route should also be set out with an explanation as to why it is appropriate for a bid of the scale and nature submitted.



Please note - all procurements must be made in accordance with all relevant legal requirements. Applicants must describe their approach to ensuring full compliance in order to discharge their legal duties. (Limit 500 words)

GCC will be the accountable body for LUF. It will complete appropriate due diligence in relation to each project in the package.

In terms of the Forge development, which forms part of Phase 2 of the Forum scheme, the City Council has entered into a development agreement with the Reef Group to deliver the scheme, subject to receipt of LUF which will ensure viability. This Joint Venture is managed through regular meetings with the Head of Place, Head of Policy and Resources, Regeneration Consultant and the Reef Group. The City Council has previously worked successfully with Reef to deliver the award winning wrap lease development at Kings Walk.

The City Council will enter into a Grant Funding Agreement with the UoG after completing final due diligence. The UoG has developed and appraised its proposals and provided supporting evidence to the City Council in terms of viability and deliverability, including its investment appraisal. This evidence has been assessed by AMION and Thomas Lister.

Given the context of the rapidly deteriorating former Fleece Hotel building, the City Council made a concerted effort in 2019 to identify a development partner and implemented an OJEU Competitive Dialogue tender exercise. Some 51 expressions of interest were received. This led to six responses, of which one was deemed unsuitable, two were for purely residential schemes which did not fit the brief and three were asked to submit detailed proposals. Following a process of dialogue and evaluation, including a review by JLL, the Dowdeswell Group were identified as the preferred party and the City Council is finalising an exclusivity agreement in relation to the Fleece Hotel and Longsmith Street Car Park. The City Council will enter into a development agreement with Dowdeswell once the LUF funding is confirmed.

In each case, the City Council has sought to allocate risk appropriately. Thus, for example, design, construction and cost overruns will be the responsibility of the UoG, Reef Group and Dowdeswell Group. Demand risk will be the responsibility of the UoG and Dowdeswell in relation to the Debenhams Building and the Fleece. To mitigate demand risk in relation to the Forge the City Council will enter into a five year lease with the Reef Group for the facility.

All procurement will be in accordance with legal requirements.

### **6.3 Management**

See technical note Section 4 and Table 1 for further guidance

Delivery Plan: Places are asked to submit a delivery plan which demonstrates:

- Clear milestones, key dependencies and interfaces, resource requirements, task durations and contingency.
- An understanding of the roles and responsibilities, skills, capability, or capacity needed.
- Arrangements for managing any delivery partners and the plan for benefits realisation.
- Engagement of developers/ occupiers (where needed)
- The strategy for managing stakeholders and considering their interests and influences.
- Confirmation of any powers or consents needed, and statutory approvals eg Planning permission and details of information of ownership or agreements of land/ assets needed to deliver the bid with evidence
- Please also list any powers / consents etc needed/ obtained, details of date acquired, challenge period (if applicable) and date of expiry of powers and conditions attached to them.

6.3a Please summarise the delivery plan, with reference to the above (Limit 500 words)

The Delivery Plan is included at Annex L.

#### Milestones, dependencies, powers and consents

Each project has clear milestones (see the Delivery Plan) based on advice from the project promoters and Thomas Lister. In relation to the Fleece, surveys, planning and listed building consent are expected to be obtained by May 2022. Stabilisation works are to commence in July 2022 and the main works in November 2022. Practical completion is identified for April 2024.

The UoG Debenhams Building Design Team is currently being selected. Works in relation to Phase 1 are identified to commence in March 2022, with building occupation from September 2023. Phase 2 will be delivered in 2026/27 – 2027/28.

Construction of the Forge is forecast to start on site in November 2021, with CAT B fit out commencing in April 2023. Practical completion is anticipated in September 2023.

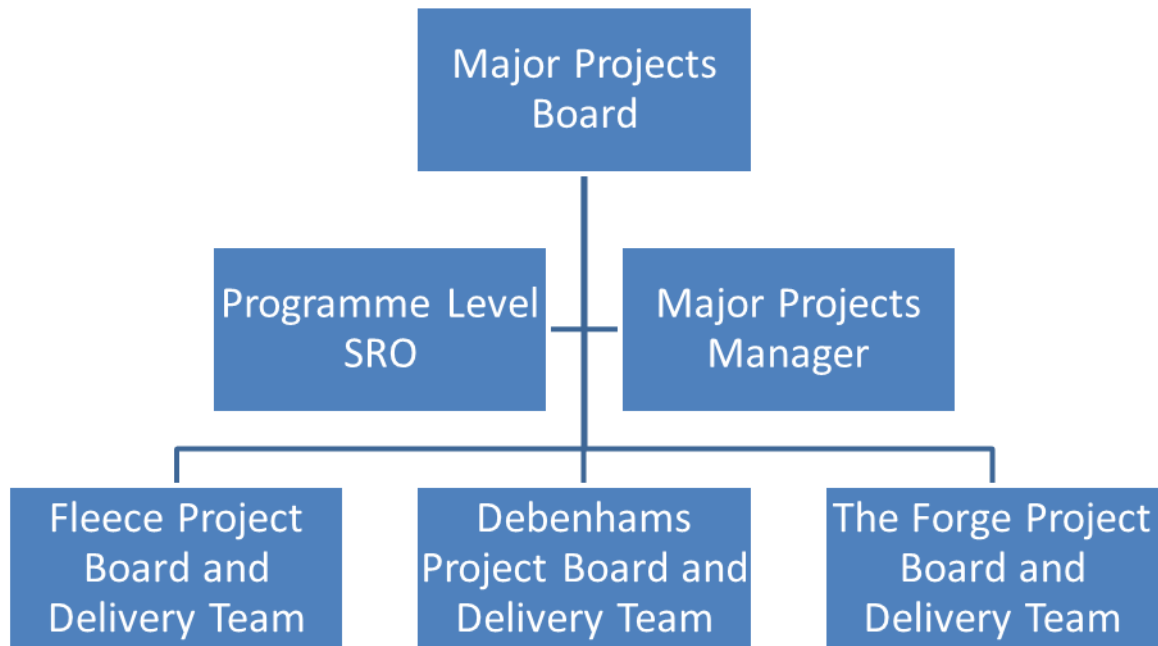
All of the proposed projects are dependent on the award of LUF, which will unlock the committed co-funding. HLF funding is also to be sought to support the Fleece following encouragement from the HLF for the Council to make a £2m funding submission.

The Fleece will require both planning and listed building consent. Scoping discussions, including with Historic England, have been positive and informed a clear planning strategy. The Debenhams Building is considered to be permitted development although substantial changes to the external appearance and/or new development will require planning consent. The University is expected to either apply for a Certificate of Lawfulness or planning consent. Full planning consent has been granted for the Forge scheme as part of the Forum development.

The Fleece is owned freehold by the City Council and the Debenhams Building by the UoG. The Forge site (part of Plot 2 of the Forum Development) is also owned by the City Council.

### Roles and responsibilities

The diagram below summarises the governance structure for the package.



The key roles and responsibilities are as follows:

- Major Projects Board – direction and oversight of the package
- SRO (Head of Place) – delegated powers to ‘sign-off’ on behalf of the Major Projects Board as set out in the Council’s scheme of delegations. Supported by the Major Projects Manager
- Individual Project Boards – accountable for the success of the project. They will support the SRO to collectively monitor and control progress
- Project Managers and Delivery Teams – responsible for day-to-day control of each project, with authority to make decisions in line with the policies agreed by the Project Boards

### Engagement and benefits realisation

The key stakeholders were identified and engaged at the early stage of development of each project. A strategy for ongoing stakeholder engagement will be implemented for each project. The SRO and Major Projects Manager will work with the PR/communications teams within the Council, UoG, Dowdeswell Group and Reef.

A benefit realisation plan will be prepared for the package by the Major Projects Officer in collaboration with the Project Managers. This will include the development of appropriate local employment, training and supply chain opportunity initiatives.

6.3b Has a delivery plan been appended to your bid?  Yes  
 No

6.3c Can you demonstrate ability to begin delivery on the ground in 2021-22?  Yes  
 No

6.3e Risk Management: Places are asked to set out a detailed risk assessment which sets out (word limit 500 words not including the risk register):

- the barriers and level of risk to the delivery of your bid
- appropriate and effective arrangements for managing and mitigating these risk
- a clear understanding on roles / responsibilities for risk

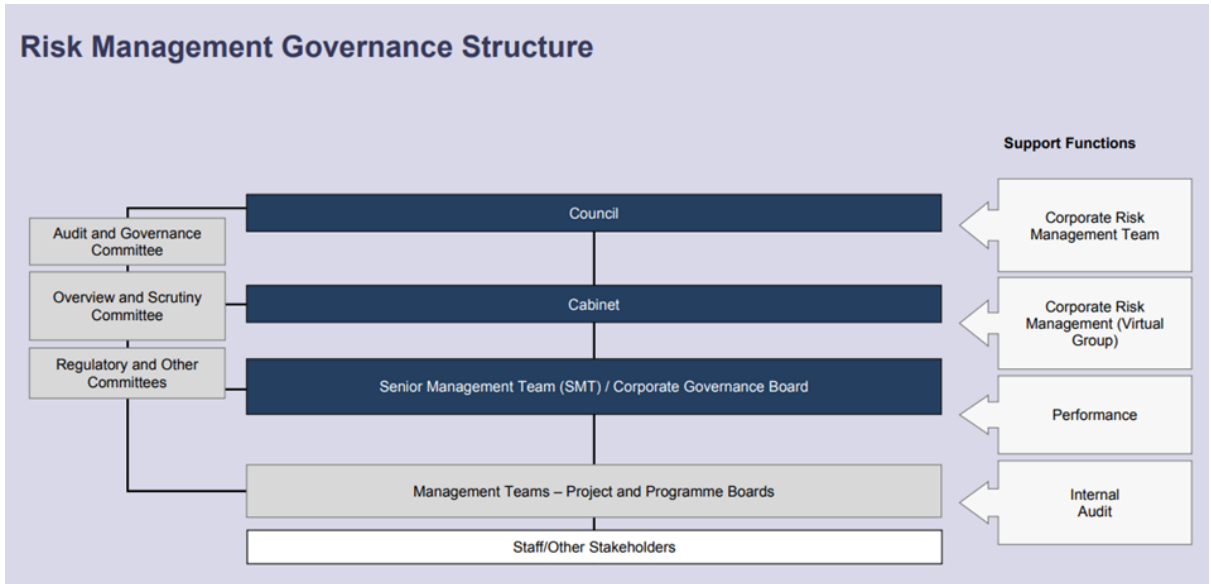
Following Sections 5.5c and 6.1g, GCC recognises the importance of risk management for effective corporate and project governance. The Council's principles for dealing with risk are detailed within its Risk Management Policy Statement and Strategy (2020-2023) and a detailed risk assessment has been undertaken in the form of the risk register for the Gloucester LUF package.

The table below identifies key risks associated with the programme, which currently have a **high** pre-mitigation rating in the risk register. Proposed mitigation for these risks is detailed alongside.

Description	Mitigation
<p><b>Demand risk</b></p> <p>Not having sufficient understanding of demand in the City Centre from residents/tourists/students and commercial tenants. Success will be contingent on state of leisure, business and education industries within Gloucester.</p>	<p>Demand assessments undertaken for the projects. Council have worked in collaboration with local partners, developers and stakeholders to select projects based on local evidence and requirements, with specialist advice secured from JLL and others. Council and the delivery partner have good knowledge of local market trends (including through development of the City Plan), and will continue to monitor market trends.</p>
<p><b>Property/site characteristics</b></p> <p>Property characteristics delay or constrain proposed re-development</p>	<p>Work underway on each project with advisors to identify site conditions, spatial arrangements and any potential constraints, with particular focus on issue of stabilisation and heritage</p>

plans, particularly for the Grade I & II listed Fleece Hotel	maintenance at the Fleece. More detailed work will be undertaken.
<p><b>Economic</b></p> <p>Changes in external economic influences, such as a prolonged negative effect from COVID-19, result in a failure to achieve the programme objectives.</p>	<p>Council and delivery partner monitoring economic conditions and will adjust the scheme focus/timing if necessary. Projects have been designed to respond to Gloucester's specific needs. Council will continue to monitor economic conditions at local and national levels and will adjust the programme's focus/timing if necessary. Programme expenditure will begin in 2021/22 to support the city's economic recovery.</p>
<p><b>COVID-19</b></p> <p>The leisure/entertainment sector have continued to suffer as a result of the COVID-19 pandemic, with a significant number of businesses ceasing to trade under lockdown restrictions as they have temporarily closed. COVID-19 may also affect working arrangements and Higher Education.</p>	<p>Government advice will be followed regarding the implementation of safe working practices. The COVID-19 situation will continue to be monitored, with lockdown expected to continue easing. Growth is expected in each of the target markets.</p>

The Council's risk strategy sets out clear roles and responsibilities within the Council for risk management, as shown below:



With respect to the specific LUF risk register, this clearly identifies the Senior Responsible Owner (SRO) for each risk. At this stage of the process, the responsibility for many of the risks in terms of the Fleece and the Forge lie with the Council, although as procurement negotiations continue it is expected that risk would

be transferred to private sector deliverers – risks are being actively monitored to ensure the most recent information and project knowledge is incorporated.

6.3f Has a risk register been appended to your bid?

Yes

No

6.3g Please evidence your track record and past experience of delivering schemes of a similar scale and type (Limit 250 words)

The City Council is currently undertaking the £5 million scheme to substantially upgrade the public realm at Kings Square and delivering a £6 million redevelopment of Gloucester Railway Station. It also recently led the development of the award winning Transport Hub – an £8 million development of the former bus station.

The City Council has also worked collaboratively to support the redevelopment of Gloucester' historic Docks and Quays quarter, which has included:

- redevelopment of the Provender Mill site including 47 high quality apartments and food and beverage outlets;
- the £85 million development of 411 new homes by Crest Nicholson at Monk Meadow.

In addition to the current regeneration projects mentioned above, past experience includes supporting the delivery of two area-based heritage programmes:

- the Southgate Street Townscape Heritage Initiative which has included a number of high-quality conservation and repurposing schemes including St Mary De Crypt Church;
- Cathedral Quarter Heritage Action Zone which has brought a further £1.9m investment to the City Centre and the public realm work at Project Pilgrim adjacent to Gloucester Cathedral.

As well as a strong corporate track record, the individuals responsible for overseeing delivery of the package have extensive experience of successfully delivering major regeneration schemes. For example, Ian Edwards the package SRO is a project manager and civil engineer with over 30 years' experience in delivering capital projects in the public and private sector. These have included commercial, leisure, retail and residential schemes for Councils, Regional Development Agencies, Development Corporations and LEPs.

6.3h Assurance: We will require Chief Financial Officer confirmation that adequate assurance systems are in place.

For larger transport projects (between £20m - £50m) please provide evidence of an integrated assurance and approval plan. This should include details around planned health checks or gateway reviews. (Limit 250 words)

The use of LUF will be subject to GCC's financial management arrangements. The Head of Policy & Resources is the Chief Finance Office and has responsibility for compliance with financial standards and rules. The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The City Council has well established assurance arrangements. The Major Projects Board will oversee delivery of the LUF package. A new Major Projects Manager is currently being recruited whose role will include the LUF package. Each project will have its own Project Board, which will review performance on a monthly basis, and a Project Manager along with key support services including finance and legal. In addition, other meetings will include Corporate Programme Progress Meetings, Checkpoint Meetings and Scrum Meetings.

Where projects are being delivered by partners (the UoG and Dowdeswell Group) a Grant Funding Agreement will be signed which will set out the terms and conditions of LUF including clawback arrangements. The Forge will be based on the development agreement with Reef.

Project and package expenditure and delivery against milestones, outputs and outcomes will be monitored against the agreed forecasts and targets based on-going performance checks. Progress towards the achievement of agreed delivery plan forecasts will be monitored on a quarterly basis, with Project Managers reporting through the Council's reporting system.

The Head of Policy & Resources can confirm that adequate assurance systems are in place.

## 6.4 Monitoring and Evaluation

*See technical note Section 4 and Table 1 for further guidance.*

6.4a Monitoring and Evaluation Plan: Please set out proportionate plans for M&E which should include (1000 word limit):

- Bid level M&E objectives and research questions
- Outline of bid level M&E approach
- Overview of key metrics for M&E (covering inputs, outputs, outcomes and impacts), informed by bid objectives and Theory of Change. Please complete Tabs E and F on the **appended excel spreadsheet**
- Resourcing and governance arrangements for bid level M&E

### **Bid level M&E objectives and research questions**

Benefits management, monitoring and evaluation will be carried out by the Council to understand the success of LUF projects, whether they are achieving desired

outcomes, and how and why this is the case. The key research questions which will inform the M&E approach will include:

- whether the rationale for intervention continued to apply during the implementation phase;
- whether assumptions underpinning the Theory of Change and leading to benefits held in practice;
- the extent to which outputs and outcomes can be attributed to LUF interventions; and
- the impact of the LUF package and whether it provides value for money.

### **Outline of bid level M&E approach**

M&E will be undertaken in line with guidance issued by MHCLG. The approach will ensure that all those involved in delivering the LUF-funded projects will have a clear understanding of the benefits to be achieved and the mechanisms through which these benefits will arise. The approach will set out the expected timeline over which benefits will arise, identify how these benefits will contribute towards the achievement of the LUF objectives, and include a process for reviewing and updating benefits realisation plans if proposed interventions change.

Key stages include:

- **Agreement of key research questions**
- **Profiling and monitoring benefits** - a clear profile of benefits will be outlined for each project, including baseline position, financial spend targets, target delivery schedule, key milestones and target output forecasts. Specific KPIs will be identified to ensure targets are achieved within set delivery schedules. A benefit plan will be completed which includes a description of the realised benefits, the quantifiable, financial gain of the benefit, the metrics used to measure the scale of the benefit, the main beneficiaries of the project and the duration.
- **Realising benefits** – identified project staff will track the progress of benefit realisation, ensuring benefits remain relevant, deliverable and valid. Benefits will be agreed as being realised when the expected measurement of change has been achieved. It will be the responsibility of the project manager to ensure that the targets are achieved as planned.
- **Monitoring and review** - the approach will be proportionate to the resource invested in each intervention, making efficient use of existing capacity, data and expertise. This will inform decisions about the shape of the project and highlight areas where additional resource / capacity is required, enabling remedial action to be taken if interventions are not delivering the desired outputs. Data collected will feed into the evaluation.



- **Evaluation** – the evaluation will consider how the programme has worked from a delivery perspective and through the experience of beneficiaries and stakeholders.

### Overview of key metrics

The table below sets out the key performance indicators that have been identified to track progress of the Gloucester LUF package. It includes sources for monitoring each objective, the frequency of collection and responsibility for this. Regular monitoring updates, in terms of milestones and achievement of outputs, will be provided on a monthly basis to the Programme SRO and Project Boards to inform an ongoing review of the project's delivery.

<b>Monitoring framework - indicators</b>			
<b>Objectives</b>	<b>Indicators and Source</b>	<b>Frequency</b>	<b>Responsibility</b>
<p>To bring new uses to the area and to transform it into a diverse leisure, cultural, entertainment, educational and commercial area</p> <p>To increase the vibrancy of the Centre, reduce vacancies and increase footfall and expenditure</p> <p>To increase business start-up and growth in key sectors</p>	Land developed and floorspace by use	Daily footfall data collection	Gloucester City Council
	New businesses accommodated, supported and created	Quarterly monitoring reports	
	Permanent jobs created and safeguarded	Annual	
	Footfall volume in city centre		
	Dwell time		
	Positive consumer surveys		
	User perception of town centre survey		
	Vacancy rates		
	Business stock, opening, closures and survival rates by sector		
	Employment in City Centre		
<p>To bring back into use historic buildings and key sites and change the image of the area.</p>	Heritage buildings conserved	Quarterly monitoring reports	Gloucester City Council
	Vacancy rates		
	User perceptions of town centre – survey	Police data – monthly	
	Anti-social behaviour and crime incidents	Annual survey	
	Perceptions of safety during the day and evening		

	Satisfaction with cleanliness and management of town centre		
To increase skills through additional higher education courses	Course starts and associated qualifications Course completions Learners enrolled	UoG data – term/semester-based	University of Gloucester
To improve connectivity and better integrate the area both internally and with neighbouring areas of higher footfall.	Footfall volume in city centre Dwell time in city centre Arrivals by walking, bus, train and other environmentally friendly transport SO2 particle measures; NO2 particle measures; PM2.5 and PM10 particle measures	Daily footfall data collection Operators – quarterly Daily monitoring	Gloucester City Council

Across each project and LUF objective, the following indicators will also be monitored on a six-monthly basis:

- project spend (total, co-funding, co-funding committed)
- project delivery (performance against milestones, completed, completed on budget, completed on time)
- delivery capacity (Council staff and budget invested in regeneration / economic development)
- outputs and outcomes (including floorspace, jobs created and safeguarded)

### **Resourcing and governance arrangements**

Funding will be allocated for the following M&E activities:

- Council officer time to gather, verify and report the required monitoring information to MHCLG
- Purchase of data / commissioning of surveys and data gathering by market research or other specialist companies (e.g. on vacancies, rental levels etc)
- Independent set-piece evaluation studies at interim and impact evaluation stages, ensuring an objective and robust assessment of progress and enabling all stakeholders to provide their views.

The Major Projects Manager within the Council will have overall responsibility for oversight and reporting on performance to MHCLG. Day-to-day responsibility for

monitoring and performance management will be allocated amongst the Project Teams for each LUF intervention, with the teams also having responsibility for reporting on finance and spend and wider outcomes achieved. Appropriate CRM systems will be established prior to project implementation where necessary.

Regular feedback will be given to partners and stakeholders on the progress and performance of the project. This may include focus groups or meetings to discuss any issues identified during the monitoring of the projects and arising from the interim and impact evaluations.

## PART 7 DECLARATIONS

### 7.1 Senior Responsible Owner Declaration

As Senior Responsible Owner for Gloucester Levelling Up Fund I hereby submit this request for approval to UKG on behalf of Gloucester City Council and confirm that I have the necessary authority to do so.

I confirm that Gloucester City Council will have all the necessary statutory powers and other relevant consents in place to ensure the planned timescales in the application can be realised.

Name:

Ian Edwards, Head of Place

Signed:



### 7.2 Chief Finance Officer Declaration

As Chief Finance Officer for Gloucester City Council I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge and that Gloucester City Council

- has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution
- accepts responsibility for meeting any costs over and above the UKG contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties
- accepts responsibility for meeting any ongoing revenue requirements in relation to the scheme
- accepts that no further increase in UKG funding will be considered beyond the maximum contribution requested and that no UKG funding will be provided after 2024-25
- confirm that the authority commits to ensure successful bids will deliver value for money or best value.
- confirms that the authority has the necessary governance / assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to.

Name:

Jon Topping, Head of Policy & Resources

Signed:



### **7.3 Data Protection**

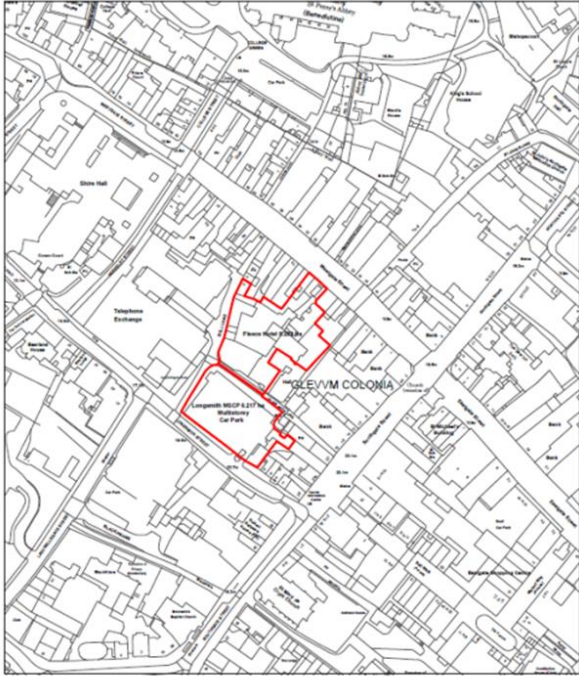






Please note that the The Ministry of Housing, Communities and Local Government (MHCLG) is a data controller for all Levelling Up Fund related personal data collected with the relevant forms submitted to MHCLG, and the control and processing of Personal Data.

The Department, and its contractors where relevant, may process the Personal Data that it collects from you, and use the information provided as part of the application to the Department for funding from the Levelling Up Fund, as well as in accordance with its privacy policies. For the purposes of assessing your bid the Department may need to share your Personal Data with other Government departments and departments in the Devolved Administrations and by submitting this form you are agreeing to your Personal Data being used in this way.

Any information you provide will be kept securely and destroyed within 7 years of the application process completing.

