

Notice of:	EXECUTIVE
Decision Number:	EX52/2022
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:	5 December 2022

BLACKPOOL TOWN DEAL: UPDATE

1.0 Purpose of the report:

1.1 To provide an update on progress with the delivery of the Town Deal Programme.

2.0 Recommendation:

2.1 To note the progress with Blackpool’s Town Deal Programme.

3.0 Reasons for recommendation:

3.1 Following the submission of Blackpool’s Town Investment Plan in 2020 and the subsequent offer of Town Deal funding and approved business cases for the 7 schemes agreed with Government require that the Town Deal Board and the Council, as Accountable Body, oversee the Town Deal programme and its progress.

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 Town Investment Plan (TIP) and its respective 7 schemes were subject of extensive engagement, review of options and consideration before being agreed.

5.0 Council priority:

5.1 Both Council priorities are supported namely “The economy: Maximising growth and opportunity across Blackpool” and “Communities Creating stronger communities

and increasing resilience”.

6.0 Background information

6.1 Town Deal 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 initially invited to bid with the aim, “to unleash the full economic potential of 101 places and level up communities throughout the country”. 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), and its role has been to:

- Develop and agree an evidenced-based Town Investment Plan (TIP)
- Develop a clear programme of interventions
- Coordinate resources and influence stakeholders
- Oversee the development of Green Book Business cases within a locally determined assurance framework including independent appraisal

The Town Deal Board has now held 19 meetings with its membership and papers including the outcomes of a major community engagement exercise published on the Council’s website: [Blackpool town deal agendas and minutes](#). It is supported in its work by the Town Deal Investment Panel which scrutinizes the detail of the programme.

6.2 Progress

A detailed update report was provided at the November 2020 Executive meeting when approval was given to the signing of the Heads of Terms (HoT) and 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”

A further update was given to the March 2021 and December 2021 Executive meetings.

6.3 Business Case Development Process

In November 2020 the Council Executive and Town Deal Board accepted an offer of £39.5m over financial years 2021/22 to 2025/26 for seven projects, with an additional £1m coming from accelerated funding in July 2020 to acquire the former Devonshire Road hospital site as a proposed location for the replacement Courts building.

In line with the grant funding requirements, the Council needed to develop business cases and submit Summary Documents to the Department for Levelling-Up, Housing and Communities (DLUHC) by 17 November 2021. On the 10th December 2021, confirmation was received that 5 projects had been approved with the remaining two approved on 2 March 2022.

	Funding Allocation (rounded)
Multiversity Land Acquisition	£9.0m
Blackpool Airport Enterprise Zone	£7.5m
Blackpool Central Courts Relocation	£7m
Revoe Community Sports Village	£6.5m
The Edge (Stanley Buildings)	£4.5m
Illuminations	£4.5m
Blackpool Youth Hub	£0.5m
TOTAL	£39.5m

6.4 Project and Programme Delivery

6.4

The programme is now in the delivery phase with all schemes required to provide quarterly claims returns, which are overseen by the Council's Programme Management Office (PMO) and Finance teams.

- All required claims and returns to the Department of Levelling Up, Housing and Communities (DLUHC) have been submitted to time and no outstanding issues reported
- All 7 Town Deal schemes are now in progress (the 7th, The Platform (Youth Hub) commenced as a Town Deal project on the 1 October 2022 having commenced with Community Renewal Funding).
- Project Delivery - activity and planning is well underway but some schemes are behind schedule and hence an Amber RAG rating (see Department for Levelling Up, Housing and Communities, definitions at end of the Appendix 7a) been given to the overall programme, although it is anticipated that all the schemes will catch up.
- Programme Spend - Whilst project activity is well underway on all schemes, there is a programme level underspend against the original (and very much out of date) September 2021 profile hence there is a Red RAG Rating. However, re-profiling is

normal for a programme of this scale, the position is retrievable, no resources are at risk and a re-profile of annual spend is acceptable to Department for Levelling Up, Housing and Communities in principle.

