

Report to:	EXECUTIVE
Relevant Officer:	Alan Cavill, Director of Communications and Regeneration
Relevant Cabinet Member :	Councillor Mark Smith, Cabinet Member for Business, Enterprise and Job Creation
Date of Meeting:	16 November 2020

BLACKPOOL TOWN DEAL : HEADS OF TERMS

1.0 Purpose of the report:

1.1 To advise the Executive of the outcome of the Towns Fund bidding process and the draft Heads of Terms (HoT) provided by the Ministry of Housing, Communities and Local Government (MHCLG) and to seek authority to pursue the next steps.

2.0 Recommendation(s):

2.1 To approve the Heads of Terms attached at Appendix 2a.

2.2 To delegate to the Chief Executive the authority, after consultation with the Leader of the Council, to agree:

- the allocation of the resources between the 7 approved schemes, and,
- the business plans for the projects identified in the Heads of Terms for submission to Ministry of Housing, Communities and Local Government after they have been through the preparation and assessment processes outlined in paragraphs 6.3 and 6.4 in line with the Heads of Terms at Appendix 2a and the Towns Fund Further Guidance including seeking agreement of the Town Deal Board.
- for the Executive to be kept informed of progress on the Town Deal

2.3 To continue discussions with Government regarding a broader Town Deal to ensure the Town develops a holistic, strategic partnership with the various Government Departments to ensure that it most effectively tackles the many challenges that the Town faces and ensures a successful post-Covid economic, social and environmental recovery.

3.0 Reasons for recommendation(s):

3.1 Following the submission of Blackpool's Town Investment Plan and bid for resources from the Towns Fund in July, Government processes require that the Town Deal Board and the Council, as Accountable Body, agree to the terms and the conditions they contain to access the funding offered.

3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.3 Is the recommendation in accordance with the Council's approved budget? Yes

4.0 Other alternative options to be considered:

4.1 The development of the Towns Fund Town Investment Plan (TIP) and its respective scheme interventions were subject of extensive engagement, review and consideration. Although not all the totality of funding was to the level applied for it represents a very positive outcome to drive forward the Town's regeneration plans.

5.0 Council priority:

5.1 The relevant Council priority is: "The economy: Maximising growth and opportunity across Blackpool".

6.0 Background information

6.1 Towns Fund Board and Town Investment Plan

The £3.6 billion Towns Fund was launched in November 2019 to enable towns to address growth constraints through Town Deals. 101 towns were invited to bid with the aim, "to unleash the full economic potential of 101 places and level up communities throughout the country". The funding of up to £25 million in each place (or of up to £50 million in exceptional circumstances) is targeted to help to increase economic growth with a focus on regeneration, improved transport, better broadband connectivity, skills and culture.

The objective of the Towns Fund is to "drive the economic regeneration of towns to deliver long-term economic and productivity growth".

As part of the invitation to the lead Council a Town Deal Board incorporating public, private and community membership and an independent private sector Chair was required to be established as an advisory board to the Council.

The Blackpool Town Deal Board was established in February 2020, chaired by Paul Smith of Business in the Community (BITC) the Blackpool Pride of Place Partnership (a strategic partnership of the Council, the Local Enterprise Partnership and BITC which had produced a Blackpool Town Prospectus in 2018, subsequently refreshed in 2020 as the basis of securing a broad-based Town Deal for Blackpool.

The role of the Town Deal Board has been to:

- Develop and agree an evidenced based Town Investment Plan
- Develop a clear programme of interventions
- Coordinate resources and influence stakeholders

Invitations to submit bids were in three cohorts, the first of which was at the end of July 2020 and in view of the prior work on the Town Prospectus it was regarded as essential for Blackpool to be in the first cohort to submit which it duly was.

The Town Deal Board has held 6 meetings so far with its membership and papers including the outcomes of a major community engagement exercise published on the Council's website.