**You can find more information about how the Department deals with your data [here](#).**

**Annex A - Project One Summary** (only required for a package bid)

Project 1								
A1. Project Name								
The Fleece								
A2. Strategic Linkage to bid: Please enter a brief explanation of how this project links strategically to the overall bid. (in no more than 100 words)								
The Fleece project will bring back into use a vacant derelict property, diversify the economy and significantly increase footfall and expenditure. It will deliver a much needed 60 bed boutique hotel and restore an important Grade I and II Listed heritage asset, which is currently on Historic England's at risk register. The building occupies a key site on an historic route between Gloucester Cathedral, Blackfriars and the Quays. The project will strengthen the image of the City Centre, enhance its cultural assets and attract additional tourists.								
A3. Geographical area: Please provide a short description of the area covered by the bid ( <u>in no more than 100 words</u> )								
The Fleece is located in a prominent position in Gloucester City Centre linking the Cathedral, Westgate Street and the Quays. The area of the overall site is shown below:								
								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="font-size: small;">Fleece Hotel &amp; Longsmith MDCP Site</td> <td style="font-size: small;">Date: 16/11/2017</td> <td style="text-align: center;">                   1:1,250             </td> <td style="text-align: center;">  </td> </tr> <tr> <td colspan="4" style="font-size: x-small;">                 This map is reproduced from Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office © Crown copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. Licence no. 100019169, 3207.             </td> </tr> </table>	Fleece Hotel & Longsmith MDCP Site	Date: 16/11/2017	 1:1,250		This map is reproduced from Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office © Crown copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. Licence no. 100019169, 3207.			
Fleece Hotel & Longsmith MDCP Site	Date: 16/11/2017	 1:1,250						
This map is reproduced from Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office © Crown copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. Licence no. 100019169, 3207.								

A4. OS Grid Reference	SO830186
A5. Postcode	GL1 2NW
A6. For Counties, Greater London Authority and Combined Authorities/Mayoral Combined Authorities, please provide details of the district council or unitary authority where the bid is located (or predominantly located)	N/A
A7. Please append a map showing the location (and where applicable the route) of the proposed scheme, existing transport infrastructure and other points of particular interest to the bid e.g. development sites, areas of existing employment, constraints etc.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  See Annex M
A8. Project theme Please select the project theme	<input type="checkbox"/> <b>Transport investment</b> <input type="checkbox"/> <b>Regeneration and town centre investment</b> <input checked="" type="checkbox"/> <b>Cultural investment</b>
A9. Value of capital grant being requested for this project (£):	£6.32 million
A10. Value of match funding and sources (£):	£6.87 million (Dowdeswell Group - £4.87 million and HLF - £2 million)

## A11. Value for Money

This section should set out the full range of impacts – both beneficial and adverse – of the project. Where possible, impacts should be described, quantified and also reported in monetary terms. However there may be some impacts where only a qualitative assessment is possible due to limitations in the available analysis. There should be a clear and detailed explanation of how all impacts reported have been identified, considered and analysed. When deciding what are the most significant impacts to consider, bidders should consider what impacts and outcomes the project is intended to achieve, taking into account the strategic case, but should also consider if there are other possible significant positive or negative impacts, to the economy, people, or environment (Limit 250 word)

Reflecting on the nature of the project, the following benefits have been included within the BCR:

- **Land value uplift (LVU)** – analysis of changes in land values, reflecting economic efficiency benefits of converting land into a more productive use. The existing land value is subtracted from the value of the more productive use, based on Thomas Lister’s development appraisal.
- **Wider land value uplift** – wider placemaking effects have been estimated in line with MHCLG guidance, using VOA data for commercial analysis and Council Tax band data for the residential value assessment. An average uplift of 5.7% to commercial property values has been applied, and 1.5% to residential property values.
- **Labour Supply benefits** – jobs created through the programme will lead to labour supply benefits as new entrants / re-entrants are attracted into the workforce. The GVA benefits which arise from an increased labour supply are assessed over a ten-year period, using the MHCLG methodology.
- **Employment wellbeing** – benefits experienced by residents not currently in work who move into jobs created through the Fleece project have been estimated based on research by HACT and Simetrica. The estimate takes account of proportion of jobs likely to be taken up by those not currently in work.
- **Heritage wellbeing** – benefits associated with the value from visitors being able to access the Fleece have been estimated. Allowance has been made for the wellbeing benefits enjoyed by attendees at this heritage asset, having regard to benchmark values derived from 2014 research cited in DCMS’ Culture and Heritage Capital Evidence Bank.

A12. It will be generally expected that an overall Benefit Cost Ratio and Value for Money Assessment will be reported in applications. If this is not possible, then the application should include a clear explanation of why not.



The appraisal summary table below sets out the estimated costs and benefits of the Fleece project. It is estimated that the scheme will generate monetised benefits of more than £23 million.

Contributions from the private sector have been converted to constant prices and discounted, and had Optimism Bias applied, to arrive at a private sector economic cost. For the Fleece, the private sector contribution is captured in the land value uplift figure (in line with the DCLG Appraisal Guide).

The net marginal economic costs (including Optimism Bias) are £9.9 million, resulting in a BCR of 2.4:1.

Net marginal economic costs and benefits (NPV, £m)	The Fleece
<b>Costs</b>	
<b>Net marginal public sector costs (including OB)</b>	£9.857
<b>Benefits</b>	
Land Value Uplift	£2.963
Wider Land Value Uplift	£4.318
Labour supply benefits	£0.862
Wellbeing of residents into employment	£0.025
Social value of heritage	£15.247
<b>Total Benefits</b>	£23.415
<b>Total Benefits less private sector contribution not accounted for in the LVU estimate</b>	£23.415
<b>Total BCR</b>	<b>2.4</b>

A13. Where available, please provide the BCR for this project

2.4

A14. Does your proposal deliver strong non-monetised benefits? Please set out what these are and evidence them.

By facilitating the delivery of a much needed boutique hotel and enhanced retail units within the centre of Gloucester, the Fleece project will play a significant role in diversifying the City Centre economy by strengthening the underperforming tourism economy, as well as improving image. These two non-monetisable benefits, amongst others, mean that project will deliver strong non-monetised benefits as demonstrated below.

Weighting and scoring of the qualitative benefits - the Fleece			
Wider benefit	Weight	The Fleece	
		Score	Weighted score
Regeneration	25%	8	2
Image	10%	10	1
Diversification	20%	9	1.8
Culture	10%	10	1
Deprivation	10%	8	0.8
Skills	15%	4	0.6
Sustainable development	10%	6	0.6
<b>Total</b>	<b>100%</b>		<b>7.8</b>

**A15. Deliverability**  
Deliverability is one of the key criteria for this Fund and as such any bid should set out any necessary statutory procedures that are needed before it can be constructed.

The Fleece is owned by GCC. Dowdeswell Group have been selected as the preferred developer following an OJEU Competitive Dialogue tender exercise.

The Dowdeswell Group have confirmed that its co-funding (£4.87 million) is available subject to confirmation of public sector support and completion of final due diligence. The Heritage Lottery Fund has indicated to GCC that it would be interested to receive a funding submission of some £2 million towards the costs of restoring the Grade I and II Listed former Fleece Hotel which it strongly supports.

The Fleece development will require both planning and listed building consent. Scoping discussions, including with Historic England, have been positive and have informed a clear planning strategy.

**A16. The Bid – demonstrating investment or ability to begin delivery on the ground in 2021-22**

As stated in the prospectus UKG seeks for the first round of the funding that priority will be given to bids that can demonstrate investment and ability to deliver on the ground in 2021-22

The Fleece project will involve capital development costs in 2021/22.

A17. Does this project include plans for some LUF expenditure in 2021-22?

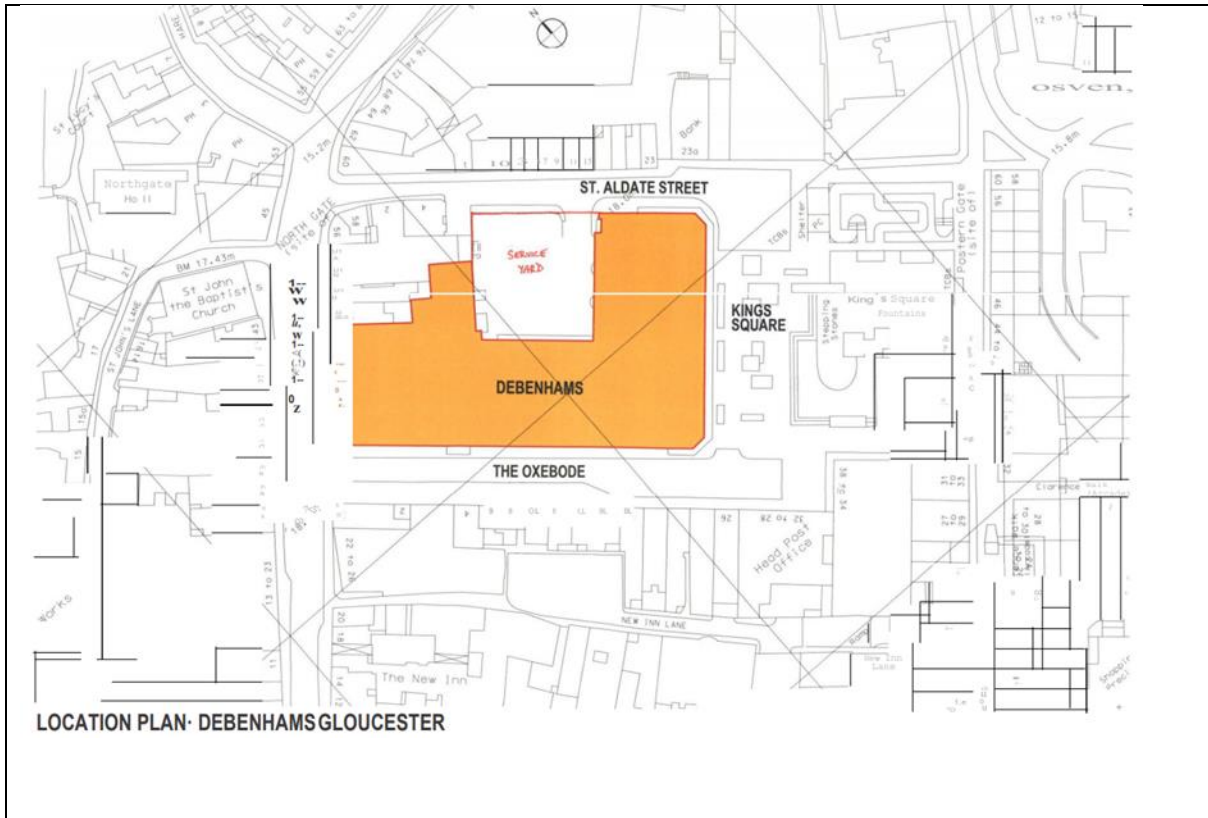
Yes

No

A18. Could this project be delivered as a standalone project or do it require to be part of the overall bid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
A19. Please provide evidence	The Fleece project is separate and not dependent on the other projects in the LUF package. However, the overall impact on transforming Gloucester City Centre would be significantly reduced if the full package were not funded.
A20. Can you demonstrate ability to deliver on the ground in 2021-22.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
A21. Please provide evidence	Capital development costs will be incurred in 2021/22 including detailed survey, planning and listed building application work
<b>Statutory Powers and Consents</b>	
A22. Please list separately each power / consents etc obtained, details of date acquired, challenge period (if applicable) and date of expiry of powers and conditions attached to them. Any key dates should be referenced in your project plan.	N/A
A23. Please list separately any <u>outstanding</u> statutory powers / consents etc, including the timetable for obtaining them.	Planning and Listed Building Consents – September 2021 – May 2022

**Annex B - Project Two description and funding profile** (only required for package bid)

Project 2	
B1. Project Name	UoG City Campus (located in the former Debenhams Building)
B2. Strategic Linkage to bid:	
Please enter a brief explanation of how this project links strategically to the overall bid. (in no more than 100 words)	
The refurbishment and re-use of the vacant iconic former Debenhams Building by the UoG will provide a new 18,700 sq m HE campus at the heart of the City. The restoration and reuse of a major empty building in a prominent central location will help strengthen perceptions of the Centre as a lively and dynamic place. The accommodation for 4,700 students and up to 450 staff will provide additional and diversified footfall resulting in increased revenue for local businesses and new impetus for the development of the City’s evening economy.	
B3. Geographical area:	
Please provide a short description of the area covered by the bid (in no more than 100 words)	
The site is located in the centre of Gloucester and is bounded by Northgate Street, The Oxebode, St Aldate Street and Kings Square. The buildings form a ‘U’ shape around the central service year which is accessed from St Aldate Street, as shown in the below diagrams.	



B4. OS Grid Reference	SO832186
B5. Postcode	GL1 1SQ
B6. For Counties, Greater London Authority and Combined Authorities/Mayoral Combined Authorities, please provide details of the district council or unitary authority where the bid is located (or predominantly located)	N/A
<p>B7. Please append a map showing the location (and where applicable the route) of the proposed scheme, existing transport infrastructure and other points of particular interest to the bid e.g. development sites, areas of existing employment, constraints etc.</p> <p>Yes – See Annex M</p>	

B8. Project theme Please select the project theme	<input type="checkbox"/> <b>Transport investment</b> <input checked="" type="checkbox"/> <b>Regeneration and town centre investment</b> <input type="checkbox"/> <b>Cultural investment</b>
B9. Value of capital grant being requested for this project (£):	£9.7 million
B10. Value of match funding and sources (£):	£62.2 million – University of Gloucestershire
<p>B11. Value for Money</p> <p>This section should set out the full range of impacts – both beneficial and adverse – of the project. Where possible, impacts should be described, quantified and also reported in monetary terms. However there may be some impacts where only a qualitative assessment is possible due to limitations in the available analysis. There should be a clear and detailed explanation of how all impacts reported have been identified, considered and analysed. When deciding what are the most significant impacts to consider, bidders should consider what impacts and outcomes the project is intended to achieve, taking into account the strategic case, but should also consider if there are other possible significant positive or negative impacts, to the economy, people, or environment</p>	
<p>Reflecting on the nature of the UoG's City Campus, the following benefits have been included within the BCR:</p> <ul style="list-style-type: none"> <li>• <b>Wider land value uplift</b> – wider placemaking effects arising from the LUF project have been estimated in line with MHCLG guidance, using Valuation Office Agency (VOA) data for commercial analysis and Council Tax band data for the residential value assessment. An average uplift of 5.7% to commercial property values has been applied, and 1.5% to residential property values.</li> <li>• <b>Labour Supply benefits</b> – the significant number of jobs created through the programme will lead to labour supply benefits as new entrants / re-entrants are attracted into the workforce. The GVA benefits which arise from an increased labour supply are assessed over a ten-year period, based on the MHCLG recommended methodology.</li> <li>• <b>Employment wellbeing</b> – Benefits experienced by residents not currently in work who move into jobs created through the programme have been estimated based on research by HACT and Simetrica. The estimate takes account of proportion of jobs likely to be taken up by those not currently in work.</li> <li>• <b>Productivity: skills uplift</b> – The growth in student numbers arising from the University's re-development of the Debenhams building will lead to</li> </ul>	

productivity benefits through increased skills levels. This uplift has been captured over a two-year period.

B12. It will be generally expected that an overall Benefit Cost Ratio and Value for Money Assessment will be reported in applications. If this is not possible, then the application should include a clear explanation of why not.

The appraisal summary table below sets out the estimated costs and benefits of the UoG City Campus project. It is estimated that the scheme will generate monetised benefits of close to £164 million.

Contributions from the private sector have been converted to constant prices and discounted, and had optimism bias applied, to arrive at a private sector economic cost. In the case of the UoG City Campus project, given the nature of the benefits arising from the project (productivity arising from skills enhancements) the opportunity cost of the private (University) funding has also been included in the overall economic costs, in line with BEIS guidance.

The private sector contributions are taken into account in the assessment of value for money. The private sector contribution is subtracted from the total economic benefits before the BCR is calculated, resulting in a net economic benefits figure of £82.2 million.

The net marginal economic costs (including Optimism Bias) are £10.552 million, resulting in a BCR of 7.8:1.

Net marginal economic costs and benefits (NPV, £m)	UoG Debenhams
<b>Costs</b>	
<b>Net marginal public sector costs (including OB)</b>	£10.552
<b>Benefits</b>	
Wider Land Value Uplift	£10.337
Labour supply benefits	£8.248
Wellbeing of residents into employment	£0.327
Productivity – skills uplift	£145.000
<b>Total Benefits</b>	£163.912
<b>Total Benefits less private sector contribution not accounted for in the LVU estimate</b>	£82.186
<b>Total BCR</b>	<b>7.8</b>

B13. Where available, please provide the BCR for this project

7.8

B14. Does your proposal deliver strong non-monetised benefits? Please set out what these are and evidence them.

By increasing the UoG's capacity and attracting new students to the city Centre, the UoG Debenhams development will deliver extremely strong wider benefits, particularly when considering image, diversification, deprivation and skills. As well as dramatically increasing footfall and diversifying the City Centre's, it will importantly result in substantial research and knowledge exchange impacts, demand for new student accommodation, and increased educational attainment. In addition, it will support development of a Health and Wellbeing Cluster with its close proximity and links to the Gloucester Royal Hospital, which will build on the City's existing strengths in this sector.

Weighting and scoring of the qualitative benefits - UoG Debenhams			
Wider benefit	Weight	UoG Debenhams	
		Score	Weighted score
Regeneration	25%	10	2.5
Image	10%	10	1
Diversification	20%	10	2
Culture	10%	8	0.8
Deprivation	10%	10	1
Skills	15%	10	1.5
Sustainable development	10%	6	0.6
<b>Total</b>	<b>100%</b>		<b>9.4</b>

**B15. Deliverability**

Deliverability is one of the key criteria for this Fund and as such any bid should set out any necessary statutory procedures that are needed before it can be constructed.

The former Debenhams Building is owned by the UoG. The University has confirmed its co-funding (£62.3 million) for the project subject to approval of LUF support.

The refurbishment of the Debenhams Building is considered to be permitted development although substantial changes to the external appearance and/or new development will require planning consent. The University is expected to either apply for a Certificate of Lawfulness or planning consent.

**B16. The Bid – demonstrating investment or ability to begin delivery on the ground in 2021-22**

As stated in the prospectus UKG seeks for the first round of the funding that priority will be given to bids that can demonstrate investment and ability to deliver on the ground in 2021-22



The UoG Debenhams project will deliver on the ground in 2021/22.	
B17. Does this project include plans for some LUF expenditure in 2021-22?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
B18. Could this project be delivered as a standalone project or do it require to be part of the overall bid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
B19. Please provide evidence	The UoG City Campus project in the former Debenhams building is separate and not dependent on the other projects in the LUF package. However, the overall impact on transforming Gloucester City Centre would be significantly reduced if the full package were not funded.
B20. Can you demonstrate ability to deliver on the ground in 2021-22.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
B21. Please provide evidence	Refurbishment of the Debenhams Building, which is owned by the UoG and works can be undertaken without any required consents, will commence in 2021/22 subject to LUF funding approval
<b>Statutory Powers and Consents</b>	
B22. Please list separately each power / consents etc obtained, details of date acquired, challenge period (if applicable) and date of expiry of powers and conditions attached to them. Any key dates should be referenced in your project plan.	As noted above, the refurbishment of the Debenhams Building is considered to be permitted development although substantial changes to the external appearance and/or new development will require planning consent. The University is expected to either apply for a Certificate of Lawfulness or planning consent.

<p>B23. Please list separately any <u>outstanding</u> statutory powers / consents etc, including the timetable for obtaining them.</p>	<p>Prepare and submit planning application/certificate – September 2021 – October 2021</p>
--	--

**Annex C – Project Three- description and funding profile** (only required for package bid)

Project 3	
C1. Project Name	The Forge
<p>C2. Strategic Linkage to bid:</p> <p>Please enter a brief explanation of how this project links strategically to the overall bid. (in no more than 100 words)</p>	
<p>This project will create a new digital innovation and incubation hub including 'Edge Cloud' data processing, community hub, co-working, digital labs and podcast studio. 2,430 sq m of accommodation and support will be provided for high value added SMEs with a focus on cyber security, aviation and agri-tech sectors. It will form part of the wider mixed-use Forum development which will provide a vibrant and active destination in an important gateway location adjacent to the City Centre bus station and rail interchange, in the Kings Quarter area.</p>	
<p>C3. Geographical area:</p> <p>Please provide a short description of the area covered by the bid (<u>in no more than 100 words</u>)</p>	
<p>The site is located in the centre of Gloucester and bounded by Market Parade, the A430 (Bruton Way) and Station Road. The overall Forum site and Plot 2 (which will include the Forge) are shown below.</p>	



C4. OS Grid Reference	SO834185
C5. Postcode	GL1 1SZ
C6. For Counties, Greater London Authority and Combined Authorities/Mayoral Combined Authorities, please provide details of the district council or unitary authority where the bid is located (or predominantly located)	N/A
C7. Please append a map showing the location (and where applicable the route) of the proposed scheme, existing transport infrastructure and other points of particular interest to the bid e.g. development sites, areas of existing employment, constraints etc.	
Yes – See Annex M	
C8. Project theme Please select	<input type="checkbox"/> <b>Transport investment</b> <input checked="" type="checkbox"/> <b>Regeneration and town centre investment</b> <input type="checkbox"/> <b>Cultural investment</b>

the project theme	
C9. Value of capital grant being requested for this project (£):	£3.98 million
C10. Value of match funding and sources (£):	£6.16 million – Local Authority Contribution (confirmed)
C11. Value for Money	
<p>This section should set out the full range of impacts – both beneficial and adverse – of the project. Where possible, impacts should be described, quantified and also reported in monetary terms. However there may be some impacts where only a qualitative assessment is possible due to limitations in the available analysis. There should be a clear and detailed explanation of how all impacts reported have been identified, considered and analysed. When deciding what are the most significant impacts to consider, bidders should consider what impacts and outcomes the project is intended to achieve, taking into account the strategic case, but should also consider if there are other possible significant positive or negative impacts, to the economy, people, or environment</p>	
<p>Reflecting on the nature of the Forge intervention, the following benefits have been included within the BCR:</p> <ul style="list-style-type: none"> <li>• <b>Wider land value uplift</b> – wider placemaking effects arising from the LUF programme have been estimated in line with MHCLG guidance, using Valuation Office Agency (VOA) data for commercial analysis and Council Tax band data for the residential value assessment. An average uplift of 5.7% to commercial property values has been applied, and 1.5% to residential property values.</li> <li>• <b>Labour Supply benefits</b> – the significant number of jobs created through the programme will lead to labour supply benefits as new entrants / re-entrants are attracted into the workforce. The GVA benefits which arise from an increased labour supply are assessed over a ten year period using the MHCLG recommended methodology.</li> <li>• <b>Employment wellbeing</b> – benefits experienced by residents not currently in work who move into jobs created through the programme have been estimated based on research by HACT and Simerica. The estimate takes account of proportion of jobs likely to be taken up by those not currently in work.</li> <li>• <b>Productivity: wage premium</b> – the jobs created in the Forge Digital Innovation and Incubation Centre will be in sectors where wages are above</li> </ul>	

the Gloucester average. The benefits of transferring labour into these more productive roles are captured in the wage premium benefit.

C12. It will be generally expected that an overall Benefit Cost Ratio and Value for Money Assessment will be reported in applications. If this is not possible, then the application should include a clear explanation of why not.

The appraisal summary table below sets out the estimated costs and benefits of the Forge project. It is estimated that the scheme will generate direct monetised benefits of more than £12 million.

Contributions from the private sector have been converted to constant prices and discounted, and had optimism bias applied, to arrive at a private sector economic cost. The private sector contributions are taken into account in the assessment of value for money. The private sector contribution is subtracted from the total economic benefits before the BCR is calculated, resulting in a net economic benefits figure of £12 million.

The net marginal economic costs (including Optimism Bias) are £5.068 million, resulting in a BCR of 2.4.

Net marginal economic costs and benefits (NPV, £m)	The Forge
<b>Costs</b>	
<b>Net marginal public sector costs (including OB)</b>	£5.068
<b>Benefits</b>	
Wider Land Value Uplift	£0.861
Labour supply benefits	£3.387
Wellbeing of residents into employment	£0.117
Productivity – wage premium	£7.645
<b>Total Benefits</b>	£12.010
<b>Total Benefits less private sector contribution not accounted for in the LVU estimate</b>	£12.010
<b>Total BCR</b>	<b>2.4</b>

C13. Where available, please provide the BCR for this project

2.4

C14. Does your proposal deliver strong non-monetised benefits? Please set out

The Forge development is expected to deliver strong non-monetised benefits given its influence on regeneration, the image of Gloucester, diversifying the economy and encouraging sustainable development.

what these are and evidence them.	Weighting and scoring of the qualitative benefits - Forge			
	Wider benefit	Weight	Forge	
			Score	Weighted score
	Regeneration	25%	8	2
	Image	10%	9	0.9
	Diversification	20%	10	2
	Culture	10%	8	0.8
	Deprivation	10%	8	0.8
	Skills	15%	6	0.9
	Sustainable development	10%	10	1
<b>Total</b>	<b>100%</b>		<b>8.4</b>	

**C15. Deliverability**

Deliverability is one of the key criteria for this Fund and as such any bid should set out any necessary statutory procedures that are needed before it can be constructed.

The Forge project will be developed on land owned by GCC. The City Council has approval for funding subject to viability.

