

North Yorkshire Council

Executive

21 January 2025

Whitby Maritime Hub

Report of the Corporate Director Community Development

This report contains exempt information at Appendix A by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972

1.0 PURPOSE OF REPORT

- 1.1. To seek approval from the Executive to enter into the construction contract, including any associated project manager and supervisor appointments to carry out the Whitby Maritime Hub Regeneration Project on the terms principally contained in this report; and delegate to the Corporate Director of Resources in consultation with the Corporate Director of Community Development and Assistant Chief Executive Legal and Democratic Services to agree the final terms of the construction contract with the contractor within the established budget.

2.0 SUMMARY

- 2.1 The need for the Whitby Maritime Hub came out of extensive consultation with local stakeholders and the maritime sector in 2020. Consultation included over 30,000 people, businesses and organisations from Whitby and Scarborough. The project secured £10million from the Towns Fund in 2020 from a £17.1 million allocation awarded to Whitby by the then Department for Housing and Local Government.
- 2.2 In February 2022 Scarborough Borough Council (SBC) approved the acceptance of the business case for the Whitby Maritime Hub and the submission of the summary document to MHCLG in order to release Town Deal Funding and accept the Towns Fund award for the project and act as the accountable body. In July 2022 SBC approved the establishment of the project budget for the Whitby Maritime Hub within the Council's capital programme up to its Town Fund award of £10m.
- 2.3 Planning permission was secured in August 2024. The project is now ready to move to construction. The construction period is anticipated to last approximately 13 months, dependant on date of approval. Subject to the project gaining approval to move into the works contract, the facility is aiming to be fully operational in Spring 2026.
- 2.4 The report seeks approval to proceed to the construction phase of the project on the basis of the recommendations made in this report and highlights the potential financial risks to the Council of doing so.
- 2.5 In addition, this report presents the potential options for operating models, outlining both the risks and benefits associated for each model.

3.0 BACKGROUND

3.1 The development and construction of the Whitby Maritime Hub was one of six priority projects chosen to be delivered through the Whitby Town Deal. The project was allocated £10 million from the Government's Towns Fund Programme in June 2021 as the flagship project sitting on Endeavour Wharf. Planning permission for the project was granted on the 13 August 2024.

3.2 The Whitby Maritime Hub concept was developed following consultation with local stakeholders and maritime sector operators. It aims to capitalise on the location of Whitby and the projected growth in the maritime and offshore renewables sectors. This would be through the provision of business, research and training space for the maritime sector, this being the basis of the Business Case for the project submitted to Government in 2021.

3.3 It is intended that the Hub will work to address the following socio-economic challenges currently impeding the town and its community:

- Diversification of the economy through the provision of employment space in higher value maritime sectors and rebalancing the towns productivity shortfall associated with the existing economy.
- Address the impacts of long-term decline of the fishing industry in the area, the low availability of high-quality employment opportunities for younger people and to exploit emerging opportunities for maritime and marine related economic activity including environmental management, renewable energy, developments in commercial shipping and leisure sailing activities. The Maritime hub concept represents an opportunity based on environmental, social and technological change in marine and maritime industries to develop new clusters of economic activity supporting economic growth and long-term employment in some of north Yorkshire's most disadvantaged communities.
- The facility plans to provide opportunities for training and higher value employment within the town for a younger age population, with the intention to rebalance the current aged demographic population residing in Whitby.
- Establish sustainable employment and drive growth in Whitby
- Attract partners in the offshore renewables industry with the sole purpose of providing a new employment sector for the town.

3.4 Forecast outputs

3.4.1 The Whitby Maritime Hub project aims to achieve the following outputs for maritime training and jobs by 2029 as outlined in the Towns Fund agreement.

3.4.2 These outputs have been realigned from the original proposal to support the building configuration and reduced footprint. A Project Adjustment Request was submitted to and approved by the Whitby Town Deal Board in July 2024 to reflect the change in scope due to the building reconfiguration. The figures below show the adjustment in outputs approved by the Whitby Town Deal Board which are currently awaiting sign off from MHCLG.