- Table 1 below, based on the latest forecast project spend to end March 2023, shows a total forecast programme spend of £12,500,951 is outlined against an allowance of £17.1m.

Table 1. Current expenditure and reforecast position versus approved budget figures.

Project	Approved Total Town Deal funding	Approved spend (1 Oct 2020 to 31 Mar 2023)	Total actual spend to date (30 Sep 2022)	Variance between approved spend to end Mar 23 and spend to date	Reforecast amount still to be spent by end Mar 23	Variance between likely and approved spend at end Mar 23
Blackpool Airport Enterprise Zone	£7,500,000	£3,045,000	£1,232,822.41	£1,812,177.59	£1,993,121.00	£180,943.41
The Youth Hub/ 'The Platform'	£500,000	£327,418	£0.00	£327,418.00	£156,880.00	£170,538.00
Revoe Community Sports Village	£6,545,818	£1,628,194	£420,743.19	£1,207,450.81	£532,365.26	£675,085.55
The Edge*	£4,500,000	£3,513,434	£391,428.85	£3,122,005.15	£784,928.81	£2,337,076.34
The Illuminations	£4,500,000	£2,454,000	£1,370,358.82	£1,083,641.18	£1,440,611.51	£356,970.33
Multiversity (Land Acquisition)**	£9,000,000	£6,060,000	£40,531.00	£6,019,469.00	£2,062,060.01	£3,957,408.99
Blackpool Central Courts Relocation	£6,954,182	£74,089	£67,281.21	£6,807.79	£3,626.25	£3,181.54
Totals	£39,500,000	£17,102,135	£3,523,165.52	£13,578,969.48	£8,977,785.17	£4,601,184.31

**The Edge scheme is undergoing value engineering exercise following a tender exercise. This will require a reprofile of expenditure.*

***Multiversity – A report went to the Council Executive on the 5th September regarding property acquisition. Progress will now accelerate but the overall spend profile this year has been affected and is undergoing a reprofile.*

The programme performance position is the subject of regular reports to Department for Levelling Up, Housing and Communities and the required annual spend reprofile will be picked up in the next submission, required by 16 December 2022). The only known risk to underspend at this early stage is the Government's "up front" payment schedule to the Council could be revised to better reflect actual annual expenditure, but this is not expected to have any impact on the totals to be received, just the timing.

Reasons for Variations in Spend profile

6.5 The reasons for the programme underspending versus the originally profiled budget (from September 2021) is due to a combination of issues including:

- Meeting original short Town Deal business case development and appraisal deadlines, has with hindsight led to some delivery timetables being recognised as over ambitious. This has been heightened given the current volatility in economic circumstances
- Inflation is having a wide and lasting impact with tendering challenging: some procurements have had to be re-tendered due to excessive/non-responses
- Post Covid-19, the availability of some materials has been adversely affected
- Some schemes have not commenced as early as expected due to
 - Delayed government approvals (e.g. Multiversity to March 2022)
 - The need for further extensive partner discussions (e.g. Revoe Community Sports Village with Blackpool FC)

Towns Fund reporting

6.6 Blackpool Council is the designated accountable body for the delivery of the Towns Fund programme with the oversight from the Town Deal Board. The Council must comply with Department for Levelling Up, Housing and Communities mandatory financial and monitoring and evaluation requirements. Payment of grant is dependent upon the receipt of satisfactory interim reports, which often require to be signed-off by the Director of Resources as the Council's Section 151 Officer.

The Council received a response from the Department for Levelling Up, Housing and Communities Assurance and Compliance Team on 30 September 2022 regarding the 'Assurance review process for Town Deals first line of defence outcome' undertaken earlier this year. This required the Council's Section 151 Officer to return the assurance review form, statement of grant usage and a governance assurance statement. The Department for Levelling Up, Housing and Communities Assurance and Compliance Team confirmed they had reviewed our documents and informed the Council they had not identified any issues. Blackpool has therefore not been selected for a second line of defence 'deep dive' review on a risk or sample basis, meaning this phase of the assurance cycle is concluded.