The project has full planning consent which was granted in May 2021.

The City Council has entered into a development agreement with the Reef Group to deliver the scheme, subject to receipt of LUF which will ensure viability. This Joint Venture is managed through regular meetings with the Head of Place, Head of Policy and Resources, Regeneration Consultant and the Reef Group. The City Council has previously worked successfully with Reef to deliver the award winning wrap lease development at Kings Walk.

**C16. The Bid – demonstrating investment or ability to begin delivery on the ground in 2021-22**

As stated in the prospectus UKG seeks for the first round of the funding that priority will be given to bids that can demonstrate investment and ability to deliver on the ground in 2021-22

The Forge project will deliver on the ground in 2021/22.

C17. Does this project includes plans for some LUF expenditure in 2021-22?

Yes

No

C18. Could this project be

Yes

delivered as a standalone project or do it require to be part of the overall bid?	<input type="checkbox"/> No
C19. Please provide evidence	The Forge project is separate and not dependent on the other projects in the LUF package. However, the overall impact on transforming Gloucester City Centre would be significantly reduced if the full package were not funded.
C20. Can you demonstrate ability to deliver on the ground in 2021-22.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
C21. Please provide evidence	Construction of the Forge, which has full planning consent, will commence in 2021/22 subject to LUF funding approval
<b>Statutory Powers and Consents</b>	
C22. Please list separately each power / consents etc obtained, details of date acquired, challenge period (if applicable) and date of expiry of powers and conditions attached to them. Any key dates should be referenced in your project plan.	Full planning consent has been granted, which can be found <a href="#">here</a> .  The planning permission was granted in May 2021 and lasts for 5 years.  The consent is subject to 47 conditions (see - <a href="http://planningdocs.gloucester.gov.uk/NorthgatePublicDocs/00254271.pdf">http://planningdocs.gloucester.gov.uk/NorthgatePublicDocs/00254271.pdf</a> )
C23. Please list separately any <u>outstanding</u> statutory powers / consents etc, including the timetable for obtaining them.	None





## **ANNEX D - Check List Great Britain Local Authorities**

Questions	Y/N	Comments
<b>4.1a Member of Parliament support</b>		
MPs have the option of providing formal written support for one bid which they see as a priority. Have you appended a letter from the MP to support this case?	Y	See Annex E
<b>Part 4.2 Stakeholder Engagement and Support</b>		
Where the bidding local authority does not have responsibility for the delivery of projects, have you appended a letter from the responsible authority or body confirming their support?	Y	See Annex G
<b>Part 4.3 The Case for Investment</b>		
For Transport Bids: Have you provided an Option Assessment Report (OAR)	N/A	
<b>Part 6.1 Financial</b>		
Have you appended copies of confirmed match funding?	Y	See Annex G
The UKG may accept the provision of land from third parties as part of the local contribution towards scheme costs. Please provide evidence in the form of a letter from an independent valuer to verify the true market value of the land.  Have you appended a letter to support this case?	N/A	
<b>Part 6.3 Management</b>		
Has a delivery plan been appended to your bid?	Y	See Annex L
Has a letter relating to land acquisition been appended?	N/A	
Have you attached a copy of your Risk Register?	Y	See Annex K
<b>Annex A-C - Project description Summary (only required for package bid)</b>		
Have you appended a map showing the location (and where applicable the route) of the proposed scheme, existing transport infrastructure and other points of particular interest to the bid e.g. development sites, areas of existing employment, constraints etc.	Y	See Annex M

Mark Hawthorne MBE

Leader of the Council

Leader of the Conservative Group

County Councillor for  
Quedgeley

E-mail: [mark.hawthorne@gloucestershire.gov.uk](mailto:mark.hawthorne@gloucestershire.gov.uk)  
Tel: 01452 583456

Rt Hon Robert Jenrick MP  
Secretary of State for Housing,  
Communities and Local  
Government,  
Ministry of Housing, Communities &  
Local Government,  
2 Marsham Street  
London. SW1P 4DF

MH/JM/mc

16 June 2021

Dear Secretary of State

### **Gloucester Levelling Up Fund Package**

I am writing to you in my capacity as Leader of Gloucestershire County Council to express my whole hearted support for the Levelling Up Fund (LUF) bid which Gloucester City Council is submitting to Government in Round One of the Fund.

The package of projects being proposed will significantly contribute to the regeneration of the City through the repurposing of existing property and the development of brownfield sites. Even before the pandemic, Gloucester had been hit badly by the demise of traditional retail and the resultant reduction in footfall has had a significant effect on the economic and social vitality of the City.

LUF funding will enable the Fleece Hotel, a much loved but derelict Grade I/II Listed city council owned building on the English Heritage Buildings at Risk Register, to be restored as a much needed 4-star boutique hotel. It will also secure the future of the former Debenhams building in our city centre recently acquired by the University of Gloucestershire for a new campus for teaching, learning and community partnerships accommodating 4,700 students. Finally, the Forge Digital Innovation and Incubation Centre will provide accommodation and support for high value added SME businesses in growth sectors such as cyber security as part of a wider city centre redevelopment known as the Forum.

All three of the projects are consistent with the County Council's economic ambitions and are ready to go now subject to LUF funding and I highly commend this submission to you.

Yours sincerely



Cllr Mark Hawthorne  
Leader of Gloucestershire County Council



The Rt Hon Robert Jenrick MP  
The Secretary of State for Housing, Communities and Local Government  
29A London Road  
Newark-on-Trent  
NG24 1TN

17<sup>th</sup> June, 2021

Dear Secretary of State,

**Levelling Up Fund – Letter of Support**

I am writing to confirm our strong support for the Gloucester Levelling Up Fund (LUF) bid.

Each of the LUF projects has an important role to play in achieving the vision set out in our Draft Local Industrial Strategy.

Bringing the derelict Grade I/II listed Fleece building back in to use will enhance the City’s arts, heritage and culture offer and create a much needed 4-star boutique hotel that will attract additional visitors to the City Centre.

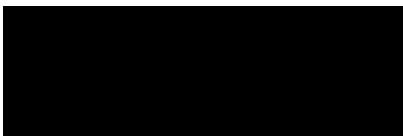
The reuse of the iconic former Debenham’s Building by the University of Gloucestershire will allow the University to grow, ensuring an education and training system that meets local businesses’ skills needs. It will help to attract and retain graduates, result in additional higher education skills, and bring new footfall and activity into the City Centre by creating a Campus for 4,700 students.

The Forge Innovation and Incubation Centre will support the County’s growing cyber-tech and digital sector by provide accommodation for innovative Small and Medium sized Enterprise (SME) businesses in growth sectors at an important gateway location adjacent to the City Centre bus station and rail interchange.

The City Centre has been in decline with reducing footfall and increasing vacancies. The LUF package will help to transform its performance.

Therefore, we are very pleased to support this bid and hope that it is successful in attracting funds to realise and deliver the ambitions within it.

Yours sincerely,



*David Owen*

CEO

**GFirst LEP**



D O W D E S W E L L  
G R O U P

Chapel House, 296 High Street,  
Cheltenham, GL50 3HQ

The Rt Hon Robert Jenrick MP  
The Secretary of State for Housing, Communities and Local Government  
29A London Road  
Newark-on-Trent  
NG24 1TN

15<sup>th</sup> June 2021

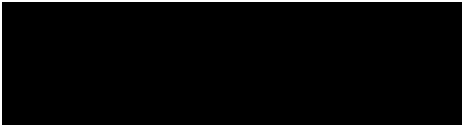
Dear Secretary of State,

**Gloucester Levelling Up Fund Package – Fleece Hotel**

I am writing to confirm that the Dowdeswell Group, which has been selected by Gloucester City Council as the preferred developer for the Fleece complex, will in principle provide co-funding of some £4.9 million towards Phase 1 of the Fleece Hotel development comprising a boutique hotel and retail units, subject to the provision of public sector support and completion of due diligence.

If we can be of any further assistance, please do not hesitate to contact us.

Yours faithfully



Rod Jenner

**Finance & Planning**

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The Rt Hon Robert Jenrick MP  
c/o The Levelling Up Programme Team  
Ministry of Housing, Communities and Local Government  
2 Marsham St,  
London SW1P 4DF

14 June 2021

Dear Colleagues

**Gloucester Levelling Up Fund Package**  
**University of Gloucestershire Former Debenhams Building**

The University of Gloucestershire is proposing to create a major new University Campus in Gloucester City Centre by reusing and redeveloping the former Debenham's Department Store building.

The Debenhams building is an iconic, 20,000m<sup>2</sup> building in the centre of Gloucester. It is located at the heart of the major regeneration area surrounding Kings Square. Bringing the building back into use as a major teaching hub for the University represents a key plank in the ambitious, multi-partner regeneration programme for the City. It will bring new life, new economic, cultural and social activity, and new footfall to an area which has long been in decline as a result of changes in the retail sector.

I can confirm that the University Governing Body enthusiastically approved the University's acquisition and development of the former Debenhams building, because of the benefits the project will bring for the City, our students and the community. The University's Finance & General Purposes Committee has also considered and approved the Business Case for this project. On this basis, the University will in principle provide co-funding of some £62.3 million towards the refurbishment and redevelopment of the building, subject to the provision of public sector support and completion of due diligence.

Professional team appointments are already being made, with Project Management and Quantity Surveyor appointments already confirmed and the Design team due to be confirmed next week. Project costs are therefore commencing this month, escalating over the summer and autumn, with construction due to commence early in 2022.

If I can be of any further assistance, please do not hesitate to contact me.

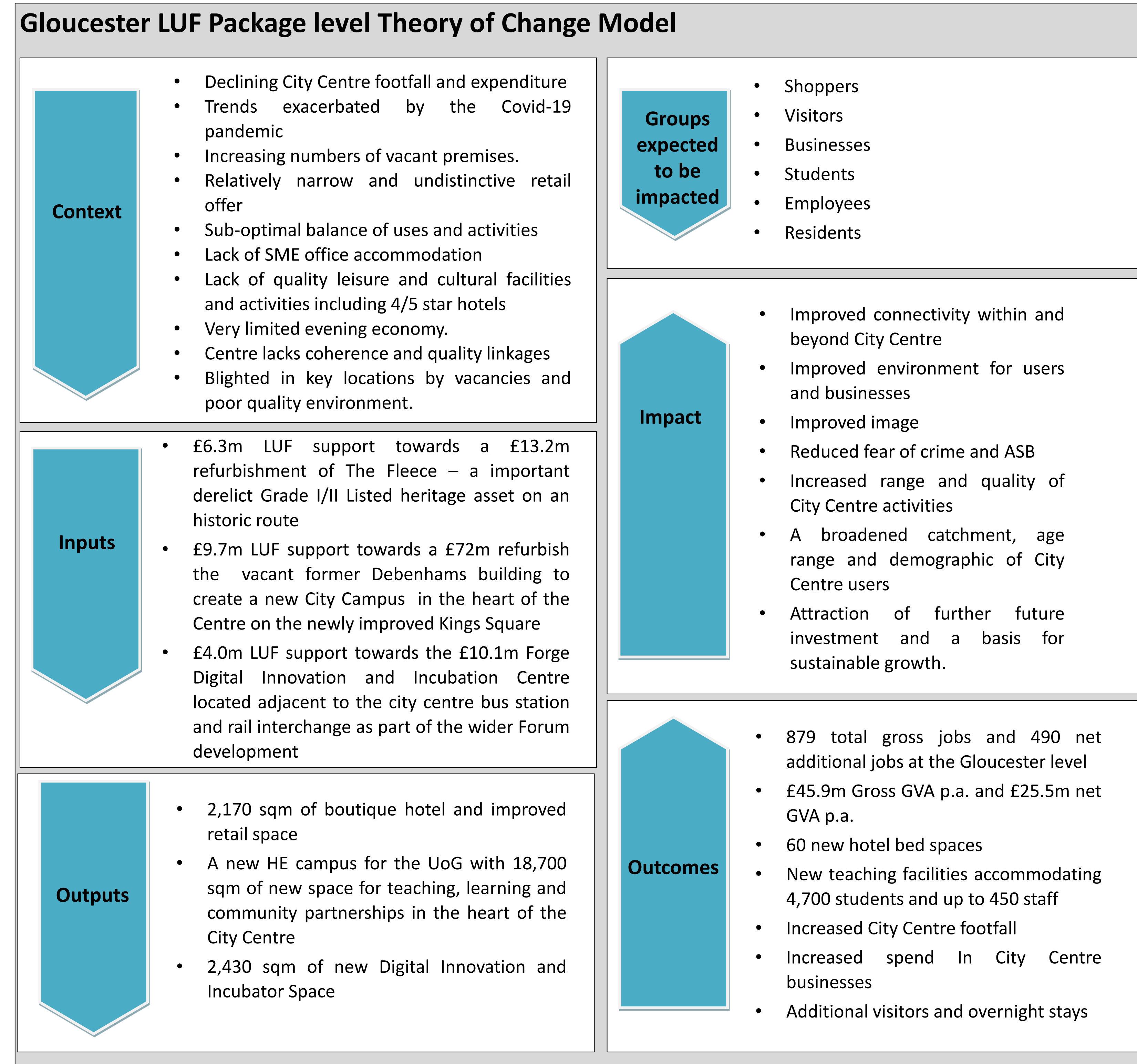
Yours faithfully



Mrs Camille Stallard  
Chief Financial Officer



# Gloucester Levelling Up Fund – Theory of Change and Logic Models

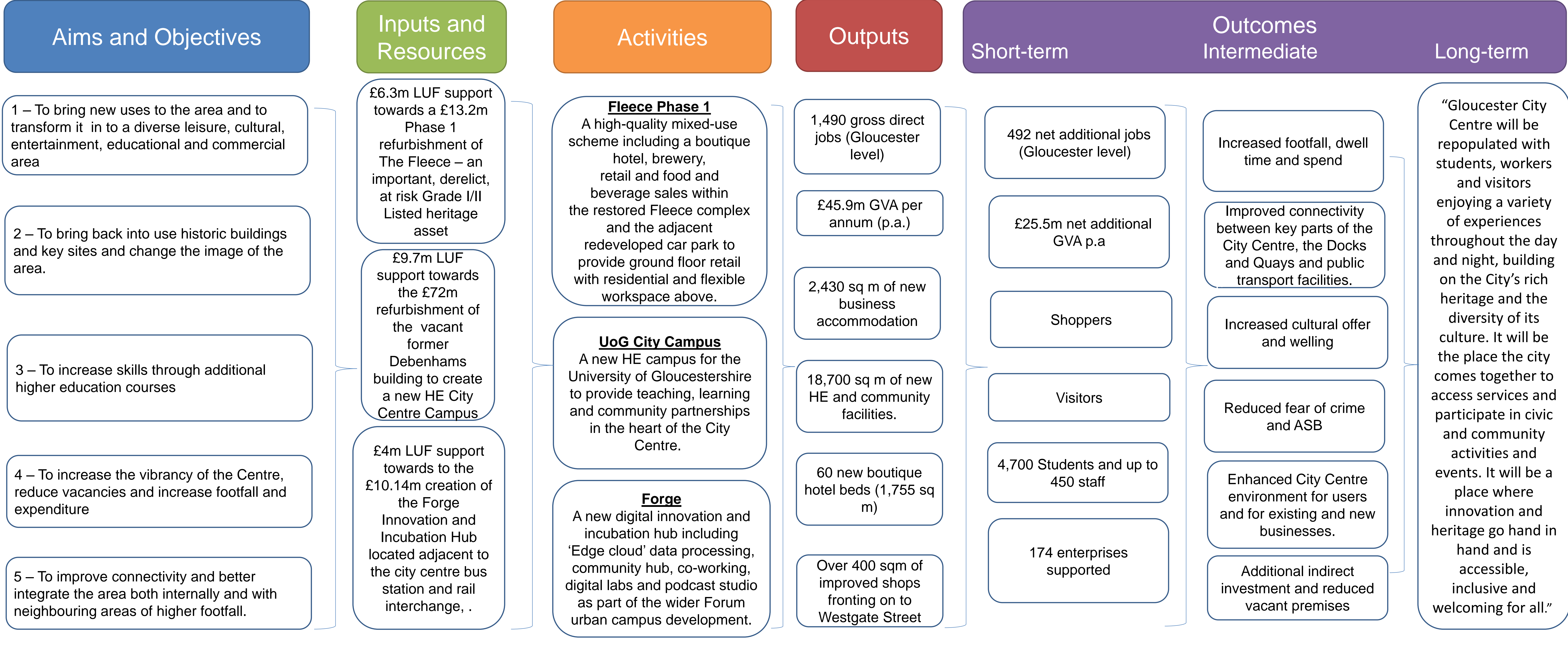




# Levelling Up Fund: Gloucester City Centre

# Logic Model

**Context and rationale:** The City has a low proportion of residents with higher level qualifications, low wages and low productivity. Gloucester City Centre suffers from a relatively narrow and undistinctive retail offer with high and increasing vacancies and diminishing footfall. It lacks diversity in its retail offer and suffers from a sub-optimal balance of commercial, cultural, leisure and service industry activities. This is reflected in its reputation for being a 'ghost town' in the evening and at night. The area around the City Centre is in the worst 10% of areas nationally. The Centre has considerable latent visitor and tourism potential – in particular, given its heritage assets – but it lacks coherence and is blighted in key locations by vacancies and poor environment. There is a need for better linkages to facilitate access and movement within the core of the Centre and to better integrate the Quays and Docks areas. It also suffers from a poor image. Consequently it has a restricted catchment area with a emphasis on areas adjacent to the City Centre which tend to suffer relatively high levels of deprivation. However there are significant opportunities to diversify and substantially increase usage and activities and in so doing regenerate the City Centre and enhance cultural assets by bringing a derelict Grade I/II building back into use.



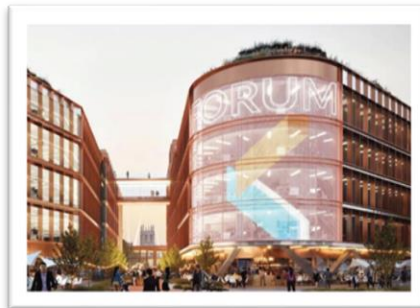


## Annex I

Gloucester City Council

# Levelling Up Fund - Value for Money Technical Appendix

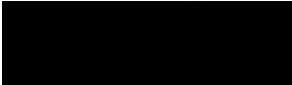
June 2021



## Gloucester City Council

# Levelling Up Fund - Value for Money Technical Appendix

**June 2021**

Reviewed and approved by:	
Signature(s):	
Name(s):	Graham Russell
Job Title(s):	Chief Executive
Date:	June 2021

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# 1 Introduction

AMION Consulting have been appointed by Gloucester City Council to prepare the economic assessment of the capital investment projects which form Gloucester's Levelling Up Fund (LUF) bid to central government. The LUF package of projects includes a boutique hotel at the vacant and derelict Grade I and II listed **Fleece Hotel** complex, the refurbishment of the iconic vacant **Debenhams** building by the University of Gloucestershire (UoG) to create a new **City Campus**, and the new **Forge Digital Innovation and Incubation Centre**, all in Gloucester City Centre.

The assessment of economic benefits has been undertaken in full compliance with the HM Treasury Green Book and relevant Departmental guidance published by the Ministry for Housing, Communities and Local Government (MHCLG), the Department for Digital, Culture, Media and Sport (DCMS) and the Department for Business, Energy and Industrial Strategy (BEIS). It has also had regard to specific advice published by MHCLG in relation to LUF bids.

This technical report sets out details of the methodological approach to the calculation of economic costs and benefits, alongside key evidence and assumptions used to produce the assessment of value for money.

A detailed explanation of the assumptions and evidence underpinning each cost and benefit estimate is provided in Sections 2 and 3 of this report. However, there are two over-arching assumptions which apply to the value for money assessment (unless otherwise stated):

- future costs and benefits are discounted at the HM Treasury's Standard Time Preference discount rate of 3.5% per annum; and
- net present values are presented in 2021/22 prices.

## 2 Economic costs

### 2.1 Basis of the Intervention Costs

The financial costs of the proposed interventions have been estimated by the professional cost consultants and surveyors advising on the projects, which include CUBE LLP, Ridge and Thomas Lister. Cost plans have been created for each project based on the proposed refurbishment or development, and an allowance for contingency has been applied to capital costs.

### 2.2 Converting Financial to Economic Costs

The nominal financial costs included in the Financial Case (Deliverability Section) have been adjusted to economic costs by converting nominal to constant (2021/22) prices.

The constant price costs have been adjusted to present value costs by applying the Treasury’s Social Time Preference discount rate of 3.5% per annum. Expenditure within the LUF programme will run until March 2024, in line with the published guidance. Capital investment will continue beyond this point to support the delivery of the later phase of the UoG City Campus over the period to 2027/28.

### 2.3 Optimism Bias

The economic costs for the interventions include an allowance for Optimism Bias. This has been estimated using an Optimism Bias Mitigation Model based on the Supplementary Green Book Guidance produced by Mott MacDonald. The mitigation made to the projects is summarised in Table 2.1.

Table 2.1: Optimism Bias Mitigation				
Intervention	Category	Upper Bound OB	Mitigated OB	Comments
<b>Fleece Hotel</b>	Non-standard Building	51%	30%	Key mitigations include reducing the impact of an inadequate business case, the involvement of specialist input from architects, cost consultants and business case specialists; and reduced impact of poor project management and project intelligence. It is recognised that the redevelopment of a building of this age does bring the potential for cost increases as the project progresses.
<b>UoG City Campus (former Debenhams)</b>	Standard Building	24%	13%	Key mitigations include reducing the impact of an inadequate business case, the involvement of specialist input from architects, cost consultants and business

				case specialists; and reduced impact of poor project management and project intelligence.
<b>Forge Digital Hub</b>	Standard Building	24%	13%	The overall Forum scheme is well-developed and the level of OB applied to the Forge reflects this. Key mitigations include reducing the impact of an inadequate business case, the involvement of specialist input from architects, cost consultants and business case specialists, and reduced impact of poor project management and project intelligence

The impact of higher levels of Optimism Bias is tested in the sensitivity analyses (see section 5).

## 2.4 Public sector costs

The estimated discounted public sector costs of the interventions in constant 2021/22 prices are set out in Table 2.2. This is based on cost appraisals and financial modelling undertaken for each project.

<b>Table 2.2: Public sector economic costs (£m), 2021/22, excluding optimism bias</b>					
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25 or later</b>	<b>Total</b>
Fleece Hotel	£2.917	£4.736	£1.685	-	£9.338
UoG City Campus	£0.100	£3.490	£4.298	-	£7.888
Forge Digital Hub	£2.115	£4.732	£2.253	-	£9.100
<b>Overall</b>	<b>£5.132</b>	<b>£12.958</b>	<b>£8.235</b>	<b>-</b>	<b>£26.326</b>

Optimism Bias has been applied to the economic costs of each project, as set out above. Income expected to be generated by The Forge has been capitalised and subtracted from the gross costs including Optimism Bias, to arrive at a net public sector cost including Optimism Bias. The costs incurred by the public sector in the reference case (the annual costs of maintaining The Fleece) have been subtracted from the net public sector costs. The discounted net present public sector cost including Optimism Bias for the programme as a whole is set out in Table 2.3.

<b>Table 2.3: Net present public sector costs, including OB (£m)</b>				
<b>Source</b>	<b>UoG City Campus</b>	<b>Fleece Hotel</b>	<b>Forge Digital Hub</b>	<b>Total</b>
Gross public sector cost	£9.338	£7.888	£9.100	£26.326
Optimism Bias	£1.214	£2.366	£1.183	£4.763
Gross public sector cost including OB	£10.552	£10.254	£10.283	£31.089
Income and residual value (minus opportunity cost)	-	-	(£5.215)	(£5.215)
Net public sector cost including OB	£10.552	£10.254	£5.068	£25.873
Marginal net public sector cost including OB	£10.552	£9.857	£5.068	£25.477

## 2.5 Overall Economic Costs

The total economic costs associated with the programme are shown in Table 2.4.

<b>Table 2.4: Programme Economic Costs, including OB (£m)</b>				
<b>Source</b>	<b>Fleece Hotel</b>	<b>UoG City Campus</b>	<b>Forge Digital Hub</b>	<b>Total</b>
LUF Costs	£7.496	£10.451	£4.231	£22.178
Other public sector	£2.463		£0.829	£3.292
Total Public Sector Cost (LUF + other)	£9.959	£10.451	£5.086	£25.47
Private Sector	£5.780	£58.375		£64.155
<b>Total</b>	<b>£15.739</b>	<b>£68.827</b>	<b>£5.086</b>	<b>£89.625</b>

### 3 Economic benefits

#### 3.1 Economic outputs

The Gloucester LUF programme will generate jobs and GVA outputs. In total at the national level the package is expected to generate 2,840 gross jobs and £148 million GVA per annum. These economic impacts are not included in the cost benefit assessment but are illustrated further in Table 3.1 at the Gloucester level. They have been estimated using standard jobs densities (The Fleece, The Forge) and through University modelling (undertaken by BiGGAR Economics) and Experian GVA per job estimates.