Output	Unit of Measurement	Target from building completion
Amount of capacity of new or improved training or educational facilities	Number of people	180
Number of learners/students/trainees gaining certificates, graduating or completing courses at new or improved training or education facilities or attending new courses	Number	360
Increase number of working age population with qualifications	Number	269

4.0 Planned Construction of Whitby Maritime Hub

- 4.1 Following award of the Towns Fund Grant, the former Scarborough Borough Council appointed Willmott Dixon Construction Limited through the Scape public sector framework to design and, subject to further approval, build the project. Scape is a single supplier public sector framework agreement and was utilised due to repeated attempts to obtain competitive two stage tenders which were unsuccessful. To highlight, there is a risk that the Council may fail to agree the terms of the second stage contract. To note this is a low risk of happening and would mean further procurement, leading to further programme delays.
- 4.2 Willmott Dixon were appointed on an NEC Professional Services Contract to design the work up to RIBA Stage 4 and present the Council with a contract, price and programme proposal for the construction phase. There is no obligation on the Council to accept the proposal and no penalty if the Council decides not to proceed.
- 4.3 In August 2024 Willmott Dixon provided a proposed contract price of £9.6m to undertake the works. Following the Scape two-stage open book process, Willmott Dixon have broken the works down into sub-contract packages and competitively tendered each element with their supply chain to ensure best value. These prices have been subject to verification by Council Officers, at the RIBA Stage 4 review meeting, who are satisfied that they are competitive.
- 4.4 During the design stages of the process, various iterations of design were produced and consulted upon, both with key stakeholders, statutory consultees and finally a public consultation. The evolved design, taking into account the consultation feedback, is the design of the building that has now received planning permission.
- 4.5 The building is located within Flood Zone 3b and the planning permission requires the development to be constructed and brought into use in accordance with the flood risk assessment and can **only** accommodate uses which are defined as 'water compatible' by the National Planning Policy Framework December 2023 (or any future revision) and which shall be agreed in writing by the Local Planning Authority at least 90 days prior to that use commencing.
- 4.6 Following legislation change in 2023 any developments within a flood zone 3b (the functional flood zone) must comply with the below restrictions of use.

Water-compatible development

- Flood control infrastructure.
- Water transmission infrastructure and pumping stations.
- Sewage transmission infrastructure and pumping stations.
- Sand and gravel working.
- Docks, marinas and wharves.

- Navigation facilities.
- Ministry of Defence installations.
- Ship building, repairing and dismantling, dockside fish processing and refrigeration and compatible activities requiring a waterside location.
- Water-based recreation (excluding sleeping accommodation).
- Lifeguard and coastguard stations.
- Amenity open space, nature conservation and biodiversity, outdoor sports and recreation and essential facilities such as changing rooms.
- Essential ancillary sleeping or residential accommodation for staff required by uses in this category, subject to a specific warning and evacuation plan