The latest Department for Levelling Up, Housing and Communities monitoring report request was received 25 October 2022, with a return deadline of 16 December 2022. The required forms are similar to those received previously (but are not the same) and require the Council's Director of Resources as Section 151 Officer sign-off and Town Deal Board Chair for one section.

A further request was received on the 27 October 2022 requiring completion and submission of a private sector funding template with return due by Monday 14 November 2022, again with Section 151 officer sign off required. This template aims to collect additional information

from Towns regarding private sector funding, to identify where there might be shortfalls between amounts required and amounts secured so far. This is deemed an exploratory exercise to understand if there are opportunities for Department for Levelling Up, Housing and Communities to work with Councils in closing any gaps. This was completed and submitted on the 3 November 2022.

On the 7 November 2022 Department for Levelling Up, Housing and Communities provided a further note entitled “Towns Fund: Supplementary Guidance on the role of Town Deal Boards in the delivery phase”.

This provided further guidance for Town Deal Boards on expectations as programmes move forward in the delivery phase. It sets out Department for Levelling Up, Housing and Communities’s expectations regarding the Board’s specific role in performance reviews, Project Adjustment Requests and assurance activity, as well as reiterating its key strategic and consultative role. Checks will be carried out annually on publicly available records to review whether the Town Deal Board is working in line with the governance and information provision requirements set out in the original prospectus and all subsequent guidance. The PMO have reviewed the guidance and are confident all requirements are being met. This was shared with the Town Deal Board at its 18 November 2022 meeting.

6.7

Inflation

All the project managers are conscious of the potential for inflation to affect our ability to deliver parts of the programme as a result of cost increases so various mitigation measures are being considered. Options, however, are limited as several schemes are not yet fully designed or tendered and many suppliers and contractors are now stepping away from providing any sort of price guarantee.

It is known that Government will not increase Towns Fund allocations (and expect the original outcomes set out in the business plans to be achieved). We have become aware that some other authorities have asked to keep all their programme allocation whilst dropping one or more of the original constituent projects but we have not heard if such requests have yet been approved.

There are no plans to consider any scheme removal from the Blackpool programme at this stage, so mitigations within our programme will, necessarily, be focused on value engineering and limited to acceptable changes in materials specification or design modifications that do not change the project results. Beyond this other options that would be addressed, if required, include phasing or sourcing additional funds from other sources. These inflationary pressures are compounded by the need to consider the Council’s net zero commitment ambitions for projects which may result in cost increases.

The Town Deal Investment Panel considered this matter at its August 2022 meeting and agreed to monitor any significant variations in the schemes to ensure they remained as true to the original objectives as possible whilst working within the budgetary constraints.

6.8 Engagement Activity

Extensive engagement was undertaken at the Town Investment Plan (TIP) development stage as a pre-requisite of the submission. The Town Investment Plan development stage (February – July 2020) involved substantial engagement activity undertaken by a dedicated research and consultation team within the Council working with local partners from the private and voluntary sectors (the Town Deal Engagement Team), supported by independent companies, Locality and Commonplace. This activity helped to determine the Town Investment Plan and its proposed projects and a Stakeholder Engagement Plan was created to ensure that the principles were maintained into delivery. This exercise proved extremely popular with over 6,500 individuals engaged, generating 2,162 contributions from 1,127 respondents receiving over 1,000 comments.

A second engagement exercise was launched via the Commonplace website on 21 February 2022, building on the previous thematic engagement with specific details of the projects being developed. See <https://blackpooltownsfund.commonplace.is/>.

Under this engagement activity, people were asked specifically to provide their views on the seven schemes rather than broad themes. The site was open for comments until 22 March 2021.

Whilst the former exercise gathered comments on a thematic basis, the subsequent work presents a specific overview of the discrete projects being developed seeking detailed observations and comments from Blackpool residents, visitors and workers. This was part of the intended trend for Town Deal engagement activity to become increasingly specific to the projects and gather practical input to be used in constructing the business plan, final design and future development of the schemes.