Table 3.1: Gloucester LUF Programme Economic Outputs				
	Jobs (FTEs)		GVA, £m per annum	
	Gross	Net	Gross	Net
Fleece hotel	30	19	£0.804	£0.50
UoG City Campus	692	392	£34.854	£19.76
The Forge	157	81	£10.194	£5.27
Programme total	879	492	£45.852	£27.537

#### 3.2 Economic benefits

The framework for assessing the economic benefits of Gloucester’s LUF programme has been developed having regard to the HM Treasury Green Book, guidance published by MHCLG and other government departments.

Reflecting the nature of the projects and their expected impact, as well as the existing market conditions within the City Centre, a wide range of benefits have been assessed. This has included the consideration of the following benefits within the BCR:

- Land value uplift (LVU)
- Wider LVU (placemaking / regeneration effects)
- Labour supply benefits
- Employment wellbeing
- Heritage wellbeing
- Productivity benefits: skills uplift
- Productivity benefits: wage premium

The tables which follow in this section and Section 4 present the estimated quantifiable, monetised benefits of the projects. However, not all of the benefits generated through the proposed interventions are easily quantifiable within the MHCLG framework. Further assessment



of these non-monetised benefits is included within the LUF Application Form (Section 5.5b and Annexes A, B and C).

The benefits included are valued at 2021/22 prices and have been discounted to present values. The values presented in the tables below are the net marginal benefits of each option, over and above the reference case position.

### 3.3 Land Value Uplift (LVU)

This involves the analysis of changes in land values, which reflect the economic efficiency benefits of converting land into a more productive use. The existing land value is subtracted from the value of the more productive use.

LVU applies to the commercial re-development of The Fleece. Its assessment has been based on the detailed financial analysis of the development scheme prepared by Thomas Lister, allowing for key adjustments in relation to the future valuation of residential units and the treatment of benefits arising from commuted sums. No direct land value has been assumed to arise from UoG Debenhams or Forge projects.

Adjustments have been made to the development appraisals including:

- excluding transfer costs (SDLT);
- excluding S106/CIL;
- excluding inflation; and
- allowing for gap funding contributions within the calculation of Gross Development Value.

Specific advice has been provided by Thomas Lister and the resultant land value uplift for the Fleece is summarised in the Table 3.2.

Table 3.2: Land value uplift (NPV, £m)	
	Fleece Hotel
Land Value Uplift	£2.963

### 3.4 Wider land value uplift

The proposed interventions are expected to result in substantial placemaking effects compared with the reference case through the re-use of vacant buildings and land. Consequently, an estimate has been made of the wider land value uplift (or placemaking effects) which will be generated.

An impact area has been defined surrounding the three LUF projects. This covers an area with an approximately 500m radius.

In order to assess the impact of the projects, analysis has been undertaken to establish baseline asset values for commercial and residential property within the impact area:

- the residential value assessment is based on Council Tax band data for residential properties within the 3 LSOAs which form part of the impact area<sup>1</sup>. An average unit price has been estimated based for properties in each Council Tax band, taking account of the uplift in house prices since properties were rated for Council Tax in 1991. This average price has been applied to unit volume data within each Council Tax band within the impact area to estimate the total value of residential property which is likely to benefit from an uplift in value as a result of the LUF interventions; and
- the commercial analysis is based on VOA data and is assessed at primary and secondary impact area levels. The rateable value evidence has been capitalised, based on Knight Frank’s Yield Guide May 2021.

An uplift to the capital value of residential property types has been applied, based on the extent to which they are likely to benefit from the LUF interventions. To be prudent, a 1.5% uplift has been applied to the values in the impact area due to the expected transformational growth enabled by the LUF programme. This rate aligns with recent AMION research for MHCLG into placemaking effects and aligns with the ranges reported in a wide body of evidence for place-based regeneration<sup>2</sup>.

An uplift to the capital value of different property types has been applied, based on the extent to which they are likely to benefit from the LUF interventions. The following uplifts have been applied:

**Table 3.3: Wider Land value uplifts by type of premises**

Uplift Level	% change in capital value	Types of premises
High	6%	Hairdressing/beauty salon and premises; Hotel and premises; Office and premises; Public house and premises; Restaurant and premises; Shop and premises; Fitness studio and premises; Estate agent and premises; Kiosk and premises; Law court and premises; Reception areas; Bar and premises; Museum art gallery and premises; Commercial area of mall
Medium	4%	Bank and premises; Cafe and premises; Garage and premises; Workshop and premises
Low	2%	Store and premises; Tattoo parlour and premises; Betting shop and premises

Based on the mix of property types, it is estimated that commercial property values in the impact area will increase by an average of 5.7%. This is again within the ranges reported in a wide body of evidence relating to the impact of place-based regeneration.

<sup>1</sup> Gloucester 004F (100% of residential properties estimated to be within the impact area), Gloucester 004B (60% of residential properties estimated to be within the impact area) and Gloucester 002C (20% of residential properties estimated to be within the impact area).

<sup>2</sup> Studies reviewed include ‘Placemaking: Value and the public realm’, CBRE, 2017, which highlights an increase in average house prices in the immediate vicinity of major redevelopment in central London between 2011 and 2016, and ‘Placemaking and value’, RICS, 2016, which identifies the impact of placemaking on residential values.

Wider land value uplift is expected to occur as a one-off change in values as the LUF-funded developments take place. The expected wider land value uplift is shown in Table 3.4.

<b>Table 3.4: Wider Land value uplift (NPV, £m)</b>				
	<b>Fleece Hotel</b>	<b>UoG City Campus</b>	<b>Forge Digital Hub</b>	<b>Total</b>
Wider LVU	£4.318	£10.337	£0.861	£15.517

### 3.5 Labour supply benefits

The LUF programme will deliver substantial employment-generating floorspace. These developments will have benefits associated with the job creation and reduction in barriers to employment for local workers.

A local GVA per worker figure of £50,360 has been applied to the jobs taken up by new entrants, based on ONS Sub-regional productivity data for Gloucester. In line with the labour market availability and WebTAG guidance<sup>3</sup>, it is assumed 5% of jobs will be occupied by new entrants and there will be a 40% welfare impact for these jobs. The GVA benefits which arise from an increased labour supply are assessed over a ten-year period, based on the recommended MHCLG methodology.

Table 3.5 sets out the estimated benefits arising from the reduction in barriers to employment for local workers.

<b>Table 3.5: Labour supply benefits (NPV, £m)</b>				
	<b>Fleece Hotel</b>	<b>UoG City Campus</b>	<b>Forge Digital Hub</b>	<b>Total</b>
Labour supply benefits	£0.862	£8.248	£3.387	£12.497

### 3.6 Employment wellbeing

Benefits experienced by residents not currently in work who move into jobs created through the programme have been estimated based on research by HACT and Simetrica<sup>4</sup> – a one-off value of £11,180 has been applied. The estimate takes account of proportion of net jobs likely to be taken up by those not currently in work. The forecast additional employment impacts are as follows:

- for the Fleece project, the benefit is based on 30 FTEs (1 per 2 beds) at the hotel and 20 FTEs in the retail space, with 50% assumed to be additional and 10% are taken up by people not currently in employment.
- for Debenhams, the figure is based on 692 new jobs in Gloucester, assuming that 50% are additional and 10% are taken up by people not currently in employment.

<sup>3</sup> Department for Transport, (2018); TAG Unit A2.1: Wider Economic Impacts Appraisal

<sup>4</sup> HACT (2014), Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach

- for the Forge, the figure is based on 578 new jobs in Gloucester, assuming that 50% are additional and 10% are taken up by people not currently in employment.

Table 3.6 sets out the estimated wellbeing impact of residents moving into employment.

Table 3.6: Wellbeing of residents into employment (NPV, £m)				
	Fleece Hotel	UoG City Campus	Forge Digital Hub	Total
Wellbeing of residents into employment	£0.025	£0.327	£0.117	£0.469

### 3.7 Productivity

#### 3.7.1 Skills uplift

The growth in student numbers arising from the University’s refurbishment of the Debenhams building will lead to productivity benefits through increased skills levels.

This is estimated by applying a wage premium percentage uplift to gross annual earnings for each graduate, based on the qualification that they will attain, using a ‘Skills Capital’ model to quantify the benefits of investing in educational infrastructure.

The wage premium value which is applicable to each qualification level is informed by research undertaken on behalf of the then Department for Business, Innovation and Skills (BIS). The premium applied ranges from an uplift of 17% for Level 4 qualifications and 36% Master’s level qualifications (the uplift ranges from £8,700 to £11,300 for the across the skills levels supported).

The result is multiplied by the number of learners graduating in any one year to generate an annual estimate of the increased wages earned by graduates as a result of the qualifications which will be obtained at the Campus. To convert the wage benefits into a GVA value, this estimate is uplifted to incorporate non-wage employment costs (e.g. employer national insurance, pension contributions etc). This total labour cost is then converted into GVA (using a GVA: Compensation of Employees factor) to provide an estimate of the GVA which is attributable to the skills that will be developed at the Campus. The benefits are only assumed to persist over a two-year period.

Table 3.7: Productivity - skills uplift (NPV, £m)	
	UoG City Campus
Productivity - skills uplift	£145.000

### 3.7.2 Wage premium

The jobs created in the Forge Digital Innovation and Incubation Centre will be in sectors with above average productivity. The benefits of transferring labour into these more productive roles are captured in the wage premium benefit – the additional wages earned by those moving into jobs created through the LUF interventions, over and above what they would have earned in an ‘average’ job, based on the BEIS methodology.

Data on average wages within each sector is taken from the Annual Survey of Hours and Earnings and compared to the average across all sectors. As robust sector-based earnings data is not available at Gloucester level, national data is used and then adjusted to local level. The premium reflects the difference between sector wages and the all sector average at a UK level. The total premium is then calculated through the application of a GVA: employment cost ratio for each sector, derived from the Annual Business Survey (ABS).

Most of the jobs created at the Forge Innovation and Incubation Centre are expected to be in sectors with above-average earnings. Evidence from ONS also shows that these sectors (including information and communication, and professional, scientific and technical activities) have proved much more resilient during the COVID-19 pandemic, with over 95% of businesses in these sectors continuing to trade, compared to 77% of businesses overall. The wage premium of these net new jobs over a five-year period is shown in Table 3.8.

Table 3.8: Productivity – wage premium (NPV, £m)	
	Forge Digital Hub
Productivity – wage premium	£7.645

## 3.8 Heritage benefits

Benefits associated with the value from visitors being able to access the Grade I and II listed Fleece have been estimated. Allowance has been made for the wellbeing benefits enjoyed by attendees at this heritage asset, having regard to benchmark values derived from 2014 research cited in DCMS’ Culture and Heritage Capital Evidence Bank. This is based on having 40,000 visitors to the Fleece building per year (82 per day) over 30 years, of whom 62.8% experience a £28 heritage wellbeing benefit. Table 3.9 shows the estimated heritage wellbeing benefits associated with the restoration of the Fleece.

Table 3.9: Heritage benefits (NPV, £m)	
	Fleece Hotel
Heritage benefits	£15.247

### 3.9 Overall Benefits

The monetised net external impact for each LUF project, based on the benefits described above, is summarised in Table 3.10.

<b>Table 3.10: Monetised Benefits (NPV, £m)</b>				
	<b>Fleece Hotel</b>	<b>UoG City Campus</b>	<b>Forge Digital Hub</b>	<b>Overall</b>
LVU	£2.963	-	-	£2.963
Wider LVU	£4.318	£10.337	£0.861	£15.517
Labour supply benefits	£0.862	£8.248	£3.387	£12.497
Wellbeing of residents into employment	£0.025	£0.327	£0.117	£0.469
Productivity – skills uplift	-	£145.000	-	£145.000
Productivity – wage premium	-	-	£7.645	£7.645
Heritage benefits	£15.247	-	-	£15.247
<b>Total BCR Benefits</b>	<b>£23.415</b>	<b>£163.912</b>	<b>£12.010</b>	<b>£199.337</b>

## 4 Value for money assessment

### 4.1.1 Individual projects

Tables 4.1-4.3 present the benefits and costs for the LUF projects within an Appraisal Summary Table format. The BCRs have been calculated in line with MHCLG feedback and guidance, including the LUF Technical note.

<b>Table 4.1: BCR – Fleece Hotel (£m)</b>	
	<b>Fleece Hotel</b>
<b>Costs</b>	
Net marginal public sector costs (including OB)	£9.857
<b>Benefits</b>	
Land Value Uplift	£2.963
Wider Land Value Uplift	£4.318
Labour supply benefits	£0.862
Wellbeing of residents into employment	£0.025
Social value of heritage	£15.247
<b>Total BCR Benefits</b>	<b>£23.415</b>
<b>Total Benefits less private sector contribution</b>	<b>£23.415</b>
<b>VfM</b>	
<b>Total BCR</b>	<b>2.4:1</b>

<b>Table 4.2: BCR – UoG City Campus (£m)</b>	
	<b>UoG City Campus</b>
<b>Costs</b>	
Net marginal public sector costs (including OB)	£10.552
<b>Benefits</b>	
Wider Land Value Uplift	£10.337
Labour supply benefits	£8.248
Wellbeing of residents into employment	£0.327
Productivity – skills uplift	£145.000
<b>Total BCR Benefits</b>	<b>£163.912</b>
<b>Total Benefits less private sector contribution</b>	<b>£82.186</b>
<b>VfM</b>	
<b>Total BCR</b>	<b>7.8:1</b>

<b>Table 4.3: BCR – Forge Digital Hub (£m)</b>	
	<b>Forge Digital Hub</b>
<b>Costs</b>	
Net marginal public sector costs (including OB)	£5.068
<b>Benefits</b>	
Wider Land Value Uplift	£0.861
Labour supply benefits	£3.387
Wellbeing of residents into employment	£0.117
Productivity – wage premium	£7.645
<b>Total BCR Benefits</b>	<b>£12.010</b>
<b>Total Benefits less private sector contribution</b>	<b>£12.010</b>
<b>VfM</b>	
<b>Total BCR</b>	<b>2.4:1</b>

#### 4.1.2 Overall

The BCR of the overall package is estimated to be 4.5:1 (see Table 4.3).

<b>Table 4.3: Monetised BCR Benefits (£m)</b>	
	<b>Gloucester LUF</b>
<b>Costs</b>	
Net marginal public sector costs (including OB)	£25.477
<b>Benefits</b>	
LVU	£2.963
Wider LVU	£15.517
Labour supply benefits	£12.497
Wellbeing of residents into employment	£0.469
Productivity – skills uplift	£145.000
Productivity – wage premium	£7.645
Heritage benefits	£15.247
<b>Total BCR Benefits</b>	<b>£199.337</b>
<b>Total Benefits less private sector contribution</b>	<b>£117.612</b>
<b>VfM</b>	
<b>Total BCR</b>	<b>4.6:1</b>

The overall Gloucester LUF package provides high value for money when looking at the BCR. The DCLG Appraisal Guide classes a BCR greater than two as ‘high’ value for money and between one and two as ‘acceptable’.

Furthermore, as previously mentioned, there are expected to be very substantial additional, non-monetised benefits associated with the three investment projects which are not included within



this value for money assessment, but will make a significant, positive contribution to Gloucester and its residents (see Q5.5b in the application form).

## 5 Sensitivity analysis

### 5.1 Introduction

A sensitivity analysis has been undertaken to test the robustness of the value for money estimates and their susceptibility to change in any of the key conditions and assumptions underlying the programme. The sensitivity analysis has taken two forms:

- identification of switching values – this approach identifies the point at which the programme moves from offering ‘acceptable’ value to money (a BCR of over 1.0) to ‘poor’ value for money (a BCR of under 1.0), as defined in the DCLG Appraisal Guide. The switching values for both costs and benefits are identified; and
- testing of different scenarios – this approach considers how the conditions in which the programme will be delivered may change, and what the potential implications of these changes might be for the delivery of economic benefits and value for money. The scenarios also include some more ‘technical’ changes – for example, making a greater provision for Optimism Bias.

### 5.2 Switching values

This analysis calculates how much public sector costs or benefits would have to change in order for each project and the overall programme BCR to be less than 1.0 (i.e. the standard set by MHCLG guidance to be unacceptable, and the point at which the project would be considered to represent “poor” value for money in relation to the assessed public sector economic costs). The table below presents the results which indicate that the projects are more sensitive to changes in benefits than they are to changes in cost. The costs of the overall LUF programme could increase by 391% before it became ‘poor’ value for money, whilst the benefits could fall by 80%.

Table 5.1: Switching Values				
	Fleece Hotel	UoG City Campus	Forge Digital Hub	Gloucester LUF BCR
Percent change in net additional benefits	-58%	-87%	-58%	-78%
Percent change in net costs	138%	679%	137%	362%

### 5.3 Scenario testing

Alternative scenarios have also been modelled. Under each scenario, high value for money is provided (BCR at least 2.5:1).

<b>Table 5.2: Scenario testing</b>			
	Net public sector – incl OB	Total benefits	BCR
Central case	£25.477m	£117.612m	4.6
Scenario 1 – Lower students numbers and lower job creation than anticipated (80%)	£25.477m	£78.406m	3.1
Scenario 2 – Costs are 15% higher than anticipated	£29.358m	£117.612m	3.6
Scenario 3 – Standard upper bound optimism bias levels apply	£29.082m	£117.612m	3.8

## 5.4 Summary

The sensitivity testing demonstrates that Gloucester LUF package is robust enough to withstand changes in the external environment and still offer high value for money.



## COUNCIL

**MEETING** : Thursday, 28th January 2021

**PRESENT** : Cllrs. Haigh (Mayor), Lugg (Sheriff & Deputy Mayor), Cook, H. Norman, Gravells, Melvin, Morgan, Watkins, Hilton, Stephens, Tracey, Hanman, Lewis, Wilson, Bhaimia, Williams, D. Brown, Dee, Taylor, Field, Hansdot, Organ, Patel, Toleman, D. Norman, Pullen, Hampson, Brooker, Brazil, J. Brown, Coole, Derbyshire, Finnegan, Hyman, Ryall, Walford and Bowkett

### **Others in Attendance**

Managing Director  
Corporate Director – Partnerships  
Corporate Director – Transformation  
Head of Communities  
Head of Cultural Services  
Head of Place  
Head of Policy and Resources  
Solicitor – One Legal  
Policy and Governance Manager  
Democratic and Electoral Services Team Leader

**APOLOGIES** : None

### **48. MINUTES**

48.1 The minutes of the meetings held on 19 November 2020 and 15 December 2020 were confirmed as a true record.

### **49. DECLARATIONS OF INTEREST**

49.1 There were no declarations of interest.

### **50. CALL OVER**

50.1 The Mayor invited Members to indicate whether they wished to reserve agenda items 9, 10, 11, 12, 13, 14 and 15 for discussion. Members indicated that they wished to reserve items 9, 10, 12, 13 and 14 for discussion.

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- 50.2 Councillor Cook (Leader of the Council) moved and Councillor H Norman (Deputy Leader of the Council) seconded that the Local Council Tax Support Scheme and Programme of Meetings, May 2021-April 2023 be approved.
- 50.3 **RESOLVED that:-** the Local Council Tax Support Scheme be approved.
- 50.4 **RESOLVED that:** - the Programme of Meetings, May 2021-April 2023 be approved.

**51. PUBLIC QUESTION TIME (15 MINUTES)**

- 51.1 A Gloucester resident asked the following of Councillor Cook via telephone:

A recent Freedom of Information request detailed that the £650,000 City Protection Officer contract in 2018 went to a company called City Safe.

The contract funds were made up of a consortium from Gloucester's Business Improvement District, Gloucester City Council and Gloucestershire's Police and Crime Commissioner.

Could the council confirm if any other businesses were in the tendering for the contract and if so how many?

Could the council confirm the director of the company that won the tender?

Could the council confirm if they or any director of the company is a sitting councillor.

Would the City Council expect that a sitting councillor to declare an interest to the City Council with regards of their position within that company?

If they would expect a sitting councillor to declare an interest and if they didn't, what would the likely outcome be?

- 51.2 Councillor Cook thanked the resident for the question and noted that it contained misconceptions. There was no £650,000 city protection officer contract and no contract of that value with City Safe. It might have been that the resident was thinking of £650,000 in funding provided by Government to help Councils manage the second and third lockdowns, some - but not all - of which was spent on Covid Marshaling and which saw Gloucester, Cheltenham, Stroud and Tewkesbury Councils join together to work with City Safe in a well-regarded marshaling effort across all four areas.

City Safe was a Business Crime Reduction Partnership engaged in supporting the safety of the city's day and night time economy. The City Council was just one part of that partnership. More about City Safe could be found online – [gloucestercitysafe.co.uk](http://gloucestercitysafe.co.uk)

City Safe was engaged by Gloucester Business Improvement District – The BID – to manage a contract to provide suitably trained and qualified city protection officers. Gloucester BID were the lead partner in that project and

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the City Council, and the Police and Crime Commissioner were funding partners. The City Council did not carry out the procurement of that contract but three companies bid competitively to provide the Community Protection Officer team. It was also understood that City Safe received only £5,000 per year to manage that contract on behalf of the BID.

City Safe's board was broadly representative of its principal partner organisations; Gloucester BID, Gloucester retail and hospitality businesses and the City Council. The Council was represented on the Board by the Cabinet Member for Communities and Neighbourhoods, Councillor Jennie Watkins and had been since 2014.

Councillor Watkins' involvement in City Safe is no secret, was an entirely proper involvement, known to the Council and publicly stated on the City Safe website.

Both City Safe and the City Council have procedures to manage potential conflicts of interest and Councillor Cook had every confidence that Councillor Watkins knows and observes those procedures.

- 51.3 A question from a Gloucester resident to Councillor Cook was read of on their behalf:

Would the Cabinet Member for Environment give an undertaking that no tree they are responsible for will be chopped down without at least two weeks written notification, put up nearby? Trees were a particular source of confusion, with the county council taking/sharing responsibility in some areas, but this question applied to the city council's obligations.

- 51.4 Councillor Cook advised that trees were only removed for sound arboricultural reasons such as if they were dangerous, causing a statutory nuisance or they are patently the wrong tree in the wrong place. He further advised that the Council did not want to remove trees but on occasion had to act quickly. If, for example, a tree posed danger, waiting two weeks would prolong unnecessary risk. Councillor Cook invited the resident to report any inappropriate removals and noted that to provide non-recyclable signage on every tree which needed removing would require additional expense and resource.

**52. PETITIONS AND DEPUTATIONS (15 MINUTES)**

- 52.1 There were no petitions or deputations.

**53. ANNOUNCEMENTS**

**The Mayor**

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- 53.1 The Mayor informed Members that she had attended a short ceremony to lower the flag at North Warehouse to commemorate Holocaust Memorial Day and had attended the national, virtual ceremony the previous day.
- 53.2 The Mayor announced that a service to mark the Battle Of Imjin was scheduled for 25 April 2021. A provisional date for the Annual Civic Service at the Cathedral had been set for 22 May 2021.
- 53.3 The Mayor read a short statement from the Mayor of Trier, one of Gloucester's twin cities, expressing their belief in the partnership between the two cities and best wishes for emerging from the Covid-19 pandemic.

**Members of the Cabinet**

- 53.4 The Cabinet member for Planning and Housing Strategy, Councillor Gravells, announced that the Council was recruiting for a Planning Development Manager. The closing date for applications was 19 February and details were on the Council's website.

**54. MEMBERS' QUESTION TIME**

- 54.1 Councillor Hilton noted that £100k had been allocated to produce the Gloucester Window at the bus station to tell the story of Gloucester and asked Councillor Cook what progress had been made on design and work. Councillor Cook advised that Councillor Hilton had been invited to join the discussion on what images could be on the window panels. He further advised that a list of possibilities had been submitted and proposals were forthcoming. Councillor Cook stated, in response to a supplementary question, that he was confident the project would be within budget.
- 54.2 Councillor Hilton asked Councillor Hannah Norman what was being to done to prepare for the eventual return of 'in person' Council and Committee meetings given the enabling legislation for virtual meetings was due to expire in May. Councillor Norman advised that there was currently no scheduled date for Parliament to amend the legislation and that returning to the Chamber was being considered. She further advised that, depending on capacity assessments of available room, others venues were being examined for their suitability. Councillor Norman advised that, while the Council had received some additional funds, providing for webcasting meetings was not currently in the draft budget but that amendments would be considered as was the case each year.
- 54.3 Councillor Stephens noted that the previous year's budget provided for a £100k Neighbourhood Environmental Improvement Fund through a Labour Group amendment. He asked Councillor Cook for an update on the fund by way of how many bids had been received and how much had been allocated. Councillor Cook advised that he was aware of one bid to improve the Rose Garden on London Road and that he would write with further details. Councillor Stephens further asked Councillor Cook would commit to any unspent funds being carried over into the next financial year. Councillor

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Cook stated that while such matters required discussion, he considered it likely that funds would be carried over.