- 4.7 The local planning authority will determine if the proposed uses comply with the above classifications, but given the original educational intention of the building, it is understood that training of selected water compatible uses e.g. teaching fish processing, would be deemed a compatible use, thus maintaining the maritime education themed intent of the original project. Although the restrictions limit the range of potential tenants that can occupy the building, following a renewed approach to the market undertaken by officers it has established a good level of interest although to date no tenants are confirmed one has been progressed to Heads of Terms.
- 4.8 The ground floor units have been designed to ‘flood’ in line with flood zone 3b and the upper units are being left as a core shell ready for fitting out by new tenants. This is advantageous as it enables prospective tenants to fit out their units to be bespoke to their individual maritime related needs, prevents abortive work having to be stripped out at a later date and also saves the Council capital expenditure at this stage. The responsibility for the costs of the tenants’ fit outs, as they come to occupy, can be negotiated as part of the terms of their agreements to lease and rent payable, as is traditional in shell and core developments, and therefore there is no guarantee at this stage that these costs will be covered by tenants in the future and they could fall to the council to meet.
- 4.9 There is a balance of risk in relation to a decision to go ahead at this stage with the development. It is well established that inflation within the construction industry has been prevalent in recent years. The Willmott Dixon contract offer is dependent upon the prices being held by their supply chain and is time limited. Any delays in making an appointment after this date could result in a price increase or the loss of the contractor’s availability all together if they are successful in winning other work. However, this risk should be balanced by the current status of the development in view of the fact that there are no tenants secured at this stage other than one tenant being at Heads of Terms stage, with interest from other potential tenants. Therefore there is a risk that there is a financial gap in the annual costs of the centre which would need to be met by the Council.
- 4.10 The contract terms proposed are the NEC4 Engineering and Construction Contract – option A. This is a lump sum contract that can only be changed on the occurrence of certain risks known as “compensation events” which are stated in the contract. Willmott Dixon, as both designer and contractor carry the majority of the risk, however there are still some construction risks that the Council will carry:
- Changes to the design made by the Council.
 - Delays or damage caused by inclement weather or flood events in excess of a 10-year event;
 - Any site conditions not previously identified by the site surveys.
 - The condition of the existing wharf structure.

- 4.11 There is no specific funding included in the identified budget for this project to cover additional costs arising as a result of any of the above and so if there were to be additional costs, these would need to be met by the Council. Based on other projects that the Council is undertaking, there is a significant risk to the Council of additional costs arising as a result of this contract.
- 4.12 Willmott Dixon will be appointed to the statutory roles of Principal Contractor and Principal Designer for the purposes of both the Construction (Design and Management) Regulations and the Building Safety Act 2015. This makes them principally responsible for health and safety and compliance with Building Regulations.
- 4.13 A further procurement is required to appoint a consultant Project Manager and Supervisor to manage the construction contract. This process will commence at the point of gaining approval to enter into the construction contract with Council's internal Project Manager temporarily administering the contract until such time as an external consultant has been appointed. The costs of this appointment are expected to be in the region of £300k and will be met from the capital construction budget.
- 4.14 The Towns Fund programme concludes in March 2026 and MHCLG expect all projects to be delivered to this timeline. This deadline impacts on the need for a decision because any further delays will impact on the construction timeline for the project. The proposed build programme is for 13 months and would be set to complete Spring 2026 if the decision to proceed is made. However, MHCLG have recently notified the Council that an extra year for delivery is potentially available for projects that can sufficiently evidence the need for extra time. Extensions could be granted by exception up to March 2027, and would be confirmed on a case by case basis. There are also additional risks to delaying the start of the construction period further with the potential of further cost increases, loss of contractor and MHCLG could decline a request for an extension.
- 4.15 Working with the community, local businesses, and other stakeholders the current design reflects what is needed to carry out maritime operations, comply with the 3b flood restrictions imposed by the Environment Agency and sits within the urban environment of Whitby.
- 4.16 The original 2021 business case for the Whitby Maritime Hub stated that 'Agreements for lease should be in place with proposed tenants prior to works being commenced on site to provide the council with security of income streams'. At that time it was not anticipated that use of the building would be restricted to Water Compatible Uses, that being a consequence of legislation changes in 2023. It has also proven to be difficult to secure commitment from tenants more than a year in advance of the building being constructed and available for occupation.
- 4.17 Up to the point of obtaining planning permission there had been little tenant commitment in the building so the decision to enter into the construction contract was delayed by three months to allow officers to re-test the market and secure tenants. Within this period a range of activity streams have been undertaken to find potential tenants for the building.
- 4.18 Recent engagement with the market by NYC and the construction contractor has secured one tenant and indicated good potential for others, though achieving further occupants does currently remain a risk. The work carried out has seen interest in the facility from a range of enterprise and training providers showing an interest of using the facility either on a permanent or ad hoc basis. In addition, one company are progressing to signing Heads of Terms and should be complete early 2025.