<https://www.blackpool.gov.uk/Your-Council/Creating-a-better-Blackpool/Creating-a-better-Blackpool.aspx>

6.2 The Blackpool Town Investment Plan

As set out in the Towns Fund Prospectus the Town Investment Plan was required to:

- Set out investment priorities that would drive economic growth, supported by clear evidence, building on the strengths and assets of the town
- Demonstrate how investment will be targeted into the economic infrastructure listed around the objective of the fund
- Build on and add to existing partnerships and plans for Blackpool and complement pre-existing strategies such as Local Industrial Strategies, Skills Advisory Panel analysis, spatial strategies and local transport plans
- Consider the wider strategic approach, including Northern Powerhouse, and other pan regional strategies
- Align with the government's clean growth objectives

The Town Investment Plan has two sections setting out the context, strategy and process planning; and the details of project proposals. The scale of potential investments in Blackpool far outweighed even the maximum sums available so a prioritisation process based on the Town's priorities and the criteria of the Towns Fund provided the basis on which the bid was put together.

Blackpool's Town Investment Plan (TIP) was submitted to the Ministry of Housing, Communities and Local Government (MHCLG) for approval of £49.3m on 31st July 2020 for 9 projects.

Town Investment Plans have subsequently been considered in two stages, with the first stage consisting of a review of the Town Investment Plans in its entirety and once standards have been met, Town Investment Plans progress to the second stage – which involves detailed business planning.

As Blackpool submitted a request of more than £25m, a challenge session was held between Ministry of Housing, Communities and Local Government, Blackpool Council and the Chair of the Towns Deal Board on the 29 September 2020.

The Town Investment Plans submitted by Blackpool was deemed of a strong standard to move forward to a Heads of Terms (HoT) which were sent to Blackpool on 27 October 2020 (Appendix 2a). A response is required within 3 weeks (by 17 November 2020) hence the need for this Executive meeting.

The Heads of Terms show that Blackpool has had £39.5m of projects approved making it the by far the largest of the awards so far announced.

The Heads of Terms outlines an:

- allocated Towns Fund budget of £39.5m across 7 schemes from the bid for £49.5 for the original 9 schemes
- overall funding allocation limit for each project, the totals of which exceed the resource allocation requiring funding for each scheme to be determined and/or reduced within the overall allocation
- Key conditions and requirements – e.g. target figures for match funding, and other conditions

The Town Deal Board, as required, is to consider these Heads of Terms at its scheduled meeting on 13 November 2020 which falls within the 3 week window, and in view of the tightness of the timescale their recommendation and views will be reported orally to the Executive.

Once a town has agreed to the Heads of Terms the next stage will be to develop the business plans for each project (see section 6.3 below).

In addition to the £39.5m, on the 25 September 2020, Blackpool received confirmation of £1m of Towns Fund “accelerated funding” which needs to be spent on capital elements of Town Deal schemes by the end of March 2021. The assessment of where this will be allocated to will be determined when finalising the resource allocation between schemes, although the acquisition of land at Devonshire Road to support the relocation of the new Courts building has provisionally been identified as a scheme that would be able to meet the required condition and timescales. This would support the much needed removal of the existing courts from the Blackpool Central site allowing the £300m private sector scheme to move forward.

6.3 Business Case Development Process

Government processes require that the Town Deal Board and the Council, as Accountable Body, agree to the terms and the conditions they contain to access the funding offered. A response is required by 17 November 2020. Once a town has agreed to the Heads of Terms the next stage will be to develop the business cases for each project.

A requirement of the Draft Heads of Terms is to provide the Towns Fund Lead within two months of the deal being signed, with the following information :-

- Details of the projects being taken forward (including for each project the capital/revenue split and the financial profile)
- Overall capital/revenue split and financial profile for the Town Deal
- The actions taken to address the conditions for selected projects

The Heads of Terms include a funding envelope of up to £39.5million for the 7 schemes which it was content to provide support towards (*subject to full Business Case development and appraisal and all conditions met.*) The Heads of Terms say that the Grundy Extension and Innovation Partnership schemes would not be supported though no reasons have yet been given.

As £49.3m was the original request which, when these schemes are removed, leaves a funding “gap” of £7.7m. This leaves a requirement to prioritise spend allocations across the 7 remaining projects.