- 54.4 Councillor Stephens stated that he had raised concerns over flytipping, and particularly on private land, in July. He asked Councillor Cook how many community protection notices had been issued. Councillor Cook advised that he was himself aware of one. He further advised that he had had meetings with officers regarding making improvements and for additional enforcement. He also provided assurance that using CCTV and enforcement notices would be considered in order to act as a deterrent.
- 54.5 Councillor Lugg asked what Covid safety measures would be put in place for count assistants working at the upcoming elections in May. Councillor H. Norman advised that early planning for all aspects of the elections had been taking place. In the context of counting votes, she advised that this would be done in a significantly larger space than usual and over a number of days. In relation to polling stations, Councillor Norman advised that staff would be provided with PPE, that there would be screens between staff and voters and that capacity would be limited in order to maintain physical distancing.
- 54.6 Councillor Coole asked Councillor Watkins if she agreed that the newly constituted Commission on Racial Equality was a good example of cross-party work to address inequality in society. Councillor Watkins agreed and thanked Members for their constructive collaborative work in getting the Commission off the ground. Councillor Coole then asked if it was therefore inappropriate for the Secretary of State for Housing, Communities and Local Government to refer to such initiatives as the work of 'town hall militants' and 'the woke brigade.' Councillor Watkins reiterated her support for the work being done and stated that no one agrees with everybody on everything.
- 54.7 Councillor Field informed Members that Milton Avenue in his ward had recently seen significantly flooding and asked what plans were in place to prevent it happening in the future. Councillor Cook that he would be working with Members and Officers to draw up plans.
- 54.8 Councillor Hansdot advised that a resident had informed him that an antiques shop in the City Centre had been displaying Nazi regalia and asked how it could be allowed that it be displayed in open view. Councillor Watkins stated that she would be happy to take this up and that she would not want such items to be displayed and cause upset in the community.
- 54.9 In respect of the Debenhams building, Councillor D. Brown asked for assurances that, following the company's collapse, the building would not become dilapidated and work beset by delay. Councillor Cook provided such assurance.
- 54.10 Councillor Pullen asked what plans there were to provide Covid vaccinations to homeless people. Councillor Watkins advised that P3 was taking the lead on assisting vulnerable people to take up the vaccine and that it was high up the agenda. Assurance was provided that the top four categories would be vaccinated by mid-February.



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- 54.11 Councillor Wilson asked what, when it was appropriate to start reopening cinemas, plans were being made to reopen the cinema at the Guildhall. Councillor Morgan advised that the Guildhall cinema had opened between lockdowns with Covid specific measures and that the Team was looking ahead to a viable programme. He further advised that the cinema had been refurbished during lockdown and was a good value offer.
- 54.12 Councillor Hampson asked Councillor Watkins whether consideration had been given to the vaccination of migrants who lacked a legal status. Councillor Watkins advised that services were still being provided to those without recourse to public funds but that, given the administering of the Covid vaccines was not a City Council matter, the question might be better directed elsewhere.
- 54.13 Councillor Field noted that the Chief Executive of the Culture Trust would be standing down and queried why this was the case. Councillor Morgan advised that he was not aware that the reason was any other than a personal one and thanked the outgoing Chief Executive for their hard work and dedication over the last four years.

**55. CLIMATE CHANGE STRATEGY**

55.1 Councillor Cook moved and Councillor Hannah Norman seconded the motion. Councillor Cook outlined that there would be further work conducted such as audits of building and examining changes to processes before presenting concrete proposals. This would seek to formulate a methodology to achieve a baseline for carbon emissions. He advised that the Environment and Ecology Forum had been involved and he was confident that the report provided for a good way forward to achieve carbon neutrality by 2030.

55.2 Councillor Stephens moved and Councillor Pullen seconded the following amendment:

Council is asked to **RESOLVE**

- (1) That following the implementation of 2.1 (1) and (2) above, the actions contained in the CLS report (Appendix 1) are adopted as a plan for achieving the goal of net zero carbon emissions by the city council by 2030.
- (2) The steps needed to move the whole City towards carbon neutrality by 2050 are noted as per the appendix report, and that officers continue to develop this city-wide action plan.
- (3) **That a detailed action plan based on the CLS report setting out milestones, timescale, resource implications and financing arrangements be prepared and submitted to the Cabinet at the earliest possible opportunity.**

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- 55.3 Councillor Stephens clarified that the action plan sought was with regard to carbon neutrality for the Council rather than the City as a whole. He shared his view that the report was a major step forward but that further work was required. This would include what actions would be taken at what point how the measures would be financed. Councillor Stephens also stated that a framework within which the administration could be held accountable was necessary. He praised the detail in the report but suggested it may not be particularly accessible to the public. He stated that such a plan needed to be communicable to the public. Councillor Pullen's view was that an action plan needed to detail what outcomes were being sought.
- 55.4 Councillor Cook and Councillor Hannah Norman accepted to the amendment which because the substantive motion.
- 55.5 In debating the motion, Cabinet Member for Economic Growth, Councillor Melvin commented that it was an outstanding piece of work and commended the work of the officers involved. She noted that numerous matters were considered including the operation of the indoor market and the carbon emissions that are emitted from it.
- 55.6 Councillor Wilson noted the remarkable detail in the report and that it illustrated the scale of the challenge. He suggested that areas needed to create their own electricity which was not a small endeavour and that cross-party groupings needed to be listened to. Councillor Wilson stated that the report provided a good starting point to set an example but that, as the Council was responsible for but 1% of carbon emissions in the City, the scale of the task would require significant investment.
- 55.7 Councillor Stephens noted that Gloucestershire Airport had been, and in his view rightly, excluded from the target but stated that, as a 50% shareholder, there was an obligation to ensure the airport was working to neutrality. He further noted that the airport now had a new Managing Director and that this presented an opportunity to be briefed by her on business plans and what steps were being taken to achieve carbon neutrality.
- 55.8 Councillor Pullen stated that he believed that Member should be made aware of actions that were being undertaken.
- 55.9 Councillor Hilton stated that he was keen to vote in favour of the motion and that the report was an excellent piece of work. He expressed caution regarding some suggestions on the disposal of the deceased as this would ultimately be a family choice.
- 55.10 Councillor Cook thanked officers and the CLS consultancy for their work and encouraged Members to read the Airport Green Plan which outlined that, for example, a company was operating on site to develop electric flying.
- 55.11 **RESOLVED :-**

- (1) That following the implementation of 2.1 (1) and (2) above, the actions contained in the CLS report (Appendix 1) are adopted as a

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plan for achieving the goal of net zero carbon emissions by the city council by 2030.

- (2) The steps needed to move the whole City towards carbon neutrality by 2050 are noted as per the appendix report, and that officers continue to develop this city-wide action plan.
- (3) That a detailed action plan based on the CLS report setting out milestones, timescale, resource implications and financing arrangements be prepared and submitted to the Cabinet at the earliest possible opportunity.

**56. KINGS QUARTER DELIVERY PROPOSAL**

- 56.1 Councillor Cook moved and Councillor Hannah Norman seconded the motion. Councillor Cook outlined that the report related to previous discussions and that the appointment of a delivery partner was key. The scheme built on planning permission as it stood and that there was a proposed increased of office space at plot. Councillor Cook further stated that the report included detailed financial viability that had been received as well as plans to assist with cash flow.
- 56.2 Councillor Stephens shared his view that this was an exciting scheme which would breathe new life into the city centre and was a clear message to investors that it had broad support. He also thanked Councillor Cook for his continued consultation and communication with all political groups. Councillor Stephens believed that risks associated with Covid-19 had been mitigated by, for example, a good mix of use on the site.
- 56.3 Councillor Hilton stated that he was pleased the Council would be signing the final contractual agreement and expressed his support for the developing scheme.
- 56.4 Councillor Taylor stated that he had seen much detail through the Planning Committee and that he fully supported the motion.
- 56.5 Councillor Hannah Norman thanked Members for the cross-party support that had been shown. She advised that the developers were already on site and developing this ambitious project. Councillor Norman thanked officers particularly for their efforts in mitigating risk.
- 56.6 **RESOLVED:-**
  - 1 That The Head of Place in consultation with the Leader of the Council and Cabinet Member for Environment, the Head of Policy and Resources and the Council Solicitor is authorised to enter into a Development Agreement with our partner to implement the construction and development of Kings Quarter The Forum in its entirety at an estimated total cost to the Council of £107m, to create a

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high quality mixed use hub, packed with community features aimed at attracting new companies to Gloucester, based on the latest proposal outlined in this report.

- 2 Authority be delegated to the Head of Place in consultation with the Council Solicitor to take all necessary steps and undertake necessary procedures, including entering into any legal arrangements or other documentation as may be required to implement or facilitate the Kings Quarter The Forum Redevelopment Scheme.
- 3 That the estimated total cost be incorporated into the council's Capital Programme and Treasury Management Strategy.

**57. LOCAL COUNCIL TAX SUPPORT SCHEME**

57.1 Councillor Cook moved and Councillor Hannah Norman seconded the motion.

57.2 **RESOLVED that:-**

- (1) the current Local Council Tax Support Scheme, as the approved scheme for Gloucester City in 2020/21, be adopted for 2021/22
- (2) The scheme approved at 2.1 (1) above be updated to align with any legislation changes in January 2021 and to be implemented from 01 April 2021.
- (3) Any urgent amendments to the scheme at 2.1 (1) above, in the event of a national emergency and authorised by the government, be adopted and implemented immediately.

**58. LICENSING ACT 2003 - REVISED LICENSING POLICY STATEMENT**

58.1 Councillor Walford moved and Councillor Brooker seconded the motion. Councillor Walford outlined that it was a statutory obligation to pass the revised licensing policy statement and that there had been two responses to the consultation. In response to a query from Councillor Tracey, Councillor Walford confirmed that there were no elements that would have to be redrafted in light of Covid-19.

58.2 **RESOLVED:-** To adopt the Licensing Policy Statement 2021-2026 – Licensing Act 2003 as set out in Appendix 1.

**59. CONSTITUTIONAL CHANGES**

59.1 Councillor Taylor moved and Councillor Lewis seconded the motion. Councillor Taylor outlined the changes and explained that, in the context of the revised Planning and Development Code of Practice defunct elements had been removed and an additional procedure for site visits had been included.

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59.2 Councillor Lugg moved and Councillor Coole seconded an amendment to retain, at PART 1 – D, the following paragraph:

*There will, however, be times when it only becomes apparent during the meeting that there is a declarable interest. Then the interest must be declared as soon as the Member becomes aware of it, even if it is during discussions on that particular item. The duty is on each Member to declare interests and these will be noted in the Committee minutes.*

59.3 The amendment was accepted.

59.4 Councillor Coole stated that they were pleased to see that references to Trusts of which the Council was a Trustee were to be included following the recent meeting of the Saintbridge Trust which had met for the first since its foundation in the late 19<sup>th</sup> century.

59.5 **RESOLVED (subject to the amendment as above):-**

- (1) That, having considered the recommendations of the General Purposes Committee, the proposed changes to the Constitution be adopted and a list of all Trusts held by the Council be appended to the Constitution.
- (2) To authorise the Head of Paid Service to amend the list of Trusts, to add, delete or amend the list as required from time to time to maintain its accuracy.

**60. REVIEW OF APPOINTMENTS TO AND REPRESENTATION ON OUTSIDE BODIES**

60.1 Councillor Wilson moved and Councillor Taylor seconded the motion. Councillor Wilson outlined the work of the Audit and Governance Committee in interviewing organisations and Council appointees. He informed Members that there was a lack of feedback to the Council on either the work of the organisation or the Council appointee(s). He outlined the three recommendations in the report and submitted that they would be useful to Councillors to improve their understanding of their responsibilities and to report on their work.

60.2 Councillor Gravells moved and Councillor Colle seconded the following amendment:

Council is asked to RESOLVE to adopt the draft Guidance and reporting mechanisms and endorse the rationalisation of the range of existing appointments and to recommend to Council that the changes are approved and incorporated into the Constitution, subject to:

- 1) The Llanthony Secunda Trust ~~and the Gloucester United Schools Charity~~ being moved from category (c) above (where

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direct appointments cease) to category (b) (where options are explored further).

**(2) Gloucester United Schools Charity being moved to Group A and is one of the organisations to which the Council arrangements for appointments to outside bodies remains unchanged.**

**(3) Overview and Scrutiny Committee receiving the reports referred to in paragraph 3.12.2 instead of full Council.**

60.3 The amendment was accepted

60.4 Councillor Coole moved and Councillor Lugg seconded the following amendment:

**That Council reject the recommendations of the Audit and Governance committee and keep the original proposal (3.12.2) that Reports to Council are incorporated into the agenda at full council and triggered by appointees.**

60.5 The amendment was accepted.

60.6 The motion was put to the vote and was carried.

60.7 **RESOLVED:-**

To adopt the draft Guidance and reporting mechanisms and endorse the rationalisation of the range of existing appointments and to recommend to Council that the changes are approved and incorporated into the Constitution, subject to:

1) The Llanthony Secunda Trust being moved from category (c) above (where direct appointments cease) to category (b) (where options are explored further).

(2) Gloucester United Schools Charity being moved to Group A and is one of the organisations to which the Council arrangements for appointments to outside bodies remains unchanged.

**61. PROGRAMME OF MEETINGS, MAY 2021-APRIL 2023**

61.1 Councillor Cook moved and Councillor Hannah Norman seconded the motion.

61.2 **RESOLVED that:-**

**COUNCIL**  
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- (1) Subject to any further changes, the two-year programme of ordinary meetings of Council and other meetings for the period of May 2021 to April 2023 be approved.
- (2) Subject to the May 2021 elections going ahead as scheduled, the proposed changes to the current year's programme of meetings be approved.
- (3) In the event that the May 2021 elections are postponed, authority be delegated to the Managing Director, in consultation with Group Leaders, to revise the programme of meetings to reflect the new date and associated Member induction requirements.

**62. NOTICES OF MOTION**

62.1 Councillor Brazil moved and Councillor Ryall seconded the following motion:

This council notes the increase in cycling as a mode of transport since the beginning of the Covid-19 pandemic. It agrees we should encourage improvements in facilities for cyclists in Gloucester and throughout Gloucestershire.

This council notes that many cyclists might also want to carry their bicycle on public transport, especially on buses.

This council calls on the county council to investigate the provision of carrying bikes on buses in the county and request they work with the bus companies looks at how this may be achieved.

This council agrees that we need to work towards encouraging and sustaining climate friendly transport.

62.2 The motion was put to the vote and was carried.

62.3 **RESOLVED that:-**

This council notes the increase in cycling as a mode of transport since the beginning of the Covid-19 pandemic. It agrees we should encourage improvements in facilities for cyclists in Gloucester and throughout Gloucestershire.

This council notes that many cyclists might also want to carry their bicycle on public transport, especially on buses.

This council calls on the county council to investigate the provision of carrying bikes on buses in the county and request they work with the bus companies looks at how this may be achieved.

This council agrees that we need to work towards encouraging and sustaining climate friendly transport

**COUNCIL**  
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- 62.4 Councillor Hilton moved and Councillor Wilson seconded the following motion:

This council notes that on 26th December the Ministry of Housing, Communities and Local Government awarded £830 million to 72 areas in England to help transform their high streets.

Despite Gloucester City Council putting in a 17-page bid, this council records its disappointment that the city centre didn't get a penny from MHCLG.

Others city and town centres nearby, were successful. Swindon got £25m and Kidderminster £20.5m, with provisional funding awarded of £10m to Leamington Spa, £10m to Yeovil and £14m to Taunton.

This council calls on the leader to provide members with a written report of what went wrong. Highlighting the strengths and weaknesses of the submission and what could have been done better.

- 62.5 The motion was put to the vote and was lost.

- 62.6 Councillor Pullen moved and Councillor Coole seconded the following motion:

Council notes that elections to Gloucester City Council, Gloucestershire County Council and for Gloucestershire Police and Crime Commissioner are scheduled to take place on Thursday 6th May 2021.

Council further recognises that the Covid-19 pandemic is likely to deter people from turning up in person to exercise their vote at polling stations.

Council believes it is essential that people have the opportunity to vote and should make every effort to encourage electors to exercise their democratic right.

Council resolves:

- To organise a comprehensive campaign of voter registration to ensure as many people as possible are registered to vote.
- To inform people of their right to vote by post and encourage people to sign up for postal votes.
- To further remind people that if they are unable to vote in person or are absent for the election that they can appoint a proxy to vote on their behalf.

- 62.7 The motion was put the vote and was carried.

- 62.8 **RESOLVED that:** - Council notes that elections to Gloucester City Council, Gloucestershire County Council and for Gloucestershire Police and Crime Commissioner are scheduled to take place on Thursday 6th May 2021.



**COUNCIL**  
**28.01.21**

Council further recognises that the Covid-19 pandemic is likely to deter people from turning up in person to exercise their vote at polling stations.

Council believes it is essential that people have the opportunity to vote and should make every effort to encourage electors to exercise their democratic right.

Council resolves:

- To organise a comprehensive campaign of voter registration to ensure as many people as possible are registered to vote.
- To inform people of their right to vote by post and encourage people to sign up for postal votes.
- To further remind people that if they are unable to vote in person or are absent for the election that they can appoint a proxy to vote on their behalf.

62.9 Councillor Stephens moved and Councillor Pullen seconded the following motion:

“That in March 2020 in response to the coronavirus pandemic Universal Credit was uplifted by £20.00 per week to alleviate poverty amongst the poorest households. The uplift is worth £1,040 a year for all claimants.

The ‘temporary’ uplift is due to end on 1<sup>st</sup> April 2021.

In its recent report: “Universal Credit the wait for a first payment” the House of Commons Work and Pensions Committee concluded that the DWP was “right” to increase Universal Credit and that it should “commit to maintaining the increases in support that have been provided during the pandemic”.

A coalition of over 50 national charities has written an open letter to the Chancellor demanding that the uplift is made permanent.

Research by the Joseph Rowntree Foundation has calculated that 16 million households would be affected by the ending of the uplift, that 700,000 more people will fall into poverty, including 300,000 children.

In Gloucester official government figures show that in August 2020 there were 9,620 claimants in Gloucester. This is likely to have increased significantly during the 2<sup>nd</sup> national lock down.

In Gloucester thousands of our poorest households face significant cuts in their income and living standards.

Council resolves:

**COUNCIL**  
**28.01.21**

- To support calls by charities, campaigning organisations and the Work and Pensions Committee of the House of Commons to make the £20.00 uplift in Universal Credit permanent.
- To lobby the government to give effect to the above.
- To write to the City MP to lobby the government and urging him to support calls for the ‘temporary’ uplift in Universal Credit to be made permanent.”

62.10 The motion was put to the vote and was carried.

**62.11 RESOLVED:-**

That in March 2020 in response to the coronavirus pandemic Universal Credit was uplifted by £20.00 per week to alleviate poverty amongst the poorest households. The uplift is worth £1,040 a year for all claimants.

The ‘temporary’ uplift is due to end on 1<sup>st</sup> April 2021.

In its recent report: “Universal Credit the wait for a first payment” the House of Commons Work and Pensions Committee concluded that the DWP was “right” to increase Universal Credit and that it should “commit to maintaining the increases in support that have been provided during the pandemic”.

A coalition of over 50 national charities has written an open letter to the Chancellor demanding that the uplift is made permanent.

Research by the Joseph Rowntree Foundation has calculated that 16 million households would be affected by the ending of the uplift, that 700,000 more people will fall into poverty, including 300,000 children.

In Gloucester official government figures show that in August 2020 there were 9,620 claimants in Gloucester. This is likely to have increased significantly during the 2<sup>nd</sup> national lock down.

In Gloucester thousands of our poorest households face significant cuts in their income and living standards.

Council resolves:

- To support calls by charities, campaigning organisations and the Work and Pensions Committee of the House of Commons to make the £20.00 uplift in Universal Credit permanent.
- To lobby the government to give effect to the above.
- To write to the City MP to lobby the government and urging him to support calls for the ‘temporary’ uplift in Universal Credit to be made permanent.”

**COUNCIL  
28.01.21**

**63. WRITTEN QUESTIONS TO CABINET MEMBERS**

- 63.1 In respect of question 11, Councillor Hilton asked the Cabinet Member for Economic Growth and Recovery, Councillor Melvin, what was the preferred option for the Debenhams building following the regeneration of the area. Councillor Melvin advised that it would not be appropriate to set this out at present so as to not be prejudicial but assured Members that she would be maintaining a keen interest in the site.

**Time of commencement: 6.30 pm hours**

**Time of conclusion: 9.50 pm hours**

**Chair**

**Project:** Gloucester Levelling Up Fund

**Risk Register owner:** GCC

**Contact details:**

**Date:** 15 June 2021

**Notes:**



**Gloucester Levelling Up Fund programme - Risk Register**

Risk number	Risk type	Risk Name	Risk description	Risk status	Risk owner		Timescale	Probability rating	Impact rating	Overall score	Overall rating	Mitigation		Probability rating	Impact rating	Overall score	Overall rating
					SRO	Risk manager						Underway	Planned				
1	Procurement	Financial stability of delivery/Supply Chain partners	The risk that delivery/supply chain partners cease trading or go into receivership	Active	GCC	IE	S/M/L	3. Medium	4. High	12	Medium	Due diligence undertaken by JLL of Dowdeswell Group and Reef Group proposals	Financial stability will be tested through GCC's existing procurement processes	2. Low	4. High	8	Medium
2	Procurement	Contractual agreements	Risk that procurement procedures are not followed or that contractual agreement cannot be reached	Active	GCC	IE	S/M/L	2. Low	4. High	8	Medium	The Dowdeswell Group has been selected as the preferred developer for the Fleece following a procurement process and the Reef Group as partner in relation to the Forge	All procurement will continue to follow the correct procedures set out in the Council's Procurement Rules, Financial Regulations and relevant legislation.	2. Low	3. Medium	6	Medium
3	Procurement	Construction risk	The risk that suitable development partners / contractors cannot be secured or are involved only at a late stage in the design process, resulting in projects not being completed on time, to budget or to specification.	Active	GCC	PTs	M/L	2. Low	4. High	8	Medium	Development partners have already been selected for the Fleece and Forge. The University is progressing the Debenhams project to accommodate its forecast growth	There will be timely selection and review of contractors for each of the individual component of projects included within the bid	2. Low	3. Medium	6	Medium
4	Procurement	Governance	The risk of not agreeing robust governance structures and accountability during the delivery stage	Active	GCC	IE	S/M/L	2. Low	4. High	8	Medium	LUF will be overseen by GCC who have robust governance structures in place and a track record of successful project delivery in the city.	Continued engagement with key organisations/stakeholders and individuals and regular review of governance arrangements	1. Very low	3. Medium	3	Low
5	Project specific	Design complexity	The risk of projects not conforming to the specifications, Design Code and parameter plans required by Gloucester City Council (GCC) - which could impact on quality, cost and programme	Active	GCC	PTs	S/M/L	3. Medium	4. High	12	Medium	For the Forge project, planning permission has been secured. Close liaison has been maintained with heritage specialists in GCC and Historic England	Continued liaison and engagement will continue to take place to minimise this risk.	2. Low	4. High	8	Medium
6	Project specific	Environmental impact	There is a risk of increased environmental impacts through changes to uses within the town centre (eg additional students in City Centre)	Active	GCC	PTs	S/M/L	2. Low	3. Medium	6	Medium	Assessment of the environmental impact of projects is being carried out throughout the design and planning stages which seek to minimise and manage these impacts.	Environmental impacts of all projects will be monitored and assessed throughout	2. Low	2. Low	4	Low
7	Project specific	Capital costs	The risk that the costs of delivering the interventions are greater than currently identified in the development appraisal	Active	GCC	PTs	M/L	3. Medium	4. High	12	Medium	Cost estimates have been prepared for each intervention.	Continue to refine costs as projects are developed and brought forward to implementation. Agree contractual arrangements that limit public sector exposure to cost risk	2. Low	4. High	8	Medium
8	Project specific	Demand risk	The risk of not having a sufficient understanding of demand in the City Centre from residents/tourists/students and commercial tenants. The success of the scheme will be contingent on the state of the leisure, business and education industries within Gloucester.	Active	GCC	PTs	S/M/L	4. High	4. High	16	High	Demand assessments/analyses have been undertaken to assess the level of demand for the projects. GCC have worked in collaboration with local partners, developers and stakeholders to select projects based on local evidence and requirements. Specialist advice has been secured from JLL	GCC has good knowledge of local market trends (including through development of the City Plan) and will continue to actively monitor market trends.	3. Medium	4. High	12	Medium
9	Project specific	Partner engagement	The risk of not demonstrating effective engagement with all stakeholder groups and relevant affected parties, resulting in delayed approvals and potential planning objections	Active	GCC	IE	M/L	2. Low	3. Medium	6	Medium	To date, GCC has worked closely with existing occupiers and partners to develop the bid and has yet to receive any local feedback opposed to the proposals.	GCC will continue to engage with partners and stakeholders, including through the established governance arrangements.	1. Very low	2. Low	2	Low
10	Project specific	LUF support	Risk that LUF funding is not approved by central government.	Active	GCC	IE	M/L	3. Medium	4. High	12	Medium	Development of a robust package bid.	Regular engagement with MHCLG	2. Low	4. High	8	Medium
11	Project specific	Public and private sector match funding	Risk that additional public and private sector funding is not secured or delayed including Heritagte Lottery Fund	Active	GCC	IE	M/L	3. Medium	4. High	12	Medium	Continued engagement with the University of Gloucestershire, Dowdeswell Group and the Heritage Lottery Fund	To continue to liaise closely with other sources of match funding and gain contractual agreements from partners.	2. Low	4. High	8	Medium
12	Project Specific	Credit risk	Risk that third party landowners and private sector partners do not have access to sufficient funds	Active	GCC	PTs	M/L	2. Low	4. High	8	Medium	To continue to liaise closely with co-funders and developers.	Finalise due diligence and contractual arrangements	2. Low	4. High	8	Medium
13	Project Specific	Property ownership	There is a risk associated with the acquisition of properties from third party ownership, which could significantly impact costs, timescales and deliverability	Active	GCC	PTs	M/L	1. Very low	1. Very low	1	Low	GCC already own the Fleece and Forge site. Debenhams building is already owned by the University of Gloucestershire.		1. Very low	1. Very low	1	Low
14	Project Specific	Partnership	The risk of the failure to develop and maintain relationships with potentially multiple delivery partners and other key stakeholders	Active	GCC	IE	M/L	2. Low	3. Medium	6	Medium	Stakeholder consultation has involved a range of relevant local partners, all of whom have expressed support for the proposed bid.	Engagement with delivery partners and stakeholders will continue.	1. Very low	3. Medium	3	Low
15	Project Specific	Reputation	Risk of delayed approvals and impact on the programme, cost increases or reputational damage to GCC and development partners	Active	GCC	PTs	M/L	3. Medium	3. Medium	9	Medium	Work underway to identify key areas where delays may arise and seek to proactively manage these, including through the use of external resources	To closely monitor performance and ensure high levels of effective communication with partners, stakeholders and contractors.	2. Low	3. Medium	6	Medium