5.0 Operator Options Appraisal

5.1 In Q1 2022/23 a competitive tender exercise was held to identify an operator for the venue. No tenders were received. Feedback on the reasons for this included a lack of detailed design information on the proposed building and bidders not being willing to accept the risks around achieving rental income, particularly given the water compatible use restrictions, and the rapid rise of utilities costs at the time. This risk remains.

5.2 An assessment of different operating models has been undertaken looking at the following options:

- In-house operation by North Yorkshire Council,
- Creation of a new community interest company specifically created for the purpose.
- Secure a third-party operator.

5.3 Summary outline of options appraisal: In House Option

Benefits

- Offering the Council full control over operations and revenue benefits.
- Aligns with similar existing models in North Yorkshire and supports the maritime industry as set out in the Economic Growth Strategy.
- Leverages existing resources and safeguards outputs tied to the Town Deal Funding.

Risks

- Potential employee redeployment or redundancies.
- Limited expertise and capacity within the Council to manage operations.
- Possible need for subsidies to cover operational costs.
- Risk of stakeholder dissatisfaction.

5.4 Community Interest Company (CIC) Option

Benefits

- Access to alternative funding sources and strong community connections.
- Sector experience and representation in long-term goals.

Risks

- Lack of a current CIC or financial security to operate the facility.
- Council remains exposed to financial and reputational risks if the CIC fails.
- Potential strain on Council resources to support the CIC.

5.5 External Operator Option

Benefit

- Operators assume liability through full repairing and managed lease agreements.
- Reduced Council liability and potential for revenue sharing.
- Brings sector expertise and experience.

Risk

- Dilution of vision towards Maritime Hub and connectivity to stakeholders.
- Loss of control over facility operations.
- Subsidies may still be required, and securing a suitable operator could be challenging.

Recommendations for the Operator Model

- 5.6 Based on the information provided above, and the work underway from Council officers progressing potential tenants to Heads of Terms and ongoing conversations with potential clients, the recommendation is to consider an internal model in the first instance, with the potential for a Community Interest Company to be developed to take on the running of the facility at a later date.
- 5.7 All operator models will likely require a subsidy and further work to be carried out to provide forecasting of amount of subsidy that may be required. In addition external funding options are being explored including Mayoral Investment Funds for skills and future iterations of the UK Shared Prosperity Fund.

6.0 CONSULTATION UNDERTAKEN AND RESPONSES

- 6.1 The Town Deal process in both Whitby and Scarborough has been the subject of extensive public consultation. In 2020, over 30,000 people, organisations and businesses were involved in the consultation process to prepare the Town Investment Plan (including the Whitby Maritime Hub proposals) which is the key strategic document for Whitby Town Deal Board.
- 6.2 The building design has developed from the first iteration as work carried out with potential tenants, the steering group and the community resulting in a building design that works for its location.
- 6.3 There is a steering group for the project that meets monthly led by a Whitby ward Member and is made up of members of the local community and a representative from Whitby Town Council.
- 6.4 The Whitby Town Deal Board have also been regularly updated on the progress of the project.
- 6.5 Consultation with the Environment Agency has also been carried out to ensure that the building will comply with the flood plain 3B water compatible restrictions.
- 6.6 Historic England are satisfied with the building and how it fits in with the urban environment of Whitby.
- 6.7 Pre-planning consultation carried out across Whitby in early 2024 at four manned events (speaking to 50 people), static exhibitions, questionnaire (256 responses) and in a range of media outlets. From the 256 responses 69% of those were in support of the project.
- 6.8 The key matters resulting from the consultation, and how they have been mitigated, are as follows:
- The reduction in carparking – this has been addressed with 198 spaces being retained on the site with inclusion of disabled parking.
 - The height of the building – the height of the building is circa 15m.
 - Building on a 3B flood plain – The building has been designed with flood resilient measures, and the Environment Agency have accepted the design with the condition the building will be restricted to water compatible uses.

