



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Towns Fund Programme	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Corporate Management Team	
	Leader and Deputy Leaders	
	Leader's / Leader of the Opposition's Advisory Group / Independent Alliance Advisory Group	
	Cabinet / Council	
	Scrutiny Audit and Value for Money Council Services Committee 9th February 2022	



Is this an Executive Decision:	No	Is this a Key Decision:	No
Is this in the Forward Plan:	Yes	Is the Report Confidential: If so, please state relevant paragraph from Schedule 12A LGA 1972:	No N/a

Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Interim Monitoring Officer: **Chris Ebberley**

Date Signature

Chief Finance Officer: **Sal Khan**

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Scrutiny (Audit and Value for Money Council) Committee

Date: 9th February 2022

REPORT TITLE: Towns Fund Programme

PORTFOLIO: Regeneration and Planning Policy

HEAD OF SERVICE: Andy O'Brien

CONTACT OFFICER: James Abbott Ext. No. x1244

WARD(S) AFFECTED: Anglesey; Branston; Brizlincote; Burton; Eton Park;
Horninglow; Shobnall; Stapenhill; Stretton; and Winhill

1. Purpose of the Report

1.1. The purpose of this report is to provide detail on the progress of the Towns Fund programme, for Members of the Committee to review and provide observations to the Cabinet ahead of any decision being made.

2. Executive Summary

2.1. The Towns Fund Programme consists of seven projects: C; D; E; F; G; H; and J (please see Section 3.2 of this report for project descriptions).

2.2. Business Cases have been received for Projects D; E; G; H; and J. The assessment of submitted business cases is in progress.

2.3. Project C has been deferred until September 2022 as agreed by Government following the withdrawal of the project sponsor in November 2021.

2.4. At its meeting on Thursday 23rd December 2021, the Burton Town Deal Board took the decision to remove Project F from the programme, as the business case could no longer meet the original ambition of the project.

2.5. Benefit Cost Ratios have been presented to the Council within the submitted Business Cases.

2.6. Evaluation of Business Cases is ongoing pending further commentary and clarifications being received from sponsor organisations.

3. **Background**

3.1. In September 2019 Burton was confirmed as one of 100 towns included in the Towns Fund. Then in November 2019 the Town Deal Board was formed including representatives from across the public, private and voluntary sectors brought together to develop the Town Investment Plan (TIP) as required by the Towns Fund prospectus.

3.2. In December 2020 the TIP was submitted to Government proposing eight projects, and Burton was subsequently awarded £22.8m (clarified by Government as £23.8m in September 2021) for the delivery of the following seven projects:

Project	Towns Fund Allocation	Notes
C: Regional Learning Centre	£1,915,493	Project Sponsor: University of Wolverhampton. Project deferred until September 2022, See Section 5.2.1 for further information
D: High Street Linkages	£2,873,239	Project Sponsor: East Staffordshire Borough Council
E: Library and Enterprise Hub	£6,991,549	Project Sponsor: Staffordshire County Council
F: New Pedestrian & Cycle Crossing Over the River Trent	£7,183,099	Project Sponsor: Staffordshire County Council Agreed by the Town Deal Board to be removed from the programme. See Section 5.2.2 for further information
G: Improvement of Trent and Mersey Canal Towpath	£502,817	Project Sponsor: Canal and River Trust
H: Cycle Network Enhancements	£1,364,789	Project Sponsor: Staffordshire County Council
J: Specialist Education Offer	£2,969,014	Project Sponsor: Burton and South Derbyshire College
TOTAL	£23,800,000	

3.3. In December 2021 / January 2022 sponsor organisations submitted business cases to the Council as accountable body for assessment.

3.4. Business Cases have been received for Projects D; E; G; H; and J.

3.5. Within each business case a Benefit Cost Ratio (BCR) has been presented for the project. The BCRs form part of the economic case as they set out the extent

of economic benefit against economic cost as a ratio to 1. This means that for every £1 of cost, it results in X amount of benefit:

- BCR less than 1: The project costs are expected to outweigh the benefits of the project, meaning that it should not be considered.
- BCR more than 1 and less than 2: The project represents 'acceptable' value for money and is expected to deliver a positive benefit.
- BCR more than 2: The project represents 'high' value for money and is expected to deliver a positive benefit.