16	Project Specific	Community impacts	The risk that local residents / businesses object to proposals	Active	GCC	IE	M/L	2. Low	3. Medium	6	Medium	Views have been captured on the Gloucester city centre plans, a number of engagement exercises have occurred specific to the projects included within the bid.	To continue in the future to engage with local residents and businesses through additional consultations and meetings	1. Very low	3. Medium	3	Low
17	Project specific	Property/site characteristics	Risk that property characteristics delay or constrain proposed re-development plans, which is of particular relevance to the Grade I/II listed Fleece Hotel	Active	GCC	PTs	M/L	4. High	5. Very High	20	High	Work underway on each project with architects to identify site conditions, spatial arrangements and any potential constraints, with particular focus on issue of heritage maintenance at the Fleece.	More detailed work will be undertaken as part of project development process	3. Medium	4. High	12	Medium
18	Project specific	Income risk	The risk that income generating interventions have lower occupancy rates/income levels than budgeted, for example rental rates at the Forge might be lower than expected.	Active	GCC	PTs	M/L	3. Medium	4. High	12	Medium	Various sensitivities tested in financial modelling. Analysis of commercial market conditions informed project and programme design and the shortlisting of projects.	Rigorous monitoring which scrutinises forecast projects and challenges material movements against budgeted targets. Additional marketing analyses and promotion as required	3. Medium	4. High	12	Medium
19	Client specific	Planning approval	The risk that LUF projects fail to secure the necessary planning consents or that constraints are imposed that result in changes to the scope of the projects	Active	GCC	PTs	S/M/L	3. Medium	4. High	12	Medium	The Forge already has full planning consent and the former Dedenhams will not require change of use consent. Listed Building and planning consent will be required for the Fleece and extensive discussions have been undertaken.	Continued engagement with heritage specialist and local planners in relation to the Fleece	2. Low	3. Medium	6	Medium
20	Client specific	Clawback	Risk of external funding from LUF being clawed back, presenting a financial risk to GCC	Active	GCC	IE	S/M/L	2. Low	4. High	8	Medium		Regular review with funders being made aware of any potential slippage in the delivery of contractual outputs and outcomes or other funding requirements, informed by the City Council's monitoring systems.	2. Low	3. Medium	6	Medium
21	Environment	Political	The risk that the scheme lacks support from key political stakeholders at a local and national level.	Active	GCC	IE	S/M/L	2. Low	2. Low	4	Low	The bid is supported by the local MP for Gloucester and also has support from all parties on Gloucester City Council	To continue in the future to engage with local politicians and political groups	1. Very low	2. Low	2	Low
22	Environment	Economic	The risk that changes in external economic influences, such as a prolonged negative effect from Covid-19, occur that result in a failure to achieve the programme objectives.	Active	GCC	PTs	S/M/L	4. High	4. High	16	High	GCC are monitoring economic conditions and will adjust the scheme focus/timing if necessary. Projects have been designed in the current economic context to respond to Gloucester's specific needs.	GCC will continue to monitor economic conditions at the local and national levels and will adjust the programme's focus/timing if necessary. Programme expenditure will begin in 2021/22 to support the city's economic recovery.	4. High	4. High	16	High
23	Environment	Heritage	The risk that the city centre's heritage (particularly Cathedral Quarter) is impacted by the proposed city centre changes of use.	Active	GCC	IE	S/M/L	3. Medium	3. Medium	9	Medium	Projects have been carefully designed to avoid impacting the city's historic character. The Fleece project has been designed to bring a Grade I/II Listed Building back in to use for a boutique hotel which is much needed	To monitor the Fleece complex project and, in consultation with delivery partners, ensure it does not impact the building/area's character and adjust the project design/delivery if necessary.	2. Low	3. Medium	6	Medium
24	Environment	Legislative	The risk of legislative / regulatory issues resulting in delays to projects or enforced changes to the scope of the proposed programme. For example, there might be changes to business rates retention regulation.	Active	GCC	PTs	M/L	2. Low	3. Medium	6	Medium	Monitor proposed and actual changes / legislative requirements	To continue monitoring proposed and actual changes / legislative requirements in the future.	1. Very low	3. Medium	3	Low

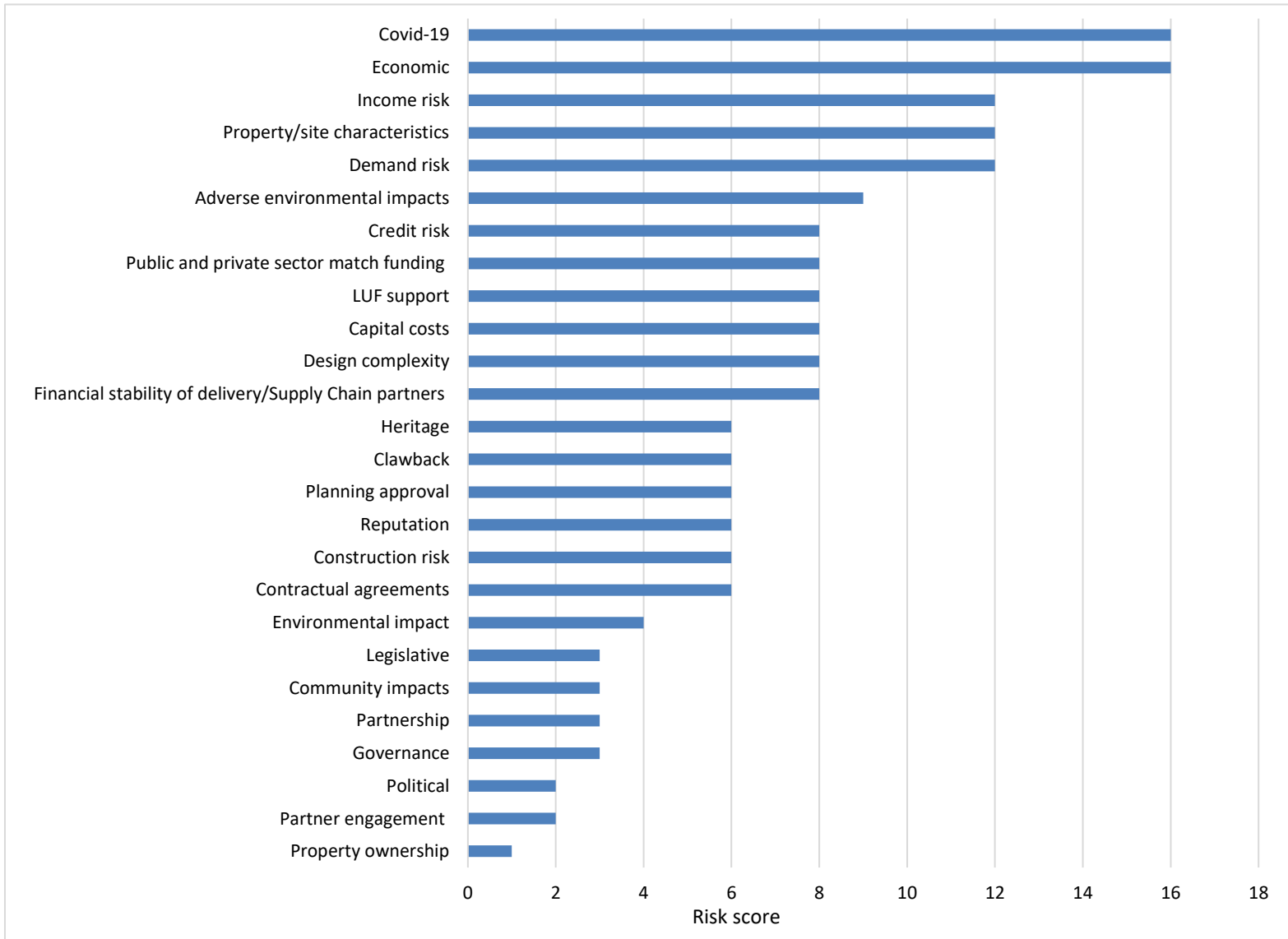
**AMION Consulting**

Impact Rating						
Financial	Life & Limb	Customer Service	Growth	Regulatory Compliance	Reputation	Management Time
Negligible impact on budgeted turnover – less than 5%	No injury to tenants, staff and / or general public	Negligible impact on customer service	Negligible impact on market share / growth plans	Negligible impact that is internalised	One off and temporary reputational damage	Insignificant event where the impact can be easily absorbed
Minor impact on budgeted turnover – greater than 5% but less than 10%	Minor injury (e.g. cuts & bruises) to tenants, staff and / or general public	Minor impact on customer service	Minor impact on market share / deviation from growth plans	Minor impact that is internalised	Negative multiple day local media coverage resulting in short term damage to reputation	Minor event where the impact can be readily absorbed but some management effort is required
Moderate impact on budgeted turnover – greater than 10% but less than 25%	Temporary injury (e.g. broken limb) to tenants, staff and / or general public	Short term loss of service / service disruption	Moderate impact on market share / deviation from growth plans	Moderate breach leading to possible reprimand or sanctions	Negative one day national media coverage resulting in short term damage to reputation	Event where the impact cannot be managed under normal operating conditions requiring moderate level of resource or management input
Significant impact on budgeted turnover – greater than 25% but less than 50%	Permanent injury (e.g. loss of limb, senses) to tenants, staff and / or general public	Significant, medium term loss of service	Significant impact on market share / deviation from growth plans	Significant breach leading to reprimand or sanctions	Negative multiple day national media coverage resulting in short to medium term damage to reputation	Major event where the impact requires a high level of management effort and resources to rectify
Imminent cash flow problems; sustained, severe loss of turnover	Fatality to tenants, staff and / or general public	Severe, prolonged loss of service	Sustained, severe loss of market share / inability to undertake any development	Severe breach leading to suspension or discontinuance of business	Extensive negative national media coverage resulting in severe damage to reputation	Disaster with potential to lead to business collapse (requires almost total management attention)

	IMPACT				
	Insignificant	Minor	Moderate	Major	Catastrophic
	1	2	3	4	5
5. Very high					
4. High					
3. Medium					
2. Low					
1. Very low					

Property ownership	1
Partner engagement	2
Political	2
Governance	3
Partnership	3
Community impacts	3
Legislative	3
Environmental impact	4
Contractual agreements	6
Construction risk	6
Reputation	6
Planning approval	6
Clawback	6
Heritage	6
Financial stability of delivery/Supply Chain partners	8
Design complexity	8
Capital costs	8
LUF support	8
Public and private sector match funding	8
Credit risk	8
Adverse environmental impacts	9
Demand risk	12
Property/site characteristics	12
Income risk	12
Economic	16
Covid-19	16





**WORKING DRAFT**

**Gloucester Levelling Up Fund - Risk Register, alternative options**

Risk number	Risk type	Risk Name	Risk description	LUF Package
1	Procurement	Financial stability of delivery/Supply Chain partners	The risk that delivery/supply chain partners cease trading or go into receivership	8
2	Procurement	Contractual agreements	Risk that procurement procedures are not followed or that contractual agreement cannot be reached	6
3	Procurement	Construction risk	The risk that suitable development partners / contractors cannot be secured or are involved only at a late stage in the design process, resulting in projects not being completed on time, to budget or to specification.	6
4	Procurement	Governance	The risk of not agreeing robust governance structures and accountability during the delivery stage	3
5	Project specific	Design complexity	The risk of projects not conforming to the specifications, Design Code and parameter plans required by Gloucester City Council (GCC) - which could impact on quality, cost and programme	8
6	Project specific	Environmental impact	There is a risk of increased environmental impacts through changes to uses within the town centre (eg additional students in City Centre)	4
7	Project specific	Capital costs	The risk that the costs of delivering the interventions are greater than currently identified in the development appraisal	8
8	Project specific	Demand risk	The risk of not having a sufficient understanding of demand in the City Centre from residents/tourists/students and commercial tenants. The success of the scheme will be contingent on the state of the leisure, business and education industries within Gloucester.	12
9	Project specific	Partner engagement	The risk of not demonstrating effective engagement with all stakeholder groups and relevant affected parties, resulting in delayed approvals and potential planning objections	2
10	Project specific	LUF support	Risk that LUF funding is not approved by central government.	8
11	Project specific	Public and private sector match funding	Risk that additional public and private sector funding is not secured or delayed including Heritagte Lottery Fund	8
12	Project Specific	Credit risk	Risk that third party landowners and private sector partners do not have access to sufficient funds	8
13	Project Specific	Property ownership	There is a risk associated with the acquisition of properties from third party ownership, which could significantly impact costs, timescales and deliverability	1
14	Project Specific	Partnership	The risk of the failure to develop and maintain relationships with potentially multiple delivery partners and other key stakeholders	3
15	Project Specific	Reputation	Risk of delayed approvals and impact on the programme, cost increases or reputational damage to GCC and development partners	6
16	Project Specific	Community impacts	The risk that local residents / businesses object to proposals	3
17	Project specific	Property/site characteristics	Risk that property characteristics delay or constrain proposed re-development plans, which is of particular relevance to the Grade I/II listed Fleece Hotel	12
18	Project specific	Income risk	The risk that income generating interventions have lower occupancy rates/income levels than budgeted, for example rental rates at the Forge might be lower than expected.	12
19	Client specific	Planning approval	The risk that LUF projects fail to secure the necessary planning consents or that constraints are imposed that result in changes to the scope of the projects	6
20	Client specific	Clawback	Risk of external funding from LUF being clawed back, presenting a financial risk to GCC	6
21	Environment	Political	The risk that the scheme lacks support from key political stakeholders at a local and national level.	2
22	Environment	Economic	The risk that changes in external economic influences, such as a prolonged negative effect from Covid-19, occur that result in a failure to achieve the programme objectives.	16
23	Environment	Heritage	The risk that the city centre's heritage (particularly Cathedral Quarter) is impacted by the proposed city centre changes of use.	6
24	Environment	Legislative	The risk of legislative / regulatory issues resulting in delays to projects or enforced changes to the scope of the proposed programme. For example, there might be changes to business rates retention regulation.	3
25	Environment	Adverse environmental impacts	Risk of negative environmental impacts or effects including the consequences of flooding	9
26	Environment	Covid-19	There is a risk that the leisure/entertainment sector will continue to suffer as a result of the Covid-19 pandemic, with a significant number of businesses ceasing to trade under lockdown restrictions as they have temporarily closed. Additionally, Covid-19 may limit the resources available for GCC to deliver the LUF programme beyond 2021 which might restrict the ability to progress development works to budget and in time.	16

Average

7.0

Overall score ranges		
	Lower range	Upper range
High	13	25
Medium	5	12
Low	1	4

Procurement	5.8
Project specific	6.8
Client specific	6.0
Environment	8.7
<b>Overall average</b>	<b>7.0</b>

Annex K

Gloucester: Levelling Up Fund Application

*Gloucester City Council*

## **Delivery Plan**

June 2021

# 1 Introduction

## 1.1 Overview

The Gloucester Levelling Up Fund (LUF) Application relates to a package of three projects designed to regenerate the City Centre by:

- bringing back into use vacant City Centre land and premises;
- diversifying the City Centre economy through additional heritage/tourism, higher education and innovative small and medium sized enterprise (SME) business activities; and
- substantially increasing City Centre footfall, expenditure and employment.

The specific projects are briefly described below:

The **Fleece Hotel** located in the heart of historic Gloucester, a derelict Grade I and II Listed building dating back over 500 years, which is owned by Gloucester City Council (GCC) but has been vacant since 2010 and is on the Historic England Buildings at Risk Register. It occupies a key site on an historic route and forms an important element of the regeneration of the City Centre and Greater Blackfriars area. The LUF funding will enable Phase 1 (2,170 sq m) of a high-quality mixed-use scheme to be developed, delivering a much needed 4-star boutique hotel. The City Council has selected Dowdeswell Group Limited as its preferred development partner for this project.

The **University of Gloucestershire** (UoG) acquired the vacant Debenhams building, which is also located in the heart of Gloucester City Centre in the Kings Quarter area, in March 2021. It is seeking to refurbish and extend the five-storey prominent building, to offer 18,700 sq m of space on five floors, to expand the scale and range of its higher education programmes. The site will form a new City Campus for teaching, learning and community partnerships in the city centre accommodating 4,700 students and up to 450 staff.

The **Forge Digital Innovation and Incubation Centre** will provide 2,430 sq m of accommodation and support for high value added SME businesses. It will form part of the wider mixed use Forum development which will provide a vibrant and active destination in an important gateway location in the Kings Quarter area. The wider Forum scheme includes a unique mix of uses including retail space, a 116-bed hotel, an innovation centre and digital workspace (the Forge), residential apartments, Grade A office space, a gym, car parking space and a conference centre to provide a vibrant and active destination. The development will be set in over an acre of public realm, located adjacent to the city centre bus station and rail interchange, to create an exemplar of City Centre urban place making. The project will be developed by GCC in collaboration with the Reef Group (Reef).

## 1.2 Report structure

This Delivery Plan sets out the key procedures and measures in place to ensure the successful and efficient delivery of the Gloucester LUF project. The report consists of the following sections:

- Section 2 identifies the overall scope of works, including the timescales and key dependencies for the project and the market context;
- Section 3 sets out the project management and team, including their track record;

- Section 4 presents measures for communications and stakeholder management;
- Section 5 displays the risks management plan; and
- Section 6 sets out the monitoring and evaluation and benefit realisation arrangements for the project.

## 2 Project scope of work

### 2.1 Milestones

The projects all relate to construction and refurbishment construction schemes within the City Centre with the current position, key tasks and timescales identified in relation to each summarised below.

**The Fleece** – This property is currently in City Council ownership, having been transferred from the South West RDA. The property is vacant and in decay which has resulted in its inclusion on the At-Risk register. In 2020, subsequent to an extensive marketing campaign, the City Council selected Dowdeswell Group Limited as its preferred development partner. Dowdeswell have plans for a high-quality mixed-use scheme including a boutique hotel, brewery, retail, food and beverage within the Fleece complex and the redevelopment of the adjacent Longsmith Street Car Park site to provide ground floor retail with residential and flexible workspace above. This will be delivered in phases, the initial phase relates to the stabilisation of the Grade I and II Listed elements of the site and provision of refurbished retail accommodation, together with a circa 60 room boutique hotel.

The GCC and Dowdeswell have been fully engaged with Historic England, which is fully supportive of the proposed preservation and reuse of the former Fleece Hotel. In addition, the Heritage Lottery Fund has encouraged the City Council to submit a bid for some £2 million funding towards the scheme.

GCC is finalising an exclusivity agreement with Dowdeswell following a Competitive Dialogue process and proposes to enter into a development agreement once the LUF funding is confirmed.

The current proposals have been prepared based on options work previously undertaken, detailed conversations between Dowdeswell and the GCC Heritage Officer and Planning colleagues, as well as a Commercial Advice report in relation to the proposed Joint Venture with Dowdeswell from JLL, a high level cost plan and funding discussions with the Heritage Lottery Fund have all been progressed.

Following conclusion of the proposed development agreement, then Dowdeswell will engage a project and design team to procure all required surveys and reports to support planning and listed building approvals, tender works for stabilisation and refurbishment works which form the Phase 1 proposals with practical completion of the initial phase anticipated April 24.

**Former Debenhams Building** - The UoG acquired the vacant iconic former Debenhams building, which is also located in the heart of Gloucester City Centre in the Kings Quarter area, in March 2021. The acquisition was supported by a detailed survey, with cost estimates for bringing the building back into repair. This work has subsequently been supplemented by additional cost estimate work and preparation of a full business plan to support the project. The UoG has required approvals to progress detail design and costings with an ultimate fallback position in the event that grant funding cannot be secured which could involve placing the property back onto the open market.

The UoG has subsequently secured vacant possession and are in the process of engaging a project manager and design team.

The GCC propose to enter into a Grant Funding Agreement with the UoG after completing the necessary due diligence. This will then enable the UoG to prepare and submit a Planning Application/Certificate of Lawfulness in September 2021, contract tendering to be undertaken such that conversion works for Phase 1 can commence March 2022 with a view

to fit out concluding in July 2023 in readiness for occupation of Phase 1 in time for 2023/24 intake of students. Phase 2 works would be undertaken in 2026/27 – 2027/28.

**The Forge** - Reef have been working in partnership with GCC to promote a mixed use, urban campus at the property known as King's Quarter The Forum development (the Forum).

GCC has already made significant strides forward with the regeneration of the City as demonstrated by their strategic land assembly programme and financial commitment to the revitalisation of King's Square and the Strategic Regeneration Agreement with Reef Group on King's Walk.

King's Quarter is now the top regeneration priority as set out in the Council's Regeneration and Economic Development Strategy 2016-2021. The aim is to ensure the regeneration provides a 'step-change' in the City Centre that reflects the aspirations of a modern city. It is an important arrival point into the city, being located adjacent to the new bus station and soon to be improved rail interchange, therefore forming a key City Centre gateway site.

Most of the scheme is viable, however one element has been identified as requiring support due to the high costs of delivery of a scheme that incorporates:

- an 'Edge Cloud' data facility which will allow cost-effective centralisation of data processing – enabling Internet of Things devices to perform tasks normally only possible through large data centres;
- flexible public spaces to act as community hubs such as a public café, exhibition space and hireable meeting space;
- co-working spaces which will also be utilised as part of digital skills training programmes which will be carried out both virtually and physically to support completion of courses by all learning types – acting as a learning support community;
- digital labs to promote digital entrepreneurship– supporting growth in digital industries locally to both regional and national effect; and
- podcast studios to support regional media outlets to future-proof their output for the digital age.

The full planning consent was achieved for the Forum development in May 2021 (see link to application/decision [here](#)). Reef, working in partnership with their Design and Project Management team, UrbanR, have promoted the development proposals.

Reef undertook a lengthy and detailed pre-application process with GCC (documented by a formal PPA) which has comprised a number of technical meetings with council officers. Furthermore, Reef have undertaken a significant amount of stakeholder consultation with key organisations such as the Environment Agency, Gloucester Urban Design Review Panel, various youth groups, Police and representatives from the Taxi Drivers Association. Further consultation for two days was also undertaken within the City Centre, gathering comments and views of the passing public. The application was split into two phases, with the Forge comprising part of the 2<sup>nd</sup> phase which relates to creation of 126,567 sq ft offices, 2,468 sq ft retail, 116 room hotel, 7,430 sq ft club space, 9,000 sq ft gym and a 407 space car park.

Construction will be procured through a competitive OJEU procedure with negotiation, seeking a single stage tender return/ 2016 JCT Design and Build Contract with bespoke amendments as the procurement method.

The overarching milestones in relation to the proposals are displayed in Table 2.1, assuming early LUF approval.

<b>Table 2.1: Initial overarching milestones</b>			
<b>Task</b>	<b>Responsibility</b>	<b>Start date</b>	<b>End date</b>
<b>The Fleece</b>			
Development Agreement entered into	Gloucester CC / Dowdeswell	Jun 21	Sep 21
Planning and Listed Building Consents Obtained	Dowdeswell	Sep 21	May 22
Surveys obtained	Dowdeswell	Sep 21	May 22
Stabilisation Works Commence	Dowdeswell	Jul 22	Sep 22
Main Construction Works Commence	Dowdeswell	Nov 22	Apr 24
Practical Completion	Dowdeswell		Apr 24
<b>University</b>			
Purchase of Premises	University		Mar 21
Appointment of PM / Employers Agent	University	Mar 21	Jun 21
Appointment of Design Team	University	Mar 21	Jun 21
Site surveys and investigations	University	June 22	Oct 21
Prepare & submit planning consent/certificate	University	Sep 21	Oct 21
Property refurbishment/ development commences	University	Mar 22	Jul 23
Client Fit Out	University	Apr 23	Jul 23
Building Occupation – Phase 1	University		Sep 23
Property refurbishment/ development - Phase 2	University	Mar 26	Sep 28
<b>The Forge</b>			
Development Agreement legals	Gloucester CC / Reef	Mar 21	Jun 21
Planning Consent	Reef		May 21
Surveys	Reef	Jun 21	Aug 21
Demolition Works	Reef	Sep 21	Nov 21
Construction Start on Site	Reef	Nov 21	Jul 23
CAT B Fit Out	Reef	Apr 23	Sep 23
Practical Completion	Reef		Sep 23

## 2.2 Key dependencies

All of the proposed projects are dependent on the award of LUF, which will unlock the committed co-funding. In the case of the Fleece, Heritage Lottery Fund is not yet confirmed although the HLF has requested that GCC submit a funding application of some £2 million in relation to the Fleece.