7.0 CONTRIBUTION TO COUNCIL PRIORITIES

7.1 The Whitby Maritime Hub will contribute to the following Corporate Plan objectives:

- Place and Environment:
 - A clean, environmentally sustainable, and attractive place to live, work and visit.
- Economy:
 - Economically sustainable growth that enables people and places to prosper.
 - New and existing business can thrive and grow
- People:
 - People can achieve their full potential through lifelong education and learning

8.0 ALTERNATIVE OPTIONS CONSIDERED

8.1 Alternative options have been explored by officers to try to ensure that the funding is not lost if the decision is made not to proceed into construction of the Whitby Maritime Hub.

8.2 If the project does not proceed to the construction phase, then MHCLG guidance must be considered:

It is encouraged that, in the first instance, that Town Deals strive to achieve the outcomes as stated in the Heads of Terms.

If a project fails, then it is possible to move the money to another existing Towns Fund Project. MHCLG would expect a similar level of replacement outputs and outcomes.

The Town Deal accountable body would need to publicly consult about the change via the Town Deal Board. The change would be subject to a Project Adjustment Request, signed off by the Section 151 officer and endorsed by the Town Deal Board. This would be subject to MHCLG approval.

8.3 Alternative options should ideally seek to support the maritime industry in Whitby and deliver some of the outputs that were stipulated in the business case for the project. There are no existing projects within the Towns Deal programme that would be able to deliver additional benefits for the Maritime Industry. In addition, funding can only be reallocated to other existing projects in the Whitby Towns Fund programme if they can demonstrate need and will deliver additional benefits. MHCLG have advised that the funding must remain in Whitby and they're unlikely to approve any reallocation to Town Deal projects in Scarborough. Additionally, any change needs to be endorsed by the Whitby Town Deal Board. Existing Towns Fund Projects are:

- Harbourside Public Realm Improvement
- Old Town Hall
- Broomfield's Farm Housing Development

8.4 Some of the funding may be used to enhance the Harbourside Public Realm Improvement project through variable messaging signs or extending the existing public realm scheme down New Quay Road.

8.5 The Old Town Hall is a key heritage building in Whitby, due to budget constraints the project has been value engineered throughout its development to ensure that the main project objectives could be achieved. Currently, the project does not have a budget allocation to provide equipment associated with its use as a heritage facility and will be

subject to a bid to the National Lottery Heritage Fund. Therefore, if additional funding was allocated to the project from the towns fund, these costs would be covered, and additional services originally considered within the Market Place could be added back into its scope.

- 8.6 Providing grant funding to Broomfield's Farm is subject to satisfying Subsidy Control principles which requires the council to demonstrate it is providing the minimum required grant to achieve the project objectives. It would be unlikely if extra funding was granted to the project that the council could demonstrate further need as any extra interventions would be seen as above and beyond the minimum required to deliver the project.
- 8.7 None of the existing Towns Fund projects would be able to utilise the full £10million and the level of outputs and benefits to the Maritime Industry make them unfavourable.
- 8.8 Two possible options were considered, which are currently outside the Town Deal programme, but could further support the maritime industry. These were improvements to Eskside Wharf and the Fish Quay. Both projects are at different stages of development and further work would need to be carried out to assess how this funding would benefit the projects.
- 8.9 All of the above options would be subject to further development work, require public consultation via the Town Deal Board, endorsement by the Board and NYC and be approved by MHCLG through the Project Adjustment Request procedure. Not only does this carry the risk of not gaining the required consents, but it would also take a considerable time, therefore increasing the risk that the funding would not be spent during the Towns Fund programme.
- 8.10 If it cannot be utilised, the £10m Towns Deal funding would have to be returned to Central Government which would carry a reputational risk to North Yorkshire Council both with Government and the local community.