4. Contribution to Corporate Priorities

4.1. This report contributes directly to the Value for Money Council and Community Regeneration Corporate Priorities.

5. Towns Fund Programme

5.1. Business Cases Summaries

5.1.1. Project D

5.1.1.1. The BCR presented in the Business Case is 1.5:1 (the project represents "acceptable" value for money).

5.1.1.2. This project looks at how to regenerate the riverside area of Burton Town Centre, focusing on the land between the High Street and the Washlands flood defences, running from Burton Bridge to the Garden of Remembrance. As part of this, it considers new and exciting ways for people to enjoy this area, both as residents and as visitors, and how to improve the linkages between the riverside and the town centre. This project establishes a co-designed plan for the redevelopment of this land, which would be implemented using the Towns Fund as the first, key investment for Phase 1.

5.1.1.3. Detail on the Business Case is provided in **Appendix 1: Towns Fund Programme Business Case Summaries (pages 1-4)**.

5.1.1.4. The Business Case was submitted to the Council for review as accountable body on 17th December 2021, with supporting appendices received 23rd December 2022.

5.1.1.5. Initial feedback from the evaluation team has been provided to the project manager, with amendments provided back to the evaluation team 18th January 2022. Further follow-up feedback has been provided to the project manager, and further information submitted back to the Evaluation Team on 31st January 2022.

5.1.1.6. A summary of financial implications relating to Project D has been attached at **Appendix 2: Project D Summary of Capital Financial Implications**.

5.1.1.7. Attached to this report is **Appendix 2a: Project D Masterplan and Visuals**, which provides detail on expected project layout and design for Project D.

5.1.2. Project E

5.1.2.1. The BCR presented in the Business Case is 2.3:1 (the project represents 'high' value for money).

5.1.2.2. This project is for the creation of a Library and Enterprise Hub at the beautiful Market Hall building in Burton, to bring key services together in a prominent town centre location, driving footfall around the area and beyond. The project looks to generate additional Market Hall visits annually, free up space at the current library site and improve the cultural and educational offer of the town centre. The Hub responds directly to an identified need to combat a legacy of low skills and productivity, arresting a decline in social prosperity for much of the town's population.

5.1.2.3. Detail on the Business Case is provided in **Appendix 1: Towns Fund Programme Business Case Summaries (pages 5-9)**.

5.1.2.4. SCC Cabinet approved the submission of the project to the Council 15th December 2021. This decision was then "called in" which meant the Cabinet's decision was reviewed by Corporate Overview & Scrutiny Committee on Thursday 6th January 2022.

5.1.2.5. The Corporate Overview and Scrutiny Committee decided that they were satisfied with the Cabinet Member's response to the reasons for the call-in and gave their approval for the earlier decision to be implemented.

5.1.2.6. The County Council's agreed Cabinet decision was as follows;

- (a) Subject to confirmation from Government and the Town Board that a Town Fund allocation of £6,991,549, or greater, is awarded following submission of the necessary Business Case, and that the identified shortfall of £1,036,382 can be resourced from either the Town Board or other external funding; Cabinet agrees to re-locate Burton Library and consolidate other County offices into the Market Hall and Crossley House with a maximum capital investment from the County Council of £1,067,000.
- (b) Cabinet delegates authority to negotiate with East Staffordshire Borough Council, secure their ongoing support and deal with all aspects of any property transactions necessary to implement (a) above to the Property Sub Committee

- (c) Cabinet delegates authority to submit the Final Business Case to East Staffordshire Borough Council to the Director of Corporate Services in consultation with the County Treasurer.

5.1.2.7. A revised Business Case with supporting appendices was submitted to the Council for review as accountable body on 13th January 2022. Feedback has been provided to the project manager with clarification responses awaited.

