

<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Alan Cavill, Director of Communications and Regeneration
<b>Relevant Cabinet Member :</b>	Councillor Mark Smith, Cabinet Member for Levelling Up – Place
<b>Date of Meeting:</b>	11 December 2023

## 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 agreed 7 schemes 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”.

The Towns Fund provided an opportunity for Blackpool to agree a Town Deal with DHLUC through the submission of a Blackpool Town Investment Plan in July 2020 and the subsequent successful allocation and Heads of Terms agreed in November 2020 for £40.5 million of Town Deal funding (£39.5m plus £1m accelerated funding) to support 7 projects across the financial years 2020/21 to 2025/26. The Heads of Terms were signed by the Chair of the Town Deal Board and the Council’s Chief Executive and subsequently by the Secretary of State in January 2021.

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) until he retired in summer 2023, the Chair having now passed to Peter Cole in September 2023 (an independent Chartered Surveyor who already sat on the Town Deal Board) 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 Board is not a legal entity, and its role is advisory to the Council as accountable body. With the Town Deal programme in full delivery mode the role of the Town Deal Board expanded to also include :

- Oversee the delivery of the agreed Town Deal programme including spend, outputs, outcomes and its subsequent evaluation.
- Support good communication of the programme and engagement with key stakeholders
- Provide oversight of other regeneration programmes and major projects such as the Shared Prosperity Fund, Levelling Up Fund (LUF) and Capital Regeneration Projects (CRP) for which the Council is also the accountable body.

The Town Deal Board has now held 23 meetings with its membership and papers published on the Council’s website: [Blackpool town deal agendas and minutes](#). It is supported in its work by the Town Deal Investment Panel (on which Cllr Smith sits) which undertakes a more granular review of the detail of the programme. This has held 17 meetings to date.

A monthly Town Deal Project Board 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 and thence to the Town Deal Investment Panel (TDIP) and Town Deal Board and the Executive.

## 6.2 Council Executive Updates

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”*

Further updates were provided to the March 2021, December 2021 and December 2022 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.

Project Name	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 (Renovation of Stanley Buildings)	£4.5m
Illuminations	£4.5m
Blackpool Youth Hub	£0.5m
TOTAL	£39.5m

#### 6.4 Project and Programme Delivery

In this 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 and signed off by the Council's Section 151 officer.

Additionally in depth reporting to Department of Levelling Up, Housing and Communities (DLUHC) are required. All such reports, have been submitted to time and with no outstanding issues reported. All DLUHC returns require Section 151 officer sign off whilst some also require Town Deal Chair signature.

The overall programme has been assigned a 4 (Amber) RAG rating at this time by the PMO team. (See DLUHC RAG rating definitions at Appendix 8a). This is based on :-

- All required claims and returns to the Department of Levelling Up, Housing and Communities (DLUHC) have been submitted on time and no outstanding issues reported
- All 7 Town Deal schemes are now in progress

RAG Rating Delivery	RAG Rating Spend	RAG Rating Risks
4	4	4

#### Delivery

The PMO score remains at 4 (Amber). Two schemes have no notable issues (The Youth Hub / 'The Platform' and Illuminations) and the Courts is running to plan unless HMCTS have decant issues. The Enterprise Zone and Multiversity projects are well underway but have faced issues causing reasonable delays. Although the original goals remain unchanged, the Revue Community Sports Village and The Edge schemes have experienced significant delays to the commencement of activities but it is anticipated that all the schemes will catch up.

#### Spend

The PMO score remains at 4 (Amber). 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 and significant changes to project finance forecasts due to delayed delivery or potential scheme cost. However, re-profiling is to be expected for a programme of this scale, the position is retrievable, and no resources are at risk. At the end of September, programme spend was £9,513,557.97 with the (revised and more realistic) forecast to the end of the year being £19,634,424.15.

#### Risk

The PMO score remains at 4 (Amber). The Programme contains projects which have risks that are classed as high impact but mitigating actions are in place to ensure the Programme's objectives will still be met.

**Table 1** overleaf outlines the latest forecast spend position, which is both more realistic and shows improved performance. **Appendix 8b** contains project specific updates

## 6.5 Table 1 Current Towns Fund expenditure position and profile at end September 2023

Project	Approved total Town Deal funding	Actual spend Jul to Sep 2023	Total actual spend to end Sep 2023	Forecast spend Oct to Dec 2023	Forecast total spend to end Dec 2023	Forecast total spend to end Mar 2024	Forecast total spend to end Mar 2025	Forecast total spend to end Mar 2026
Blackpool Airport Enterprise Zone	£7,500,000	£573,966.21	£3,891,535.14	£1,523,237.50	£5,414,772.64	£6,945,010.14	£7,370,895.28	£7,500,000
The Youth Hub / 'The Platform'	£500,000	£106,423.98	£253,605.81	£117,046.00	£370,651.81	£500,000.00	£500,000.00	£500,000
Revoe Community Sports Village	£6,545,818	£113,055.00	£688,901.01	£675,150.00	£1,364,051.01	£2,389,810.01	£6,417,169.17	£6,545,818
The Edge	£4,500,000	£6,429.00	£537,046.12	£0.00	£537,046.12	£1,037,046.12	£4,500,000.00	£4,500,000
The Illuminations	£4,500,000	£163,226.00	£2,657,347.30	£898,332.00	£3,555,679.30	£3,712,797.30	£4,249,987.30	£4,500,000
Multiversity (Land Acquisition)	£9,000,000	£178,561.00	£1,385,180.80	£339,620.00	£1,724,800.80	£4,910,738.80	£8,960,000.00	£9,000,000
Blackpool Central Courts Relocation	£6,954,182	£9,479.97	£99,941.79	£7,726.87	£107,668.66	£139,021.78	£3,496,219.26	£6,954,182
Totals:	£39,500,000	£1,151,141.16	£9,513,557.97	£3,561,112.37	£13,074,670.34	£19,634,424.15	£35,494,270.71	£39,500,000