It would be premature to confirm spend reductions now against individual schemes as it is first proposed that Council officers and AMION Consulting jointly hold focused discussions with each project lead to determine the latest development position and fund requirement to obtain a high level spend profile. The results of this exercise will be taken to the Town Deal Board before seeking approval under the terms of the delegation to the Chief Executive proposed in this report.

The next stage of the Town Investment Plan development process will involve the development of business cases for each of the projects outlined in the Heads of Terms, in line with HM Treasury Green Book Business Case guidance. It is understood that where individual schemes are not seeking more than £25m that local appraisal and assurance procedures will be sufficient which is the case for Blackpool.

Business case development for the projects approved and outlined in the Heads of Terms will be managed and overseen by the Growth and Prosperity team within Blackpool Council. Senior officers within the Council have been identified to lead on each of the seven projects now approved and these officers will liaise directly with public, private and community stakeholders in developing the business case, in conjunction with the Town Deal Board Community Engagement Team comprising the Chair of Blackpool, Fylde and Wyre Council for

Voluntary Services (Tracy Hopkins who also sits on the Town Deal Board), BITC and Council representatives from the Corporate Delivery Unit and access to the Commonplace engagement web tool.

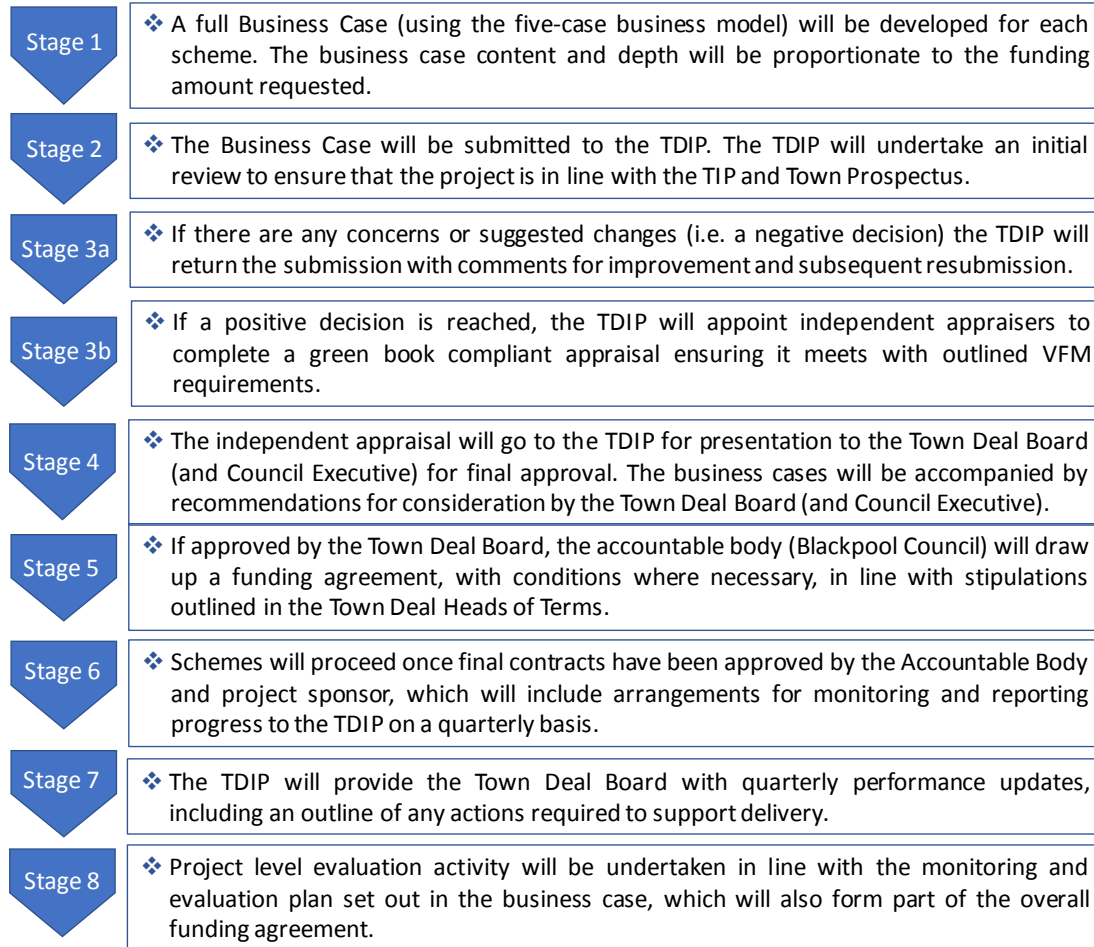
External, technical/specialist support will also be procured to ensure that the business case is developed to the required standard. Officers within the Council have received a full briefing on the breadth of work required to prepare a five case business case compliant application.