9.0 IMPACT ON OTHER SERVICES/ORGANISATIONS

- 9.1 Once construction of the building is complete there will be an impact on other services within the authority.
- 9.2 There will be an impact on the Property team as the building will need to be regularly maintained due to the nature of its environment. A maintenance schedule will be provided by the contractor.
- 9.3 There will be an impact on Estates as the landlord of the building. However, the level of involvement by the Estates Service would depend on the Operator Model taken forward.
- 9.4 The Harbour Master and his team will be impacted as they will be relocated into the building. There is no current plan for the existing Harbour Master's office in which the Tourist Information Centre resides. Ongoing review of Council assets will take the use of the building into account.

10.0 FINANCIAL IMPLICATIONS

Capital

- 10.1 Identified capital costs of the scheme total £10.162m. Of this, £1.295m has already been spent on design development works. Funding is comprised of £10m of Towns Fund Grant and £0.162m of funding from North Yorkshire Council. A breakdown of the capital costs is shown in the confidential appendix A.
- 10.2 The funding available currently meets the costs of the construction, but includes no allowance for contingency. Any increase in cost will need to be met by the Council. The Council will carry a number of construction risks, such as unforeseen site conditions, as set out in section 4.10 above, and so there is a risk that additional council funding will be required to complete construction. Based on other projects that the Council is undertaking, there is a significant risk to the Council of additional costs arising as a result of this contract. There is no budget in place for any cost overruns.
- 10.3 In addition to the above, the whole of Endeavour Wharf car park will be closed to the public for the duration of the construction. This will reduce the number of off-street car parking spaces in Whitby by 250 (from a total of approximately 850). This will result in an income loss at the site of approximately £650k over the course of construction. Not all of this income will be lost to the council – some will be displaced to other car parks within Whitby, subject to capacity. It may be possible to put on a shuttle bus from the Abbey Headland car park, for example – it is estimated that this could cost in the region of £150-175k for the duration of the construction. This would be an additional cost that is not included in the above estimates.
- 10.4 There is also currently no cost included for internal fit out of the building other than the common areas such as toilets. If the council has to meet some or all of these costs then this will require additional council funding (see paragraph 4.8). This will be part of negotiations with potential tenants.
- 10.5 Based on the above, there are likely to be additional costs associated with the construction element of the scheme relating to lost car parking income, building fit out and any additional unforeseen construction costs which would need to be met by NYC.

Revenue

- 10.6 Annual running costs for the building are estimated to total £109k. The detail is set out in the confidential appendix A.
- 10.7 There will also be an ongoing reduction in car parking income once the building is in place, as 52 parking spaces will be permanently lost within Endeavour Wharf car park. This could result in an annual income loss of up to £120k, although a proportion of this will likely be displaced to other car parks within Whitby and, if this was the case, would still be retained by the council.

Income

- 10.8 Currently there is no guaranteed rental income for the building. However, Heads of Terms have been agreed - but not signed - with the first tenant. Details of the annual costs and income of the building are detailed in the confidential appendix A along with some sensitivity analysis of rental levels and building occupancy.
- 10.9 This analysis demonstrates that with rental income set at the current levels, rental income by itself would not cover running costs at any level of occupancy and there would be a net annual cost to the council from operating the building up to a worst case of a gap of the full operating costs of the building of £109k per annum. If utility and NNDR costs could be passed on to tenants, this would reduce the net cost to the council – however, it would

require an occupancy rate of over 80% before the building would break even, unless rental levels were increased.

- 10.10 The occupancy of the Maritime Hub is likely to be a mix of longer-term tenancies and short-term ad hoc lettings for specific purposes. The eventual mix of these tenancy arrangements will take time to become established, although the nature of the facility might mean that more short-term lettings become the established business model with just a small number of anchor tenants. This would therefore mean that there is a risk of units being held vacant, resulting in lower income, as well as more management work being required to manage the turnover of tenants

Operating Model

- 10.11 Three different operating models are highlighted in the section 5 of this report. Realistically, the building will at least initially need to be run in-house by the council. Alternative models such as a Community Interest Company could be explored in more detail in future, but the working assumption is that the council will need to operate the building in-house.