### 6.6 Reasons for Variations in Spend profile

- Meeting original 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 volatility in economic circumstances since the programme commencement
- Inflation has had 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 had not commenced as early as expected due to
  - Delayed government approvals (e.g. Multiversity delayed from December to March 22)
  - The need for further extensive partner discussions (e.g. Revoe Community Sports Village with Blackpool FC)

### 6.7 Towns Fund reporting

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 DLUHC mandatory financial and monitoring and evaluation (M&E) requirements. Payment of grant is dependent upon the receipt of satisfactory interim reports, which often require to be signed-off by the Council's Section 151 Officer.

To date the DLUHC Assurance and Compliance Team have not identified any issues with

submitted returns or identified adverse concern with programme delivery. Blackpool has therefore not been selected for a second line of defence 'deep dive' review as yet.

On the 5<sup>th</sup> July 2023 DLUHC informed the Council that, in line with its aim to expedite delivery of local Growth Funds (including Town Deal and LUF/CRP), it was making a number of key process changes which will allow the Council greater flexibility to agree adjustments to projects locally without referring to DLUHC for approval.

In summary, the Council is now able to make changes of up to 30% to originally agreed project outcomes and outputs and will also be able to make changes in spend of up to 30% between financial years. The Council will still need to inform DLUHC of the changes in returns; however, DLUHC reserves the right to review cases on an exceptional basis.

If we wish to make changes above the 30% threshold, DLUHC has committed to speeding up their internal process and targeting the provision of a decision within 20 working days of submission of the relevant information.

This additional flexibility is clearly welcomed and may help the Council with the implementation of the programme.

## 6.8 Inflation

All the project managers are conscious of the potential for inflation to affect 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 are not due to be tendered yet.

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). The Council are aware that some other authorities have been approved to keep all their programme allocation whilst dropping one or more of the original constituent projects .

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 (which has occurred with the Edge project which has been tendered twice) 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 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.

## 6.9 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 TIP 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 1000 comments.

A second engagement exercise was launched via the Commonplace website on 21st February, 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.

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<sup>th</sup>–11<sup>th</sup> December 2021, where Council Infusion research staff, field workers, and staff from the Community Safety team set up a pop-up shop in Blackpool Houndhill 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 at an early stage there has had to be a period of reflection to determine when it is appropriate to undertake further engagement and when. There has been ongoing engagement with some projects e.g. Multiversity scheme and a further engagement session is due to be held 6<sup>th</sup> and 7<sup>th</sup> of December 2023 in Abingdon Street Market.

## 6.9 Management and Governance Arrangements

The management, governance and delivery of Blackpool's Town Deal Programme continues to require the ongoing oversight provided by the Town Deal Board and its sub group the Town Deal Investment Panel. (They also oversee the Shared Prosperity Fund and Levelling Up / Capital Regeneration Projects too).

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.

Does the information submitted include any exempt information?

No



## **7.0 List of Appendices:**

Appendix 8a – DLUHC RAG Rating

Appendix 8b – Summary of the 7 Town Deal projects and activity to date

## **8.0 Financial considerations:**

- 8.1 Without Towns Fund funding approval most of the schemes would not have been pursued. Where any co-funding is required, this has already been determined and agreed as part of the preparation of the original 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 (7<sup>th</sup> May 2022) , which outlines the working arrangements and key areas of responsibility to deliver the Multiversity. The key principles that are set out in the MOU provide the confidence that both parties are fully committed to bringing the project forward in accordance with the agreed programme.

The Council are currently working with DWF LLP on the main legal agreement between BBC and Blackpool and the Fylde College. Indicative terms have been agreed by Blackpool and the Fylde College.

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

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.

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, 6 Service Level Agreements (SLA's) are fully signed with the Revoe scheme outstanding. It is anticipated a Grant Funding Agreement (GFA) and SLA will be required for the Revoe Community Sports Village. The Blackpool Central Courts Relocation will require a separate GFA with HMCTS.

## **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.

Town Deal required a Public Sector Equalities Duty (PSED) to be provided for each project and a programme level PSED 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 the TDPB and provide input into individual project delivery groups. 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:**

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 6.9 above.

## **14.0 Background papers:**

- 14.1
- a) Town Deal Heads of Terms report to 16<sup>th</sup> 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 report to Executive December 2022 (EX52/2022)
- e) 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:

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:**