5.1.2.8. Attached to this report is **Appendix 3: Project E Floor Plans and Footfall Calculations** which provides detail on expected project layout and the basis upon which footfall estimates have been derived.

5.1.3. Project G

5.1.3.1. The BCR presented in the Business Case is 5.1:1 (the project represents 'high' value for money).

5.1.3.2. The project will upgrade the surface of the towpath that runs along the Trent and Mersey Canal from Branston to Shobnall Park so it can be used by cyclists and pedestrians.

5.1.3.3. This route has been prioritised because it will create an active travel route between the new housing developments around Lawns Farm / Branston and Burton, with many connections for onward travel.

5.1.3.4. Detail on the Business Case is provided in **Appendix 1: Towns Fund Programme Business Case Summaries (pages 10-11)**.

5.1.3.5. The Business Case was submitted to the Council for review as accountable body on 7th December 2021.

5.1.3.6. Feedback from the evaluation team has been provided to the project manager, with amendments provided back to the evaluation team 17th January 2022. Further follow-up feedback has been provided to the project manager with clarification responses awaited (anticipated 2nd February 2022).

5.1.4. Project H

5.1.4.1. The BCR presented in the Business Case is 3.22:1 (the project represents 'high' value for money).

5.1.4.2. Cycling and pedestrian improvements are proposed to be delivered along Borough Road between the rail station and the town hall; along connecting roads through residential areas, together with improved cycle provision on the A511. Complementary cycle parking would be installed at key locations. The scheme looks to remove

acute barriers to cycling/walking and will help to deliver the Local Cycling and Walking Infrastructure Plan. East-west connectivity would be improved between housing growth areas, residential areas, the canal, town centre developments and onwards to the new Washlands walking/cycling bridge.

5.1.4.3. Detail on the Business Case is provided in **Appendix 1: Towns Fund Programme Business Case Summaries (pages 12-18)**.

5.1.4.4. The Business Case was submitted to the Council for review as accountable body on 23rd December 2021.

5.1.4.5. Feedback from the evaluation team has been provided to the project manager with clarification responses awaited.

5.1.5. Project J

5.1.5.1. The BCR presented in the Business Case is 7.29:1 (the project represents 'high' value for money).

5.1.5.2. This project will ensure major parts of the College's curriculum are transformed, creating a future pipeline of talent for local businesses enhancing productivity and competitiveness and driving economic development. This investment looks to secure significant economic benefits for the town, including creating a talent pool that attracts new business to the area and create future skills that help reshape the economy by growing future focussed sectors. This reshaped curriculum looks to have employer needs at its heart and will be designed around innovative uses of technology and modern realistic working environments that allow learners to secure meaningful and transformative careers.

5.1.5.3. Detail on the Business Case is provided in **Appendix 1: Towns Fund Programme Business Case Summaries (pages 19-24)**.

5.1.5.4. The Business Case was submitted to the Council for review as accountable body on 13th December 2021.

5.1.5.5. Feedback from the evaluation team has been provided to the project manager, with subsequent information being received by 1st February 2022.

5.2. Projects Deferred or Removed

5.2.1. Project C: Deferred to September 2022

5.2.1.1. During the business case development phase of the process Having worked with the sponsor organisation (University of Wolverhampton) throughout this process, the Council were informed by the University on 13th November 2021 that they were withdrawing

from the programme. The Council is now working on options with other organisations to take this proposed project forward in a similar manner, to deliver the intended outcomes / outputs, however additional time is required to confirm the alternative project sponsor and build the necessary business case and obtain the necessary approvals. The withdrawal of the sponsor has therefore had an unavoidable impact on the timescales, leaving insufficient time ahead of the March 2022 target for submitting summary documents.

5.2.1.2. Following the withdrawal of University of Wolverhampton as sponsor for Project C, the Council has requested a new submission date of September 2022, which was approved by BEIS on 13th January 2022.