6.4 Business Case Appraisal and Assurance

To support the Business Case Appraisal process, Blackpool Council as the accountable body will ensure that an appraisal and approval process is put in place that will provide Government and local partners with assurance that decisions over the allocation of Town Deal funding are proper, transparent, and involve accountable decision making. The process established will also ensure that public funding delivers value for money, and appropriate monitoring and evaluation mechanisms to report on performance.

It is proposed that a Town Deal Investment Panel (TDIP) is established, with suitably skilled individuals drawn from relevant partner agencies (with representatives from the public, private, and community/voluntary sectors) and Government, to ensure there is sufficient oversight and scrutiny of the business case proposals brought forward. A private sector Towns Fund Board member will Chair the panel. This panel will in turn report to the Town Deal Board, regarding the allocation of funding and best use of public sector funding. The Town Deal Investment Panel will be supported by the Growth and Prosperity Team of Blackpool Council in line with its existing secretariat role to the Town Deal Board.

A Full Business Case (or Outline Business Case, depending on the nature and status of the project) will be developed for each project and submitted to the Town Deal Investment Panel for initial review. Once content, the Town Deal Investment Panel will appoint an independent appraiser to assess the Business Case and report back to the Town Deal Investment Panel and then to the Town Deal Board (and Council Executive subject to the delegation arrangements to be agreed). If approved by the Board, Blackpool Council (as accountable body) will draw up a funding agreement, with appropriate monitoring and evaluation arrangements established. The proposed eight stage process will be as follows:



Once detailed business cases have been developed for each project, within 12 months of the signing of the Heads of Terms, towns must submit a Town Deal Summary Document to the Towns Hub. This should include:

- A list of agreed projects (including BCRs)
- Details of business case assurance processes followed for each project
- An update on actions taken in relation to the Heads of Terms key conditions and requirements
- A Delivery Plan (including details of the team, working arrangements and agreements with stakeholders)
- A Monitoring and Evaluation Plan
- Confirmation of funding arrangements and financial profiles for each project
- Confirmation of approval of planning applications
- Letters of approval from the Town Deal Board and Lead Council

As some of the business plans are likely to take most of the 12 months to complete this means that funding is unlikely to be fully confirmed until the end of 2021. Discussions are taking place with Ministry for Housing, Communities and Local Government as to whether it will be possible to accelerate this for specific projects that are ready earlier.

6.5 Management and Governance Arrangements

The management, governance and delivery of Blackpool's Town Investment Plan will require the ongoing oversight provided by the Town Deal Board. As the accountable body, Blackpool Council will retain overall responsibility for the delivery of the programme. Project management and delivery support will therefore continue to be provided by the Council in conjunction with partner agencies.

6.6 Future High Streets Fund

In July 2020, Blackpool Council also submitted a £25m bid to the Ministry of Housing, Communities and Local Government's Future High Street Fund, to deliver 11 separate schemes within the Town Centre. Although the first stage review has now been completed by the Ministry of Housing, Communities and Local Government, a further clarification exercise for all bidding towns took place in October to remove schemes approved by other funding streams since the original submission (e.g. the Getting Building Fund) and projects regarded as ineligible. This has resulted in four projects being withdrawn from the bid, two of which are now in receipt of Getting Building Fund funding – the £5m Houndshill extension scheme and Abingdon Street Market purchase and refurbishment (£3.6m). Additionally the Monitoring and Evaluation (£296,000) and the Fylde Coast Rail study (£800,000) schemes were removed as they were deemed to be ineligible. The Blackpool Future High Streets Fund bid is now seeking £15.3m of funding support against 7 schemes.