The Fleece will require both planning and listed building consent. Scoping discussions, including with Historic England, have been positive and informed a clear planning strategy.

The Debenhams Building is expected to be permitted development although substantial changes to the external appearance and/or new development will require planning consent. The University is expected to either apply for a Certificate of Lawfulness or planning consent.

Full planning consent has been granted for the Forge scheme as part of the Forum development. This was granted for 5 years in May 2021.

The Fleece is owned freehold by the City Council and the Debenhams Building by the UoG. The Forge site (part of Plot 2 of the Forum Development) is owned by the City Council. Some limited further acquisitions are outstanding in relation to Plot 3 of the wider Forum development. Negotiations to acquire this land are progressing but the City Council has approved in principle to use a CPO if necessary. However, this does not affect the programme for the Forge.

The package is subject to relatively few dependencies.

## **2.3 Market assessment**

Thomas Lister have prepared a financial model which supports the grant funding requirement and which is informed by values considered through a market assessment review, a summary of the findings of which follow:

### **(i) Office Market Summary**

The requirement for high-quality workspace, enhanced wellbeing credentials and unrivalled amenity is anticipated to become increasingly important in order to entice employees back to the office. A rise in demand for more flexible office space is also predicted. Analysis of the local Gloucester office market has been undertaken in order to underpin assumptions in relation to values attached to the office accommodation proposed within the Intervention areas.

A number of office lettings have recently transacted within Gloucester which have identified achievable rents between £15.00 - £19.15 per sq ft. It is considered that Grade A office space within the subject locations would likely hold values of at least the higher end of the range of comparable transactional evidence. Therefore, an average rent of £20.00 per sq ft is considered appropriate, particularly as the Forge model relates to a smaller nature of space and flexible letting arrangements of high-quality offices with additional service provision, including lettings by desk space. Application of a yield of 9.00%, which reflects the current market, recent market reports and recent CoStar data, would derive a capital value in the order of £222 per sq ft, which also falls within the range of available evidence.

### **(ii) Retail Market Summary**

Despite the struggles of the retail sector throughout the UK in recent years, exasperated by COVID-19, Gloucester has continued to remain a relevant and important retail destination. Retail space within the High Street is generally characterised by a high proportion of independent traders. Analysis of recent lettings of retail space has been undertaken in order to inform the financial model.

A number of recent lettings have been analysed, with achieved rentals noted as ranging between £10.00 - £25.00 per sq ft. It is also noted that a national retailer signed a lease in March 2020 for 3,100 sq ft in Kings Walk Shopping Centre at £60.00 per sq ft. The Knight Frank Yield Guide has identified that High Street retail space within regional locations, have achieved yields of circa 6.5% and noted that retail space within secondary locations achieves around

10.00%. On this basis, a rent in the order of £20 per sq ft and a yield of 8.00% is considered appropriate to apply for retail space across the development areas, particularly when located within high profile locations as part of new multipurpose developments while bringing additional footfall and further trade.

### **(iii) Hotel Market Summary**

Despite the hotel sector's economic disruption and restrictions on travel, 6,100 hotel rooms have transacted across regional hotel locations throughout 2020 which have achieved an average value per room of £75,000. With reference to the Knight Frank Hotel Transactions Guide 2021, an application of a yield of 7.00% reflects recent transactions.

Analysis of the hotel market across Gloucestershire has been analysed, with most notably the Holiday Inn located off the A417 in Gloucester transacted in May 2021 for circa £5,400,000, equating to circa £70,000 per room. It is further noted that the Corinium hotel, Cirencester recently let in February 2021 achieving a rent of £83,000 per annum, which equates to £5,500 per room. Additionally, it is confirmed that the proposals for the Forum, suggest delivering 131 units over 70,069 sq ft which equates to £6,000 per room.

On this basis, a rental rate per room of £5,000 is considered to reflect the current market for high quality 'boutique' rooms within the newly refurbished, centrally located and characterful Grade I and II Listed Fleece building. Based on comparable transactional evidence, a yield of 7.00% would likely reflect current market conditions for the subject proposition.

There are currently no boutique hotels within the city. There are understood to be a number of prospective parties interested in progressing hotel schemes in Gloucester, including proposals for a 3 star hotel to be delivered within the HKP Warehouse at the Quays and the Reef proposals include for a Hotel offer within the Kings quarter immediately adjacent the Railway Station. None of these are understood to relate to a Boutique Hotel of the nature proposed within the Fleece Inn and which will be differentiated by its proposed inclusion of a brewery, retail and food & beverage offer. Dowdeswell have identified a prospective potential Boutique Hotel Operator - owned by a local entrepreneur, with family properties spread across the Cotswolds and who believes in delivering outstanding service and hospitality and a truly unique experience to the discerning traveller. It is understood that this operator, along with the hotel would also look to place a bar, restaurant and coffee shop/cafe within the proposed development scheme.

### **(iv) University of Gloucestershire**

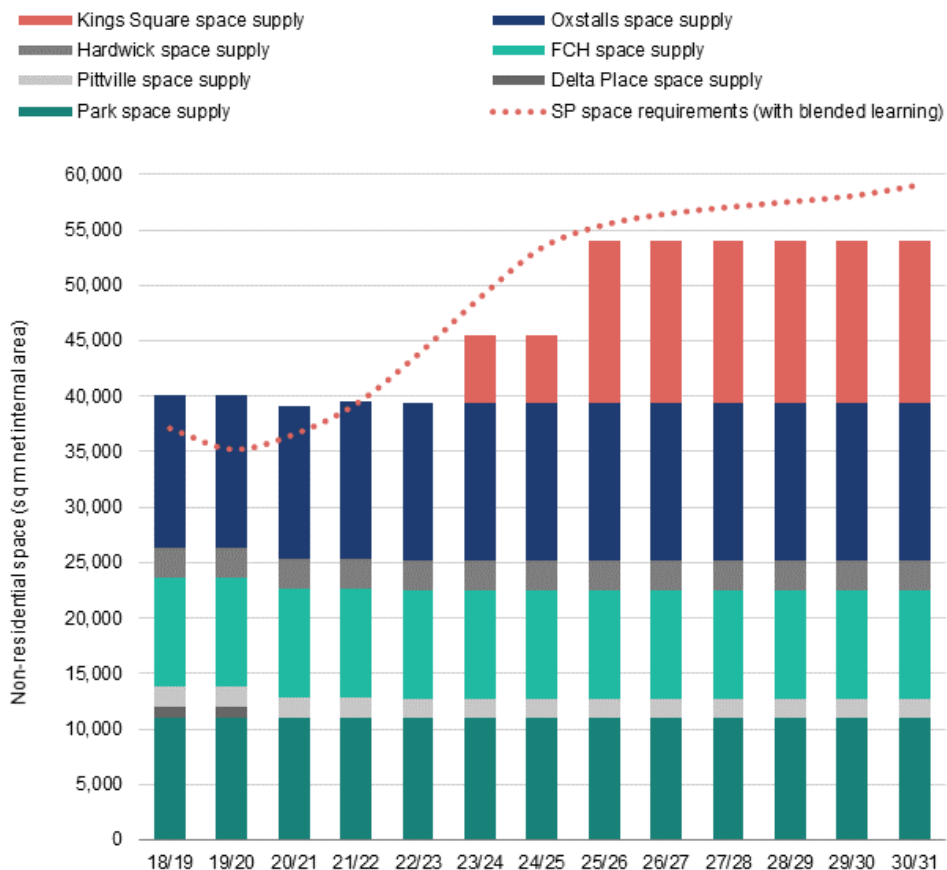
Building on the Strategic Plan 2017–22, the University of Gloucester has developed a 10-year ambition plan to grow its on-campus student numbers by over 65% by 2030. This target has been informed by a consideration of the following factors:

- Demographics: 25% more 18 year olds by 2030 and increasing participation
- Government spending priorities – Nursing & Allied Health; Science, research & innovation; STEM skills development; and promotion of technical, vocational and professional skills
- Local regeneration and regional growth agenda
- International growth and relaxation of student migration rules
- Recession and opportunities for PGT & mature students
- League tables, reputation and REF 2021
- 19-50+ market returning to learning as part of COVID-19 economic recovery and rebalance of the labour market

The University has completed a review of its existing estate in the context of this ambition. While there is significant development potential at several of the University’s existing teaching campuses, none of the deliverable on-campus options meet the University’s space or timescale requirements, necessitating the acquisition of new space to support the plan (see Figure 2.1). By acquiring the Debenhams building, the University has secured the majority of the additional space required to support its planned growth, while also creating exceptional opportunities to enhance the University’s contribution to its host City.

**Figure 2.1: Contribution of Debenhams building to University space requirements**

Current University Estate, Predicted Space Requirements and Variance													
Site	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Park space supply	11,066	11,066	11,066	11,066	10,979	10,979	10,979	10,979	10,979	10,979	10,979	10,979	10,979
Delta Place space supply	968	968	0	0	0	0	0	0	0	0	0	0	0
Pittville space supply	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796
FCH space supply	9,771	9,771	9,771	9,771	9,771	9,771	9,771	9,771	9,771	9,771	9,771	9,771	9,771
Hardwick space supply	2,670	2,670	2,670	2,670	2,670	2,670	2,670	2,670	2,670	2,670	2,670	2,670	2,670
Oxstalls space supply	13,839	13,839	13,839	14,181	14,181	14,181	14,181	14,181	14,181	14,181	14,181	14,181	14,181
<b>Total space supply (non-residential NIA)</b>	<b>40,110</b>	<b>40,110</b>	<b>39,142</b>	<b>39,484</b>	<b>39,397</b>	<b>39,397</b>	<b>39,397</b>	<b>39,397</b>	<b>39,397</b>	<b>39,397</b>	<b>39,397</b>	<b>39,397</b>	<b>39,397</b>
Space requirements (with blended learning)	35,464	33,891	34,653	37,456	39,808	42,890	45,885	47,929	49,571	51,052	51,972	52,867	54,137
<b>Space surplus/deficit</b>	<b>4,646</b>	<b>6,219</b>	<b>4,490</b>	<b>2,029</b>	<b>-411</b>	<b>-3,493</b>	<b>-6,488</b>	<b>-8,532</b>	<b>-10,174</b>	<b>-11,654</b>	<b>-12,575</b>	<b>-13,470</b>	<b>-14,739</b>



Through the University’s 10-year ambition plan and space requirements modelling, the University has determined a set of building functions which are a credible fit for the available space within the former Debenhams building:

- School of Health & Social Care
- Health & Social Care Wellbeing Centre
- School of Education & Humanities
- Shared teaching, conference and meeting spaces
- University Library and Archives
- Third Party Space: Gloucester Public Library
- Student Helpzone
- Students' Union
- The Sanctuary (formerly known as the Faith Space)
- Social Learning Spaces
- Art & Design Gallery
- Professional Services Workspace
- Shower and Changing Facilities
- Roof Terrace & External Courtyard
- Reception, Security and First Aid

## 3 Project team

### 3.1 Governance

The development and implementation of each project contained within this package will be directed by the City Council's Major Projects Board. The role of the Major Projects Board is to provide accuracy and rigour in the monitoring and implementation of Gloucester City Council's key regeneration, development and housing schemes.

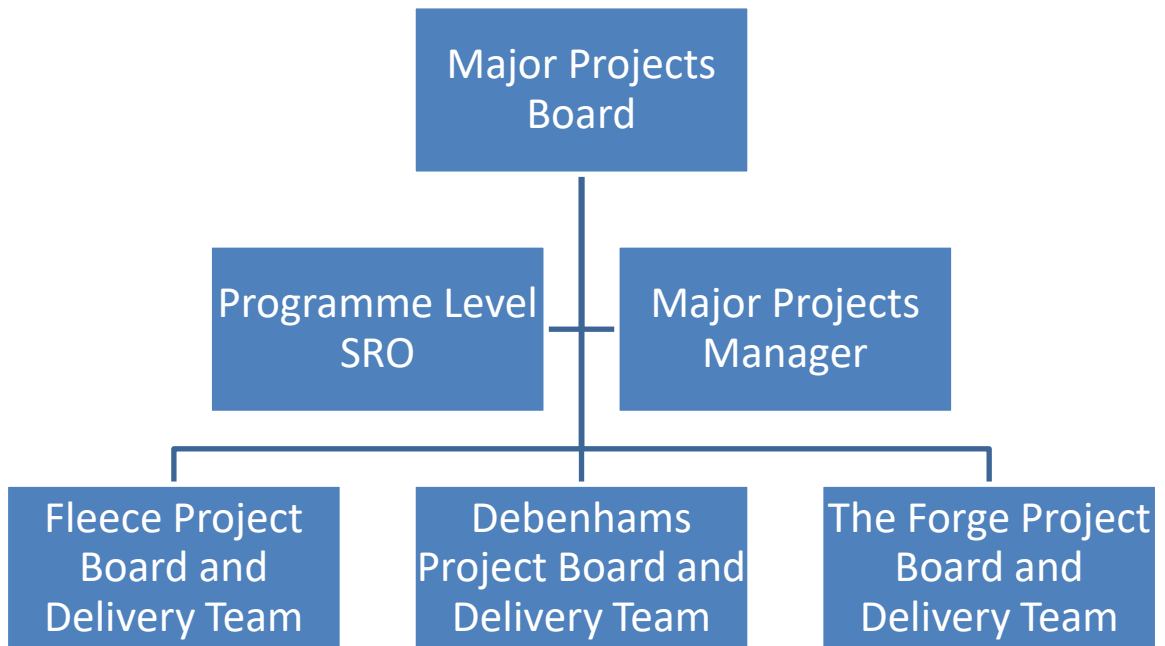
Membership of the Board comprises:

- Leader and Cabinet Member for Regeneration
- Cabinet Member for Performance and Resources
- Managing Director
- Head of Communities
- Head of Place (Programme level SRO for LUF)
- Head of Policy and Resources (s151 Officer)
- Regeneration Consultant

The Head of Place (SRO for the LUF) will be supported by a Major Projects Manager.

The Major Projects Board will be supported by individual Project Boards led by the delivery partners. The relationship with each to be defined on a project by project basis as follows:

- The Forum – A Development Agreement already exists with Reef and this is managed through regular meetings with the Head of Place, Head of Policy and Resources and Regeneration Consultant
- Debenhams – A Funding Agreement will be developed between the City Council and University to enact the LUF funded project
- The Fleece – An Exclusivity Agreement already exists between Dowdeswell as developer and the City Council as property owner. This will be further developed as a Development Agreement to conclude the OJEU Competitive Dialogue process



### 3.2 Project responsibilities

The key roles and responsibilities will be as follows:

- Major Projects Board – direction and oversight of the package
- SRO (Head of Place) – delegated powers to ‘sign-off’ on behalf of the Major Projects Board as set out in the Councils scheme of delegations. Supported by the Major Projects Manager
- Individual Project Boards – accountable for the success of the project. They will support the SRO to collectively monitor and control progress
- Project Managers and Delivery Teams – responsible for day-to-day control of each project, with authority to make decisions in line with the policies agreed by the Project Board and for spending within approved limits. Where unforeseen issues or costs arise, the Project Manager will discuss these in the first instance with the Project Director

Programme leadership will be provided by City Councils’ Major Projects Board

A communications strategy will be developed for each project under the guidance of the SRO with PR support from the City Council and delivery partners. Standard messaging will be developed for LUF activity.

The City Council’s Major Projects Manager will provide technical expertise across to all projects to ensure consistency of delivery. Additional expertise will be provided at cross cutting level including climate change/low carbon, PR and promotion and legal.

In addition to cross cutting expertise, each project will have its own delivery team comprising a named SRO and Project Manager supported by a number of specialisms including:

- Architects
- Engineers
- Property Surveyors

- Quantity Surveyors
- Finance
- Legal

An example of the Project Team for the UoG City Campus project is shown in the Box below.

<b>Project Team – UoG City Campus</b>
<ul style="list-style-type: none"> <li>• Steering Group – University Executive Council</li> <li>• Project Manager – TBC (in interim Jess Lawson, Head of Planning)</li> <li>• Site Development – Estates Director, Nigel Wichall</li> <li>• Developers – TBC (following procurement process)</li> <li>• IT Infrastructure – Rob Blagden, Director of Library, Technology and Information Services</li> <li>• Heads of School (senior users) – Lorraine Dixon, Head of Health and Social Care and Graham Parton, Head of Education and Humanities</li> <li>• Finance – Lindsey Ingle, Financial Performance Manager</li> <li>• Comms and Stakeholder Engagement – Emma Smith, Head of Communications</li> </ul>

Procurement advice and expertise will be provided by the City Council in respect of the Fleece and Forge projects. All works associated with the City Campus project will be in accordance with the relevant procedures of the UoG.

### 3.3 Track record

**Programme Level SRO** – Ian Edwards is a project manager and civil engineer with over 30 years experience in delivering capital projects in the public and private sectors. These have included commercial, leisure, retail and residential schemes for Councils, Regional Development Agencies, Development Corporations and Local Enterprise Partnerships.

**Regeneration Consultant** – Philip Ardley is a FRICS with extensive experience in project delivery both in the private sector and as a Partner at a major international property consultancy.

**Head of Policy and Resources** - Jon Topping is a vastly experienced s151 officer who has been instrumental in the assessment and delivery of a number of major property deals during his recent career in Worcester and Gloucester City Councils.

Examples of similar projects delivered by the City Council and Delivery Partners:

- The City Council delivered the award winning Gloucester Transport Hub
- Since 2002, Reef Group (Reef Group) have created a £4 billion, 4 million sq ft retail, leisure, hotel, workplace and residential regeneration portfolio. Working with Gloucester City Council in an award winning wrap lease development at Kings Walk, Reef already have a significant track record in the City. Selected projects include:
  - The Gate Hotel in the City of London
  - Queen Street in Oxford
  - Cavendish Square in Central London
- Dowdeswell Estates are specialist developers of high quality, heritage buildings. Examples include 131 The Promenade, Cheltenham

- The UoG has successfully delivered a number of major capital projects including the Business School



## 4 Communications and stakeholder engagement

### 4.1 Key stakeholders

Stakeholders were identified at the early stage of the development for each project. They include:

**(i) Package level:**

- Gloucester City MP
- Gloucester City Council
  - Leader and Cabinet
  - Managing Director
  - Opposition Leaders (Liberal Democrat and Labour)
- Business Improvement District

**(ii) Fleece Hotel**

- Business community
- Local media
- Hotel operators
- Property Agents
- Historic England
- Heritage Lottery Fund
- Civic Society

**(iii) Forge**

- Gfirst LEP
- Business community (including Cynam and cyber related businesses)
- Occupiers
- Property Agents
- Residential community

**(iv) Debenhams Building**

- University's Governing Body and Finance and General Purposes Committee
- Stakeholder Group including County Council and NHS

### 4.2 Stakeholder engagement strategy

A strategy for ongoing stakeholder engagement will be implemented for each project. The SRO and Major Projects Manager will work with the PR teams within the Council, UoG, Dowdeswell Group and Reef to develop the Engagement Strategy. This will be overseen by the Stakeholder Engagement Working Group and reviewed by the Major Project Board and individual Project Boards. It will be updated on a rolling six-month basis to cover the purpose

of the communication, the channels and key messages. In order to deliver a successful integrated Communications Strategy, the project leads and Council will agree a Joint Communications Protocol which establishes a series of protocols and plans to work together. The Protocol will include communication and media protocols and agree ways of working together. As the developments progress, other protocols will be added, including a Social Media Strategy.

## 5 Risk assessment and management

### 5.1 Assessment

#### 5.1.1 Strategy

Gloucester City Council recognises the importance of risk management for effective corporate governance. The Council’s principles for dealing with risk are detailed within its Risk Management Policy Statement and Strategy (2020-2023) and a detailed risk assessment has been undertaken in the form of the risk register for the Gloucester LUF programme.

#### 5.1.2 Approach

The risk register identifies the key risks associated with the Gloucester LUF programme. The risks have been sub-divided into the following types: procurement, project specific, client specific, and environment. An assessment of the severity of each risk has been carried out based upon a judgment of impact and probability.

Against each risk, a rating (and score) has been given to the probability of the risk arising – ranging from very high (a maximum score of 5) to very low (a score of 1). The impact of each risk has also been assessed, using the same scoring range as has been used for probability (i.e. a range of 1-5). The overall risk score is calculated by multiplying the probability score by the impact score (giving a maximum score of 25, representing an extreme risk). The scores are then banded low, medium or high to provide an indication of the overall rating of each risk (see Figure 5.1).

**Figure 5.1: Risk scoring**

		IMPACT				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
PROBABILITY	Very high	5	4	3	2	1
	High	4	3	2	1	0
	Medium	3	2	1	0	0
	Low	2	1	0	0	0
	Very low	1	0	0	0	0

### 5.2 Risk register

Figure 5.2 below sets out a description of each risk and the individual unmitigated and mitigated scores, relating to the intervention option. Please see the appended excel spreadsheet for the risk register in its entirety.