5.2.1.3. The Council continues to work to consider alternative options for progressing project C. Including initial conversations with Staffordshire University, who sent an email to the Council on 17th December requesting further information and clarification around project budgets and building project information including;

- A more detailed description of further surveys and the works to be undertaken for the complete building refurbishment – a) externally and b) Internally - fabric and services.
- More robust detailed budget costs to better inform the likely expenditure of the grant funding and therefore what is left for internal alterations.
- Programme for the refurbishment works plus details of any works, if available, to be undertaken by future occupants.

- An initial response was sent back to the University on 22nd December, including clarification on the budget allocation to the project and additional detailed reports including an Internal Ceiling Survey and an Asbestos Survey. At the same time clarification was sought on specific room requirements and expectations around the refurbishment/remodelling process i.e. should the works for the general building refurbishment and the identified specific University areas be undertaken simultaneously, or remodelling of the University areas be undertaken once the general Brewhouse works have been completed?

5.2.1.4. The Council has reverted back to its building surveyors to seek further clarification on any further surveys that may be required as well as an indicative programme of works as requested by the University.

5.2.2. Project F: Removed from the Programme

5.2.2.1. At its meeting on Thursday 23rd December 2021, the Burton Town Deal Board took the decision to remove Project F from the

programme, as the business case could no longer meet the original ambition of the project.

5.2.2.2. Staffordshire County Council, as the project sponsor, developed the business case for the proposal. Upon review of the draft business case, its cabinet decided that it could only submit the business case if it was for a larger bridge that would provide access during adverse weather conditions.

5.2.2.3. The Washlands Bridge project had been allocated a total sum of £7.18m from the Towns Fund monies and the proposal may still be submitted to other funding opportunities, such as the Levelling Up Fund.

5.2.2.4. It has been requested by the County Council that they are reimbursed their development costs for their bid as part of the Board's deliberations as to how the funding is re-allocated. A final cost has been indicated.

5.2.2.5. Considerations relating to the potential redistribution of the Project F funding is set out in **Appendix 4: Project F Funding Note**.

5.3. Timeline of next steps.

5.3.1. The Scrutiny (Audit and Value for Money Council) Committee are asked through this report to review the programme and provide observations to the Cabinet.

5.3.2. It is intended that the Cabinet on 14th February 2022 will consider a report on the approval of Business Cases for submission to Government.

5.3.3. It is also intended that Full Council will receive a report to consider the decision made by Cabinet on 28th February 2022.

5.3.4. Summary documents for approved projects must be submitted to Government by 24th March 2022.

6. Financial Considerations

*This section has been approved by the following member of the Financial Management Unit: **Lisa Turner***

6.1. The main financial issues arising from this Report are as follows:

6.1.1. The Council's draft Medium Term Financial Strategy for 2022/23 onwards incorporates the proposed Towns Fund Projects within the Capital Programme and funding as set out in the table below, which:

- This summarises the impact on the Borough Council both as accountable body and where applicable project sponsor/lead;
- Excludes any additional funding that may have been identified by the project sponsor; and
- Is subject to proposed re-allocation of funding from Project F (as outlined in Appendix 4), which is being considered by the Towns Fund Board and subsequently the Government; and
- Ultimately provisional on approval of the business cases.

Capital Programme	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000
Towns Fund					
Project C Regional Learning Centre*	<i>TBC -Subject to Business Case Submission</i>				1,915
Project D High Street #	7,267	6,524	3,220	5,598	22,610
Project E Library and Enterprise Hub #	760	5,500	1,768	-	8,028
Project G Canal Towpath Improvements #	705				705
Project H Cycle Network Enhancements	200	770	395	-	1,365
Project J Specialist Education Offer	2,969				2,969
Total Capital Expenditure	11,901	12,794	5,383	5,598	37,592
Capital Programme	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000
Towns Fund					
Towns Fund Grant ~	9,459	10,142	2,163	0	21,765
Towns Fund Grant - Project C TBC	-	-	-	-	1,915
Prudential Borrowing (Project D - High Street)	0	1,094	3,220	5,598	9,912
Section 106 (Project D - High Street)	2,442	1,558	0	0	4,000
Total Capital Funding (Towns Fund)	11,901	12,794	5,383	5,598	37,592
* Subject to Business Case Development (to be submitted by September)					
# Subject to approval of re-allocated funding from Project F (aborted)					
~ £120k cessation costs association with Project F are expected to be paid in 2021/22.					