While a decision on the Future High Streets Fund funding is not now anticipated until later November, in the interim, the Town Deal Board have been asked to also manage and monitor the Future High Streets Fund projects in line with the Towns Fund projects, given the potential synergies between the two.

6.7 A Broader Town Deal

Clearly, the £39.5m funding allocation is a very welcome contribution to the Council's Growth and Prosperity Programme and plans for the economic regeneration and recovery of Blackpool and it is pleasing that the Government has recognised the merit and ambition of Blackpool's bid. As the Leader of the Council said, following the announcement:

"The proposals that we put forward during the summer set out a very clear vision of what we wanted from the Towns Fund in terms of delivering a range of projects capable of having a transformational effect on our local economy.

"The scale of the award demonstrates that the Government has confidence that our plans can drive growth and create jobs. We look forward to working with Government on the detail within the proposals so we can build a brighter future for our town and our residents."

The Council is also realistic about the scale of the challenges that Blackpool is facing and it was for this reason that in the July submission to Government the bid stated that:

“this Town Investment Plan which describes the interventions (both underway and planned), the resources (both public and private) and the potential policy, infrastructure and financial changes or ‘Asks’ that are needed to realise the economic potential of the Town. To achieve the growth ambitions set out in the Town Prospectus, the Board recognise the fundamental importance of stakeholder engagement which has been integral to the development process. Partners welcome the opportunity to further develop a long-term strategic partnership with Government to facilitate action across departments that will develop the economy and tackle entrenched deprivation, leading to reduced pressure on the public purse.

As the Town Investment Plan provides the framework for delivering the whole of the Town Prospectus, it goes substantially beyond just the Towns Fund investment. While this will provide core public sector investment to drive economic regeneration and productivity growth, it will be delivered as part of a wider programme of investment that will include other public funding (e.g. Future High Streets Fund, the Opportunity Area Programme and Affordable Housing Programme) alongside private sector investment.

The Town Investment Plan will support the recovery of Blackpool, which has been severely hit by the COVID-19 pandemic, by bringing forward investment in key projects that will promote clean and inclusive growth in the short and longer term, two key principles within the Town Prospectus.

Blackpool’s Town Deal forms a key part of the Lancashire Recovery Plan and the Board will seek to maximise complementarity, add value and ensure that the investment plan aligns with the priorities and projects of the other Town Deals.

*Given the potential scale of impact that could be achieved through the transformational projects that Blackpool is seeking to bring forward, and in recognition of the exceptional needs and challenges within the area, the Board has decided to make a **Towns Fund** submission of £50 million. This funding will be used to lever additional public and private sector funding and in total it is anticipated that the full **Town Deal** will be in the region of £500m. As Blackpool is the main retail, business, service and cultural centre on the Fylde Coast (with c330,000 residents), and one of the UK’s most visited destinations, it is envisaged that the benefits of growth will make a significant contribution to the growth of the wider sub-regional and national economy and contribute to the Government’s levelling up agenda.*

The current Town Deal will be signed with the Ministry of Housing, Communities and Local Government but it remains vital that the Council and its partners continue to pursue the broader based Town Deal that it has been pursuing for the last 3 years.

6.8 Does the information submitted include any exempt information?

No

7.0 List of Appendices:

7.1 Appendix 2a: Heads of Terms

8.0 Financial considerations:

8.1 Without Towns Fund funding approval many of the schemes would not be pursued. Where any co-funding is required, this has already been provisionally agreed as part of the preparation of the business case.

8.2 As £49.3m was the original request which the approval with the removal of 2 schemes leaves a funding “gap” of £7.7m. This leaves a requirement to prioritise spend allocations across the 7 remaining projects. It is proposed that Council officers and AMION Consulting jointly hold focused discussions with each project lead to determine the latest development position and fund requirement to obtain a high level spend profile and for this to be agreed by the Chief Executive and the Leader of the Council under the proposed delegation arrangements. It is important to note that this funding gap does not mean that the Council will be required to make up any gap as it is intended that schemes will be developed within the resources that are available.

8.3 The Council received £173,029 capacity funding to work up the Town Investment Plans and towards future business case development work.