**Figure 5.2: Risk register**

Risk type	Risk Name	Risk description	Probability rating	Impact rating	Overall score	Overall rating	Mitigation		Probability rating	Impact rating	Overall score	Overall rating
							Underway	Planned				
Procurement	Financial stability of delivery/Supply Chain partners	The risk that delivery/supply chain partners cease trading or go into receivership	3. Medium	4. High	12	Medium	Due diligence undertaken by JLL of Dowdeswell Group and Reef Group proposals	Financial stability will be tested through GCC's existing procurement processes	2. Low	4. High	8	Medium
Procurement	Contractual agreements	Risk that procurement procedures are not followed or that contractual agreement cannot be reached	2. Low	4. High	8	Medium	The Dowdeswell Group has been selected as the preferred developer for the Fleece following a procurement process and the Reef Group as partner in relation to the Forge	All procurement will continue to follow the correct procedures set out in the Council's Procurement Rules, Financial Regulations and relevant legislation.	2. Low	3. Medium	6	Medium
Procurement	Construction risk	The risk that suitable development partners / contractors cannot be secured or are involved only at a late stage in the design process, resulting in projects not being completed on time, to budget or to specification.	2. Low	4. High	8	Medium	Development partners have already been selected for the Fleece and Forge. The University is progressing the Debenhams project to accommodate its forecast growth	There will be timely selection and review of contractors for each of the individual component of projects included within the bid	2. Low	3. Medium	6	Medium
Procurement	Governance	The risk of not agreeing robust governance structures and accountability during the delivery stage	2. Low	4. High	8	Medium	LUF will be overseen by GCC who have robust governance structures in place and a track record of successful project delivery in the city.	Continued engagement with key organisations/stakeholders and individuals and regular review of governance arrangements	1. Very low	3. Medium	3	Low
Project specific	Design complexity	The risk of projects not conforming to the specifications, Design Code and parameter plans required by Gloucester City Council (GCC) - which could impact on quality, cost and programme	3. Medium	4. High	12	Medium	For the Forge project, planning permission has been secured. Close liaison has been maintained with heritage specialists in GCC and Historic England	Continued liaison and engagement will continue to take place to minimise this risk.	2. Low	4. High	8	Medium
Project specific	Environmental impact	There is a risk of increased environmental impacts through changes to uses within the town centre (eg additional students in City Centre)	2. Low	3. Medium	6	Medium	Assessment of the environmental impact of projects is being carried out throughout the design and planning stages which seek to minimise and manage these impacts.	Environmental impacts of all projects will be monitored and assessed throughout	2. Low	2. Low	4	Low
Project specific	Capital costs	The risk that the costs of delivering the interventions are greater than currently identified in the development appraisal	3. Medium	4. High	12	Medium	Cost estimates have been prepared for each intervention.	Continue to refine costs as projects are developed and brought forward to implementation. Agree contractual arrangements that limit public sector exposure to cost risk	2. Low	4. High	8	Medium

Project specific	Demand risk	The risk of not having a sufficient understanding of demand in the City Centre from residents/tourists/students and commercial tenants. The success of the scheme will be contingent on the state of the leisure, business and education industries within Gloucester.	4. High	4. High	16	High	Demand assessments/analyses have been undertaken to assess the level of demand for the projects. GCC have worked in collaboration with local partners, developers and stakeholders to select projects based on local evidence and requirements. Specialist advice has been secured from JLL	GCC has good knowledge of local market trends (including through development of the City Plan) and will continue to actively monitor market trends.	3. Medium	4. High	12	Medium
Project specific	Partner engagement	The risk of not demonstrating effective engagement with all stakeholder groups and relevant affected parties, resulting in delayed approvals and potential planning objections	2. Low	3. Medium	6	Medium	To date, GCC has worked closely with existing occupiers and partners to develop the bid and has yet to receive any local feedback opposed to the proposals.	GCC will continue to engage with partners and stakeholders, including through the established governance arrangements.	1. Very low	2. Low	2	Low
Project specific	LUF support	Risk that LUF funding is not approved by central government.	3. Medium	4. High	12	Medium	Development of a robust pckage bid.	Regular engagement with MHCLG	2. Low	4. High	8	Medium
Project specific	Public and private sector match funding	Risk that additional public and private sector funding is not secured or delayed including Heriatgte Lottery Fund	3. Medium	4. High	12	Medium	Continued engagement with the University of Gloucestershire, Dowdeswell Group and the Heritage Lottery Fund	To continue to liaise closely with other sources of match funding and gain contractual agreements from partners.	2. Low	4. High	8	Medium
Project Specific	Credit risk	Risk that third party landowners and private sector partners do not have access to sufficient funds	2. Low	4. High	8	Medium	To continue to liaise closely with co-funders and developers.	Finalise due diligence and contractual arrangements	2. Low	4. High	8	Medium
Project Specific	Property ownership	There is a risk associated with the acquisition of properties from third party ownership, which could significantly impact costs, timescales and deliverability	1. Very low	1. Very low	1	Low	GCC already own the Fleece and Forge site. Debenhams building is already owned by the University of Gloucestershire.		1. Very low	1. Very low	1	Low
Project Specific	Partnership	The risk of the failure to develop and maintain relationships with potentially multiple delivery partners and other key stakeholders	2. Low	3. Medium	6	Medium	Stakeholder consultation has involved a range of relevant local partners, all of whom have expressed support for the proposed bid.	Engagement with delivery partners and stakeholders will continue.	1. Very low	3. Medium	3	Low

Project Specific	Reputation	Risk of delayed approvals and impact on the programme, cost increases or reputational damage to GCC and development partners	3. Medium	3. Medium	9	Medium	Work underway to identify key areas where delays may arise and seek to proactively manage these, including through the use of external resources	To closely monitor performance and ensure high levels of effective communication with partners, stakeholders and contractors.	2. Low	3. Medium	6	Medium
Project Specific	Community impacts	The risk that local residents / businesses object to proposals	2. Low	3. Medium	6	Medium	Views have been captured on the Gloucester city centre plans, a number of engagement exercises have occurred specific to the projects included within the bid.	To continue in the future to engage with local residents and businesses through additional consultations and meetings	1. Very low	3. Medium	3	Low
Project specific	Property/site characteristics	Risk that property characteristics delay or constrain proposed re-development plans, which is of particular relevance to the Grade I/II listed Fleece Hotel	4. High	5. Very High	20	High	Work underway on each project with architects to identify site conditions, spatial arrangements and any potential constraints, with particular focus on issue of heritage maintenance at the Fleece.	More detailed work will be undertaken as part of project development process	3. Medium	4. High	12	Medium
Project specific	Income risk	The risk that income generating interventions have lower occupancy rates/income levels than budgeted, for example rental rates at the Forge might be lower than expected.	3. Medium	4. High	12	Medium	Various sensitivities tested in financial modelling. Analysis of commercial market conditions informed project and programme design and the shortlisting of projects.	Rigorous monitoring which scrutinises forecast projects and challenges material movements against budgeted targets. Additional marketing analyses and promotion as required	3. Medium	4. High	12	Medium
Client specific	Planning approval	The risk that LUF projects fail to secure the necessary planning consents or that constraints are imposed that result in changes to the scope of the projects	3. Medium	4. High	12	Medium	The Forge already has full planning consent and the former Dedenhams will not require change of use consent. Listed Building and planning consent will be required for the Fleece and extensive discussions have been undertaken.	Continued engagement with heritage specialist and local planners in relation to the Fleece	2. Low	3. Medium	6	Medium
Client specific	Clawback	Risk of external funding from LUF being clawed back, presenting a financial risk to GCC	2. Low	4. High	8	Medium		Regular review with funders being made aware of any potential slippage in the delivery of contractual outputs and outcomes or other funding requirements, informed by the City Council's monitoring systems.	2. Low	3. Medium	6	Medium
Environment	Political	The risk that the scheme lacks support from key political stakeholders at a local and national level.	2. Low	2. Low	4	Low	The bid is supported by the local MP for Gloucester and also has support from all parties on Gloucester City Council	To continue in the future to engage with local politicians and political groups	1. Very low	2. Low	2	Low

Environment	Economic	The risk that changes in external economic influences, such as a prolonged negative effect from Covid-19, occur that result in a failure to achieve the programme objectives.	4. High	4. High	16	High	GCC are monitoring economic conditions and will adjust the scheme focus/timing if necessary. Projects have been designed in the current economic context to respond to Gloucester's specific needs.	GCC will continue to monitor economic conditions at the local and national levels and will adjust the programme's focus/timing if necessary. Programme expenditure will begin in 2021/22 to support the city's economic recovery.	4. High	4. High	16	High
Environment	Heritage	The risk that the city centre's heritage (particularly Cathedral Quarter) is impacted by the proposed city centre changes of use.	3. Medium	3. Medium	9	Medium	Projects have been carefully designed to avoid impacting the city's historic character. The Fleece project has been designed to bring a Grade I/II Listed Building back in to use for a boutique hotel which is much needed	To monitor the Fleece complex project and, in consultation with delivery partners, ensure it does not impact the building/area's character and adjust the project design/delivery if necessary.	2. Low	3. Medium	6	Medium
Environment	Legislative	The risk of legislative / regulatory issues resulting in delays to projects or enforced changes to the scope of the proposed programme. For example, there might be changes to business rates retention regulation.	2. Low	3. Medium	6	Medium	Monitor proposed and actual changes / legislative requirements	To continue monitoring proposed and actual changes / legislative requirements in the future.	1. Very low	3. Medium	3	Low
Environment	Adverse environmental impacts	Risk of negative environmental impacts or effects including the consequences of flooding	3. Medium	4. High	12	Medium	A business continuity plan and a crisis communications plan are in place and all staff at GCC are aware of how to respond to an emergency situation	To continue to monitor conditions	3. Medium	3. Medium	9	Medium
Environment	Covid-19	There is a risk that the leisure/entertainment sector will continue to suffer as a result of the Covid-19 pandemic, with a significant number of businesses ceasing to trade under lockdown restrictions as they have temporarily closed. Additionally, Covid-19 may limit the resources available for GCC to deliver the LUF programme beyond 2021 which might restrict the ability to progress development works to budget and in time.	5. Very High	4. High	20	High	Where possible, government advice will be followed regarding the implementation of safe working practices to avoid the spread of the virus. Social distancing will be maintained where appropriate and where required in the construction working.	The situation regarding Covid-19 will continue to be monitored, with lockdown measures easing and expected to continue easing over the coming weeks/months.	4. High	4. High	16	High

Figure 5.3 summarises the mitigated risk score (out of a total of 25) for each risk area, whilst Table 5.1 summarises the average mitigated risk score for the programme under each risk category.

**Figure 5.3: Mitigated risk score per risk area**

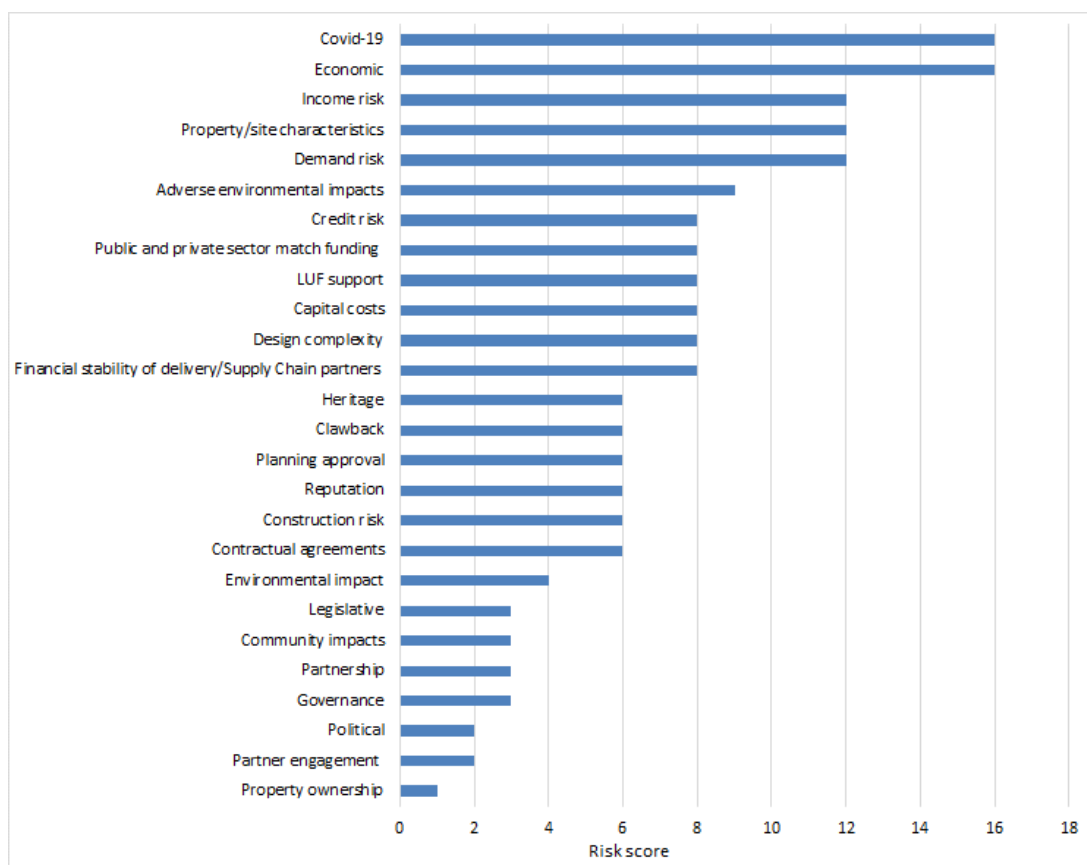


Table 5.1: Risk assessment (mitigated) – average risk scores	
	Gloucester LUF Package
Procurement	5.8
Project specific	6.8
Client specific	6.0
Environment	8.7
<b>Overall average</b>	<b>7.0</b>

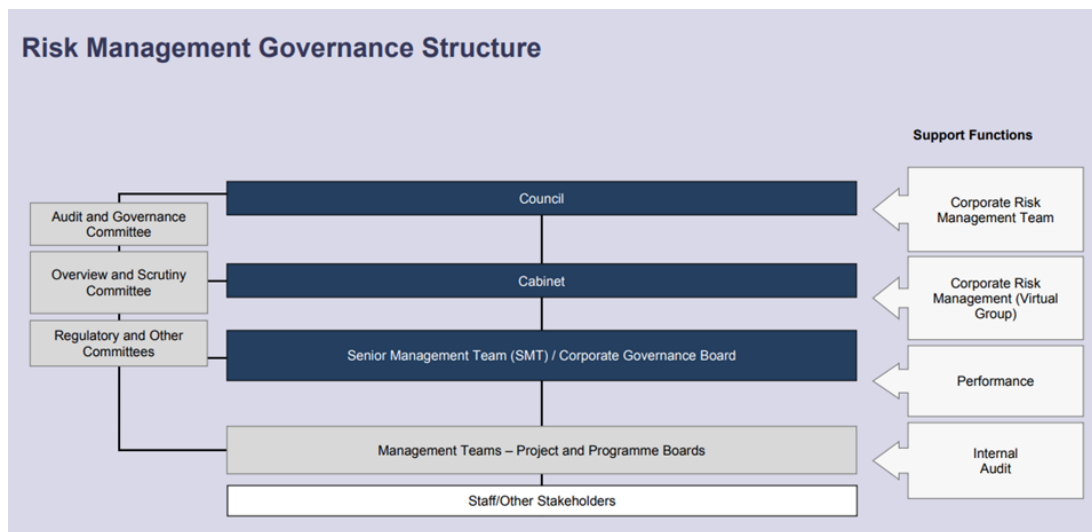
### 5.3 Approach to mitigation

As outlined in the risk register, there are a range of proposed mitigation and management measures that will be implemented to ensure the level of risk to the public sector is minimised, and risks will be reflected on as part of the monitoring process.

The Council’s risk strategy highlights how clear roles and responsibilities should be established within the Council for risk management. In general, key roles and responsibilities are allocated within the Council’s strategy as shown in Figure 5.4.



**Figure 5.4: Gloucester City Council Risk Management Governance Structure**



Source: Gloucester City Council Risk Management Policy Statement and Strategy, 2020-2023, p11

With respect to the specific LUF risk register, this clearly identifies the Senior Responsible Owner (SRO) for each risk. At this stage of the procurement process for each project, the responsibility for the majority of risks lies with the Council, although as procurement negotiations continue it is expected that risk would be transferred to private sector developers – risks are being actively monitored to ensure the most recent information and project knowledge is incorporated.

## 6 Monitoring and evaluation and benefit realisation

### 6.1 Bid level M&E objectives and research questions

Benefits management, monitoring and evaluation will be carried out by the Council to understand the success of interventions, whether they are achieving desired outcomes, and how and why this is the case. The key research questions which will inform the M&E approach will include:

- whether the rationale for intervention continued to apply during the implementation phase;
- whether assumptions underpinning the Theory of Change and leading to benefits held in practice;
- the extent to which outputs and outcomes can be attributed to LUF interventions; and
- the impact of the LUF programme and whether it provides value for money.

### 6.2 Outline of bid level M&E approach

M&E will be undertaken in line with guidance issued by MHCLG. The approach will ensure that all those involved in delivering the LUF-funded projects will have a clear understanding of the benefits to be achieved and the mechanisms through which these benefits will arise. The approach will set out the expected timeline over which benefits will arise, identify how these benefits will contribute towards the achievement of the LUF objectives, and include a process for reviewing and updating benefits realisation plans if proposed interventions change.

Key stages include:

- **Agreement of key research questions**
- **Profiling and monitoring benefits** - a clear profile of benefits will be outlined for each project, including baseline position, financial spend targets, target delivery schedule, key milestones and target output forecasts. Specific KPIs will be identified to ensure targets are achieved within set delivery schedules. A benefit plan will be completed which includes a description of the realised benefits, the quantifiable, financial gain of the benefit, the metrics used to measure the scale of the benefit, the main beneficiaries of the project and the duration.
- **Realising benefits** – identified project staff will track the progress of benefit realisation, ensuring benefits remain relevant, deliverable and valid. Benefits will be agreed as being realised when the expected measurement of change has been achieved. It will be the responsibility of the project manager to ensure that the targets are achieved as planned.
- **Monitoring and review** - the approach will be proportionate to the resource invested in each project, making efficient use of existing capacity, data and expertise. This will inform decisions about the shape of the project and highlight areas where additional resource / capacity is required, enabling remedial action to be taken if interventions are not delivering the desired outputs. Data collected will feed into the evaluation.
- **Evaluation** – the evaluation will consider how the programme has worked from a delivery perspective and through the experience of stakeholders.

### 6.3 Overview of key M&E metrics

Table 6.1 sets out the key performance indicators that have been identified to track progress of the Gloucester LUF package. It includes sources for monitoring each objective, the frequency of collection and responsibility for this. Regular monitoring updates, in terms of milestones and achievement of outputs, will be provided on a monthly basis to the Programme SRO and Project Board to inform an ongoing review of the project’s delivery.

<b>Table 6.1: Monitoring framework - indicators</b>			
<b>Objectives</b>	<b>Indicators and Source</b>	<b>Frequency</b>	<b>Responsibility</b>
<p>To bring new uses to the area and to transform it into a diverse leisure, cultural, entertainment, educational and commercial area</p> <p>To increase the vibrancy of the Centre, reduce vacancies and increase footfall and expenditure</p>	Land developed and floorspace by use	Daily footfall data collection	Gloucester City Council
	New businesses accommodated, supported and created	Quarterly monitoring reports	
	Permanent jobs created and safeguarded	Annual surveys	
	Footfall volume in city centre		
	Dwell time		
	Positive consumer surveys		
	User perception of town centre survey		
	Vacancy rates		
Business stock, opening, closures and survival rates by sector			
Employment in City Centre			
<p>To bring back into use historic buildings and key sites and change the image of the area.</p>	Heritage buildings conserved	Quarterly monitoring reports	Gloucester City Council
	Vacancy rates	Police data – monthly	
	User perceptions of town centre – survey	Annual survey	
	Anti-social behaviour and crime incidents		
	Perceptions of safety during the day and evening		
	Satisfaction with cleanliness and management of town centre		

To increase skills through additional higher education courses	Course starts and associated qualifications Course completions Learners enrolled	UoG data – term/semester-based	University of Gloucester
To improve connectivity and better integrate the area both internally and with neighbouring areas of higher footfall.	Footfall volume in city centre Dwell time in city centre Arrivals by walking, bus, train and other environmentally friendly transport SO2 particle measures; NO2 particle measures; PM2.5 and PM10 particle measures	Daily footfall data collection Operators – quarterly Daily monitoring	Gloucester City Council

Across each project and LUF objective, the following indicators will also be monitored on a six-monthly basis:

- Project spend (total, co-funding, co-funding committed)
- Project delivery (performance against milestones, completed, completed on budget, completed on time)
- Delivery capacity (Council staff and budget invested in regeneration / economic development)
- Outputs and outcomes (including floorspace and jobs created and safeguarded)

## 6.4 M&E Resourcing and governance arrangements

Funding has been allocated for the following M&E activities:

- Council officer time to gather, verify and report the required monitoring information to MHCLG
- Purchase of data / commissioning of surveys and data gathering by market research or other specialist companies (e.g. on vacancies, rental levels etc)
- Independent set-piece evaluation studies at interim and impact evaluation stages, ensuring an objective and robust assessment of progress and enabling all stakeholders to provide their views.

The Major Projects Manager within the Council will have overall responsibility for oversight and reporting on performance to MHCLG. Day-to-day responsibility for monitoring and performance management will be allocated amongst the project management team for each LUF intervention, with the team also having responsibility for reporting on finance and spend and wider outcomes achieved. Appropriate CRM systems will be established prior to project implementation where necessary.

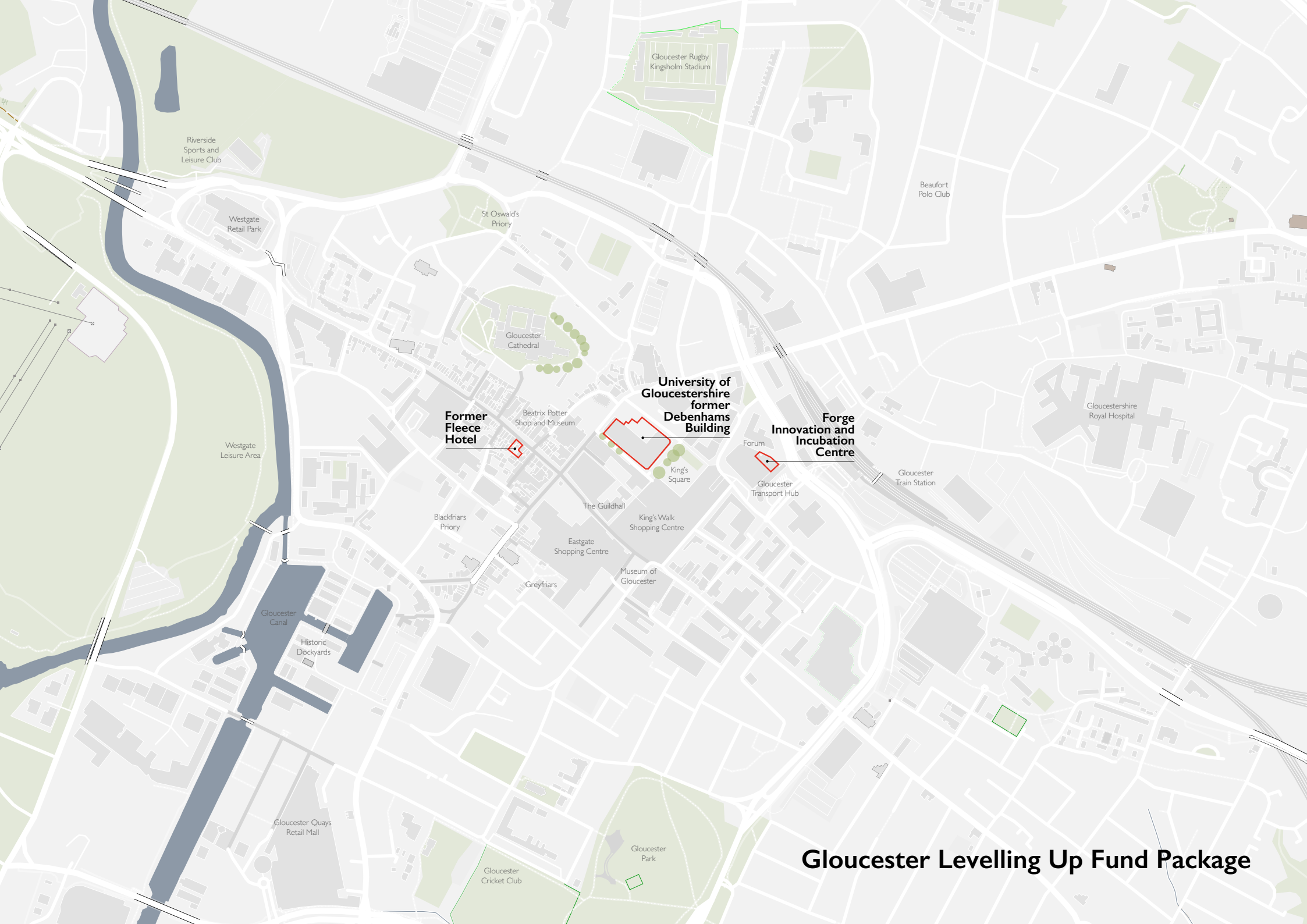
Regular feedback will be given to partners and stakeholders on the progress and performance of the project. This may include focus groups or meetings to discuss any issues identified during the monitoring of the project and arising from the interim and impact evaluations.

## 6.5 Benefits realisation

In line with the key stages, a benefit realisation plan will be produced by the Major Projects Officer to define each package benefit (including social and environmental benefits), when the benefit will be realised, how it will be realised, the tangible value expressed in monetary terms where possible and who will monitor the realisation of the benefit.

The benefit realisation plan will be reviewed at key stages as part of the review of the project and any changes in benefits will be evaluated, authorised and documented. As an example, the development of appropriate local employment, training and supply chain opportunity initiatives would include:

- Identifying job and training opportunities – an initial profiling of the opportunities that can be accommodated or delivered as part of the development, which will need to include volumes, type, and skills levels for both the construction and operational phases:
  - intermediate labour market opportunities;
  - apprenticeships; T-levels;
  - work/industry placements for graduates;
  - higher level graduate placements; and
  - jobs – for people with skills, currently unemployed
  - Promotion of the opportunities – this would require actively working with local agencies to advertise these opportunities and prepare local people to access them;
- Brokerage - in terms of matching individuals to the opportunities, existing skills registers would be used but there will also be a requirement to work with local providers to target hard to help groups in the area or individuals from deprived areas (for example, young people/NEETS/16-24 year olds; unemployed/long-term unemployed (LTU) – to match supply and demand more effectively);
- Pre-recruitment/work readiness – the delivery of pre-recruitment training courses would be explored – again at both the construction and operational phases:
  - Construction pre-recruitment – focused on employability skills, with a guaranteed interview if they are successful and/or complete the course; and
  - Operational pre-recruitment – support to local people through the provision of pre-recruitment support, including practical experience;
- Cascading commitments through the supply chain - ensuring the commitments are passed down to contractors and on to end users of the development (where possible) through the use of contract clauses and local agreements/charters; and
- Monitoring and evaluation – to promote accountability and compliance.



**University of Gloucestershire former Debenhams Building**

**Former Fleece Hotel**

**Forge Innovation and Incubation Centre**

# Gloucester Levelling Up Fund Package

Gloucester Rugby Kingsholm Stadium

Riverside Sports and Leisure Club

Westgate Retail Park

St Oswald's Priory

Beaufort Polo Club

Gloucester Cathedral

Beatrix Potter Shop and Museum

Westgate Leisure Area

Gloucestershire Royal Hospital

Forum

Gloucester Transport Hub

Gloucester Train Station

King's Square

Blackfriars Priory

The Guildhall

King's Walk Shopping Centre

Eastgate Shopping Centre

Museum of Gloucester

Gloucester Canal

Historic Dockyards

Greyfriars

Gloucester Quays Retail Mall

Gloucester Park

Gloucester Cricket Club





**Forge  
Innovation and  
Incubation  
Centre**

**Gloucester Levelling Up Fund Package**



**University of Gloucestershire  
former  
Debenhams  
Building**

**Gloucester Levelling Up Fund Package**





**Former  
Fleece  
Hotel**

# Gloucester Levelling Up Fund Package