An overview of activity shows that when the site closed, it had received 2,587 visitors, just under half the number of the first Commonplace exercise. 399 visitors responded to questions, and 350 chose to make detailed comments. 139 of these subsequently signed up for further updates on the project. All the findings of the Commonplace exercise were fed into the business planning processes.

An “Engagement week” was held 6–11 December 2021, where Council Infusion research staff, field workers, and staff from the Community Safety team set up a pop-up shop in Blackpool Houndshell Shopping Centre. They engaged with residents and visitors about the Town Deal projects and the Community Safety survey.

Across the week over 3,000 interactions took place. From short conversations to filling in a survey and some case studies. Around 1,500 promotional leaflets were distributed to residents showcasing information on the topics with a link to online surveys.

With some projects being at early stage, there has had to be a period of reflection to determine when it is appropriate to undertake further engagement and when. This is now under review with new engagement activity proposed for 2023.

Ongoing use of the following is being considered:

- People’s Panel - over 400 people signed up for future project updates and further engagement. The Panel is being developed with regular communication and newsletters, and as people become more familiar with the projects in the Plan, more detailed engagement will be carried out using social media, online surveys, focus groups and face-to-face discussions (lockdown-permitting).
- Stakeholder Panel - using a map of local community assets developed by Locality, a Stakeholder Panel has been developed to supplement the current governance arrangements. Open to all organisations in the town, it will operate on a similar basis to the People’s Panel but with engagement balanced towards open discussions to ensure that the voice of all stakeholders are heard, and to ensure continued development of our productive relationships. It will link to existing networks and arrangements in place across the private and voluntary sectors, building on existing relationships to ensure a constant influx of diverse views.

The Engagement Team are reviewing these processes quarterly and adapt to the evolving demands of the projects, considering the extent to which all parts of the stakeholder community have engaged, and regular reports are given to the Town Deal Board.

6.9 Management and Governance Arrangements

The management, governance and delivery of Blackpool’s Town Deal Programme will require the ongoing oversight provided by the Town Deal Board and its sub group the Town Deal Investment Panel. As the accountable body, Blackpool Council retain overall responsibility for the delivery of the programme with reports to the Executive and decisions being made under the Executive’s delegation arrangements. The Council Growth & Prosperity Board and Corporate Leadership Team provide ongoing governance oversight.

An internal Town Deal Project Board (TDPB) continues to sit monthly. The TDPB oversees the work of the individual Town Deal Project Teams and reports through the Programme Monitoring Office (PMO) to the Growth and Prosperity Programme Board (G&PB) and then to the Town Deal Investment Panel (TDIP) and Town Deal Board and ultimately to the Executive.

Project management and delivery support continues to be provided by the Council in conjunction with any partner agencies led by the Programme Management Office (PMO) function. A 2% “top slice” of the Town Deal programme (£790,000) has been allocated to support programme management staffing and other costs throughout the 4-year programme life.

6.10 Does the information submitted include any exempt information? No

7.0 **List of Appendices:**

Appendix 7a – Summary of the 7 Town Deal projects and activity to date

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 determined and agreed as part of the preparation of the relevant business case.

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 Department of Levelling Up, Homes and Communities.

9.2 Regarding the Land Acquisition for Multiversity Project, a Memorandum of Understanding between Blackpool and The Fylde College and Blackpool Council is in place, which outlines the working arrangements and key areas of responsibility to deliver the Multiversity Campus once the Town Deal funding is confirmed. The key principles that are set out in the Memorandum of Understanding will provide the confidence that both parties are fully committed to bringing the project forward in accordance with the agreed programme.

9.3 The Blackpool Central Courts Relocation scheme also led to a Memorandum of Understanding / Collaboration Agreement being signed in January 2022 between His Majesty's Courts and Tribunals Service and Blackpool Council to outline their working arrangements and key areas of responsibility to deliver the His Majesty's Courts and Tribunals Service decant and new build development.