6.1.2. **Towns Fund – High Street (Phase 1b)** – This project is being led by the Council and seeks to regeneration the High Street in Burton which in addition to the Towns fund allocation and Section 106 monies requires substantial investment from the Council at £9.9m. This investment will need to be funded from prudential borrowing unless other funding can be identified in the interim or the borrowing requirement is reduced as the sites are developed and potentially sold. The Medium Term Financial

Strategy proposed for 2022/23 onwards includes provision for this additional cost, which is estimated to rise to £0.5m per annum by 2026/27. There are potentially further additional revenue costs that may arise from this project once the construction phase is complete, these are yet to be identified pending any decision on the future delivery models. Phase 2 of this project is subject to a successful levelling up bid.

6.1.3. The proposed Medium Term Financial Strategy also makes a number of revenue budget provisions in respect of the Towns Fund:

- The expected impact of closure of the Market Hall in 2023/24, including a package of support for existing traders;
- A one-off provision of £0.459m to mitigate any unforeseen costs that may arise from such a large complex undertaking.

6.1.4. Further detail has been attached at **Appendix 2: Project D Summary of Capital Financial Implications.**

7. Risk Assessment and Management

7.1. The main risks to this Report and the Council achieving its objectives are as follows:

7.1.1. **Positive** (Opportunities/Benefits):

7.1.1.1. Each project business case specifically considers project risks, constraints and interdependencies. Individual risk registers are provided in the business cases and a programme register will be developed following Government approval.

7.1.1.2. BEIS have indicated that there is potential for redistribution of grant funding from within the programme to other projects within the Heads of Terms.

7.1.2. **Negative** (Threats):

7.1.2.1. Specific projects have highlighted escalating construction costs as a risk / issue, however this is a potential risk across all projects.

7.1.2.2. BEIS have indicated that there is unlikely to be additional funding made available to the Town's Fund Programme nationally with the specific purpose of addressing escalating construction costs.

7.1.2.3. There is potential for future rounds of Levelling Up Funding to become available in 2022, however the availability and allocation criteria are to be confirmed.

7.2. The risks do not need to be entered in the Risk Register. Any financial implications to mitigate against these risks are considered above.

8. **Legal Considerations**

*This section has been approved by the following member of the Legal Team:
Sherrie Grant*

8.1. The main legal issues arising from this Report are as follows.

8.1.1. The Heads of Terms offer to Burton-upon-Trent, under the Towns Fund, act as a Memorandum of Understanding for the future development and delivery of Burton upon Trent's Town Investment Plan and project proposals. It sets out joint expectations as Burton upon Trent enters the business case development phase.

9. **Equalities and Health**

9.1. **Equality / Health Impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required at this stage.

9.2. Prior to submission to government, project-level Equality Impact Assessments will be completed and a programme-level Public Sector Equality Duty assessment will be undertaken by the accountable body.

10. **Human Rights**

10.1. There are no Human Rights issues arising from this Report.

11. **Sustainability** (including climate change and change adaptation measures)

11.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) Yes

11.2. A general principle within a number of the projects is the opportunity to improve connectivity and encourage active travel.

12. **Recommendation(s)**

12.1. That the Committee reviews the programme and provides observations to the Cabinet.

13. **Background Papers**

13.1. None

14. **Appendices**

14.1.1. Appendix 1: Towns Fund Programme Business Case Summaries

14.1.2. Appendix 2: Project D Summary of Capital Financial Implications

- 14.1.3. Appendix 2a: Project D Masterplan and Visuals
- 14.1.4. Appendix 3: Project E Floor Plans and Footfall Calculations
- 14.1.5. Appendix 4: Project F Funding Note