8.4 Owing to the variety of projects and the extensive work required to develop the Investment Plan submission it has been necessary to employ a range of consultancies to ensure that we have robust evidence to support it. Examples include AMION Consulting whom provided support in economic case making and in the drafting of the submission and also Locality and Commonplace whom supported the essential community engagement activity. The production of future business cases will require external support and if all these costs cannot be contained within this allocation we will seek to incorporate them within the individual projects.

9.0 Legal considerations:

9.1 The Council has the power pursuant to section 1 of the Localism Act 2011, and section 111 of the Local Government Act 1972 to enter into the non-legally binding heads of terms relating to the £39.5 million Town Deal proposed by the Ministry of Housing, Communities, and Local Government.

9.2 The delivery of each of the individual projects requires further work to satisfy condition precedents and Council approvals before grant funding will be released to the Council and

they can be delivered. Each and every project will need to rely on the appropriate powers, and ensure the completion of the appropriate procedural requirements (e.g. consultation, Public Sector Equality Duty, State aid and procurement compliance) before legal documents can be prepared and executed.

10.0 Risk management considerations:

10.1 With all major schemes there are risks, and each scheme will have a risk assessment developed and allocated to it. A programme level risk register is also available.

11.0 Equalities considerations:

11.1 There are no equalities issues with the programme outlined. Where any development requires new build or redesign e.g. Multiversity or new Courts building, full inequalities and accessibility requirements will be taken into account at the design stage.

12.0 Sustainability, climate change and environmental considerations:

12.1 There are no environmental issues with the programme outlined. Reducing the impact of climate change and ensuring sustainability will be taken into account at various design stages.

13.0 Internal/external consultation undertaken:

13.1 Extensive consultation was undertaken at the Town Investment Plan development stage as a pre-requisite of the submission. As part of the Towns Fund submission, the Board approved a Stakeholder Engagement Plan (SEP) which sets out a framework approach to ensuring substantial public and organisational involvement in the development and delivery of the proposed schemes. The Plan aims to build on the work previously undertaken by Locality via the Commonplace platform, which has been praised as an example of good practice by the Towns Hub. It will reach out to previous respondents as part of a "People's Panel"-style approach where people have the opportunity to be involved in as many engagement exercises as they wish, and will use the details gathered in the Asset Mapping work to create a Stakeholder Panel operating on a similar basis.

13.2 The next stage will establish what engagement activity needs to be undertaken as part of developing the business cases for each of the schemes, and with whom once the extent of the schemes included in the Heads of Terms to be agreed with Government is known.

13.3 It is intended to tailor the level of engagement to the type of scheme, ensuring a proportionate approach which should maximise the ability to maintain and build general interest throughout the lengthy process of developing and implementing the schemes. The first stage of this approach is to ensure that the submission is clear and the vision for the town is accessible in language and a format that residents and other stakeholders can understand and engage with, and this will be reflected in the re-launched Commonplace tool,

which will be again opened up to all to comment on all of the prospective schemes. Targeted local engagement will also be undertaken with local residents where the projects are sited in a residential area, recognising that other methods of engagement and formal consultation will take place through, for example, statutory planning application processes as well.

14.0 Background papers:

14.1 These are available on the Town Deal section of the Council's website
<https://www.blackpool.gov.uk/Your-Council/Creating-a-better-Blackpool/Creating-a-better-Blackpool.aspx>

15.0 Key decision information:

15.1 Is this a key decision? Yes

15.2 If so, Forward Plan reference number: 22/2020

Due to the urgency of the decision, 28 days notice has not given although the item was placed on the Forward Plan as soon as it was clear it was necessary.

15.3 If a key decision, is the decision required in less than five days? No

15.4 If **yes**, please describe the reason for urgency:

16.0 Call-in information:

16.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

16.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

17.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 4 November 2020 Date approved:

18.0 Declarations of interest (if applicable):

18.1

19.0 Executive decision:

19.1

20.0 Date of Decision:

20.1

21.0 Reason(s) for decision:

21.1

22.0 Date Decision published:

22.1

23.0 Executive Members in attendance:

23.1

24.0 Call-in:

24.1

25.0 Notes:

25.1