9.4 Similarly, the Revoe Community Sports Village scheme will require a MoU/Collaboration agreement with Blackpool Football Club to clarify the respective roles in taking forward the implementation of the project.

9.5 The delivery of each of the individual projects requires the need to satisfy conditions precedent and Council approvals. Each project needs to rely on the appropriate powers, and ensure the completion of the appropriate procedural requirements (e.g. consultation, Public Sector Equality Duty, Subsidy Control and procurement compliance) which are part of the legal documents to be signed as part of the Council's accountable body assurance role. At the time of this report, 3 Service Level Agreements (SLA's) are fully signed and 4 are out for signature. It is anticipated a Grant Funding Agreement and Service Level Agreements will be required for the Revoe Community Sports Village and Blackpool Central Courts Relocation will require a separate Grant Funding Agreement with His Majesty's Courts and Tribunals Service.

10.0 Risk management considerations:

10.1 With all major schemes there are risks, and each scheme has a risk assessment developed and allocated to it. A programme level risk register has also been created.

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 The Edge, full inequalities and accessibility requirements will be taken into account at the design stage.

11.2 Town Deal required a Public Sector Equalities Duty to be provided for each project and a programme level Public Sector Equalities Duty submitted in November 2021. This activity was supported by the Councils' Equalities and Diversity Manager and they remain engaged with all projects both directly and through the Town Deal Project Board.

12.0 Sustainability, climate change and environmental considerations:

12.1 Clearly, where construction is involved there will be carbon usage issues. Reducing the impact of climate change and ensuring sustainability is however being taken into account at various design stages of projects. The low carbon and sustainability team within the Corporate Strategy and Delivery Department sit on each Town Deal project delivery group, providing valuable input. This team has developed a carbon calculator toolkit which is at an early stage of implementation, but is anticipated to have a positive impact on scheme development.

13.0 Internal/external consultation undertaken:

13.1 Extensive consultation is ongoing through regular Town Deal Board and Town Deal Investment Panel meetings and individual project delivery teams and boards. Please also note section 6.8 above.

14.0 Background papers:

14.1

- a) Town Deal Heads of Terms report to 16 November 2020 Executive (EX48/2020)
- b) Town Deal report to Executive March 2021(EX16/2021)
- c) Town Deal report to Executive December 2021 (EX63/2021)
- d) Town Deal Board papers are available on the Town Deal section of the Council's website [Blackpool town deal agendas and minutes](#).

15.0 Key decision information:

15.1 Is this a key decision? No

15.2 If so, Forward Plan reference number:

15.3 If a key decision, is the decision required in less than five days? N/A

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: N/A Date approved: N/A

18.0 Declarations of interest (if applicable):

18.1 None.

19.0 Summary of Discussion:

19.1 Mr Alan Cavill, Director of Communications and Regeneration, presented the item to the Executive. Mr Cavill emphasised the need to continue to monitor the implementation of the seven approved schemes especially with uncertainty as to costs of construction.

20.0 Executive decision:

20.1 The Executive agreed the recommendation as outlined above namely:

To note the progress with Blackpool's Town Deal Programme.

21.0 Date of Decision:

21.1 5 December 2022

22.0 Reason(s) for decision:

22.1 Following the submission of Blackpool's Town Investment Plan in 2020 and the subsequent offer of Town Deal funding and approved business cases for the 7 schemes agreed with Government require that the Town Deal Board and the Council, as Accountable Body, oversee the Town Deal programme and its progress.

23.0 Date Decision published:

23.1 6 December 2022

24.0 Alternative Options Considered and Rejected:

24.1 The Executive noted that there were no alternative options as the development of the Town Investment Plan (TIP) and its respective 7 schemes were subject of extensive engagement, review of options and consideration before being agreed.

25.0 Executive Members in attendance:

25.1 Councillor L Williams, in the Chair
Councillors Brookes, Campbell, Farrell, Hobson, Hugo, Smith and Taylor

26.0 Call-in:

26.1

27.0 Notes:

27.1