Tenant Interest

- 10.12 Details of the current position with regard to potential tenant interest in the building are shown in Appendix A (confidential appendix).

Financial risks and issues

- 10.13 In summary, the key financial issues and risks for the council are as follows:

In the construction phase:

- There is a risk that the Council is unable to enter into the construction contract
- There could be cost over-run on the construction contract for the reasons set out in paragraph 4.10, which would require further council funding that is not included in the current budget. There is no contingency allowance included in the current budget.
- The cost of internal fit-out of the building could fall to the council, the cost of which is not included in the current budget
- There will be loss of car parking income of up to £650k during the 13-month construction phase, as Endeavour Wharf car park will be closed in full during this period
- The contractor could increase the cost of the contract if there are any further delays to awarding the contract or there could be costs as a result of events that are at the Council's risk during the construction period.

During operation:

- Suitable tenants may not be found to occupy the entire building, meaning that income is insufficient to cover operating costs and therefore the annual amount of the shortfall will need to be met by the Council in the future.
- Suitable tenants may not pay the levels of rent required to meet operating costs.
- Operational costs may be higher than currently estimated, meaning that there is a higher cost to the council of operating the building.
- There may be significant future property maintenance costs, which would be the responsibility of the council.
- There is an ongoing reduction in car parking income due to the permanent loss of 52 parking spaces within Endeavour Wharf car park, with a potential loss of up to £120k of income per annum as a result.
- It may take a significant period of time to find suitable tenants after the building is completed, meaning that there could be an extended period over which occupation is low and therefore the council would be meeting the majority of the operating costs.

12.0 LEGAL IMPLICATIONS

- 12.1 The Council is able to undertake all of the projects forming part of the Whitby Towns Fund programme by virtue of its general power of competence pursuant to the Localism Act 2011 as well as its wellbeing powers under the Local Government Act 2000.
- 12.2 The Council owns the freehold of the site on which the Maritime Hub at Endeavour Wharf is to be located and Endeavour Wharf is also a registered cargo wharf. The proposed works to construct the Maritime Hub are consistent with the Council's powers as a Harbour Authority and do not materially alter the wharf's registration status. Local legislation relating to Whitby Harbour also gives the council the power to enter into lease arrangements of the units forming part of the completed development.
- 12.3 In undertaking the project as part of the Towns Fund programme, the Council must also consider the Subsidy Control Act 2022. Specialist legal advice has been obtained and concludes that there are no subsidy control implications associated with the development by the Council of the Maritime Hub at Endeavour Wharf and the subsequent letting of units forming part of the completed development by the Council.
- 12.4 The contractor has been procured via the Scape public sector framework and this report seeks approval to enter into the construction contract with Willmott Dixon. The proposed construction contract with Willmott Dixon will be a lump sum contract with the council taking the risk on changes to scope and design made by the Council; delays due to inclement weather or flood occurring less frequently than once in ten years, previously unidentified site conditions and the structure of Endeavour Wharf. In the event that the Council is unable to successfully agree the final terms of the construction contract with Willmott Dixon then a further tendering exercise will be required to select another contractor to carry out the works.

13.0 EQUALITIES IMPLICATIONS

- 13.1 An Equalities Impact Assessment has been carried out and approved on 15th August 2024, see Appendix B.
- 13.2 The Whitby Maritime Hub does not cause any negative implications to any protected characteristic.
- 13.3 The Whitby Maritime Hub will sit on Endeavour Wharf, currently used as a carpark. As a part of the reconfiguration of the car park there will be an inclusion of a minimum two disabled car parking spaces, which is an improvement as there is currently no dedicated disabled parking.
- 13.4 A further Equalities Impact Assessment may need to be carried out by the operator of the building dependant on the training courses provided.

14.0 CLIMATE CHANGE IMPLICATIONS

- 14.1 An Environmental Screening form has been carried out for this project and approved 15th August 2024, see Appendix C.

- 14.2 The Whitby Maritime Hub will impact emissions negatively within Whitby both during the construction phase and when the building is operational.
- 14.3 Mitigations have been taken by the project team and further mitigations will be explored to ensure the impact of increased emissions is reduced.

15.0 RISK MANAGEMENT IMPLICATIONS

- 15.1 A risk register for this project is reviewed regularly by the project team, see Appendix D.
- 15.2 The top three risks to this project are:
- The lack of tenants and operating model we currently have for the facility. One tenant has progressed to signing Heads of Terms and work is ongoing to secure these,
 - Reputational risk to the Council of forfeiting the £10 million Towns Deal funding and not delivering the facility.
 - Not being able to achieve the programme deadline of March 2026.
- 15.3 There is a risk of increased costs that has been highlighted by Willmott Dixon due to the delay in entering the construction period beyond October 2024. This figure has been posed up to circa £690k if further delays on a decision are made.
- 15.4 There is also a risk that further delays will cause greater impact to the availability of the supply chain. Consequently, this would lead to impact on the funding deadline set out by MHCLG.

16.0 CONCLUSIONS

- 16.1 To conclude: the recommendation is to continue into the construction phase of the building of the Whitby Maritime Hub, after consideration of the risks involved which are highlighted in this report. This will secure the investment for Whitby maritime industry. By developing this high-quality building, it will attract the maritime industry and bring diversity to Whitby's economy.
- 16.2 There is a strong likelihood that facilities of this nature will be needed with the Government's push towards offshore wind, with nine new wind farms sanctioned, two being off the coast of Hornsea circa 50 nautical miles from Whitby. The Maritime Hub would allow Whitby to become an integral part of the supply chain. It would be a missed opportunity for Whitby to let the development of the Maritime Hub fail.
- 16.3 Based on the options appraisal carried out the preferred operator model to establish the facility is an in-house run model, with a view to potentially working with a CIC to establish them as the operator in future.

17.0 REASONS FOR RECOMMENDATIONS

- 17.1 It will deliver the obligations to the Towns Fund programme for Whitby, whilst also ensuring that the community in Whitby is at the forefront of the opportunities have in the sector.
- 17.2 The recommendations will produce the best benefit for the Marine and Renewable sector for Whitby and North Yorkshire.
- 17.3 The recommendations will also achieve the Council's corporate aims and the Economic Growth Strategy.

18.0 RECOMMENDATIONS

18.1 To seek approval from the Executive to enter into the construction contract, including any associated project manager and supervisor appointments, to carry out the Whitby Maritime Hub Project on the terms principally contained in this report; and delegate to the Corporate Director of Resources in consultation with the Corporate Director of Community Development and Assistant Chief Executive Legal and Democratic Services to agree the final terms of the contracts, within the established budget.

18.2 To note the risks highlighted in the report and the potential need for additional funding from the Council as set out in the financial implications section of the report. At this stage it is not possible to identify the value of any potential gap in funding but if Executive approval is given, there is a cost to the Council which represents the regeneration value of the scheme which will need to be met from Corporate resources.

APPENDICES:

Appendix A – Detailed Financial implications (Private and Confidential – exempt information by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.)

Appendix B – Equalities Impact Assessment

Appendix C – Climate Change Impact Assessment

Appendix D – Risk Register

BACKGROUND DOCUMENTS: None

Nic Harne
Corporate Director – (*Community Development*)
County Hall
Northallerton
10 January 2025

Report Author – Ellis Cooper Regeneration Officer
Presenter of Report – Nic Harne Director of Community Development

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.