



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 14th February 2022	
	Scrutiny Audit and Value for Money Council Services Committee	



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 Cabinet

Date: 14th 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 Winshill

1. Purpose of the Report

1.1. The purpose of this report is to provide detail on the evaluation of the projects within the Towns Fund programme, for Members of the Cabinet to review and consider the merits of these projects being submitted to government for progression.

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 Paragraph 3.3 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 paragraph 3.4 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. **Project C:** 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. The Council has therefore requested a new submission date of September 2022, which was approved by BEIS on 13th January 2022.

3.4. **Project F:** 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. 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.

3.4.1.1. The Washlands Bridge project had been allocated a total sum of £7,183,099 from the Towns Fund monies and the County Council may still submit the proposal to other funding opportunities, such as the Levelling Up Fund.

3.4.1.2. Subject to formal confirmation from Government, the Town Deal Board have agreed in principle to redistribute the Project F funding to cover costs incurred by the County Council in the development of Project F and forecasted shortfalls for projects within the programme as below:

Table 1: Project F Redistribution	
Project F Total Allocation to be redistributed	£ 7,183,099
Project F settlement of SCC costs incurred	£119,559
Cover Project E Shortfall	£1,036,382
Cover Project G Shortfall	£202,256.41
Contribution to Project D	£5,824,901.59

3.5. In December 2021 / January 2022 sponsor organisations submitted Business Cases to the Council (as accountable body) for Projects D; E; G; H; and J.

3.6. A report on the Towns Fund Programme was submitted to the Scrutiny (Audit and Value for Money Council) Committee on 9th February 2022 for the Committee to review the programme and provide observations to Cabinet. The Committee's observations have been attached at **Appendix 1: Scrutiny Committee Observations**, provided in the form of draft minutes of the Committee meeting. The full recording of the meeting will be available on the Council's [website here](#).

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

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

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. Evaluation Summary

5.2. Business Cases have been received for Projects D; E; G; H; and J using a Green Book compliant template, based on the “five case model” (Strategic Case; Economic Case; Financial Case; Commercial Case; and Management Case). Supplementary information and supporting evidence has also been provided for each project.

5.3. All Business Cases and associated information have been reviewed by a team of officers including the Corporate and Commercial Manager, a member of the Programmes and Transformation Team and the Head of Service / Section 151 Officer. These submissions have been reviewed for completeness and compliance, with any clarifications to be addressed being sent to project managers from the sponsor organisations.

5.4. All Business Cases have been reviewed and graded utilising a consistently and proportionately applied methodology for each of the five cases and an overall assessment. The assessment methodology applied is detailed as follows:

Table 2: Business Case Assessment Methodology	
Strategic Case	High: Strong strategic fit / supports key strategies, with strong information provided on rationale, background, policy context and strategic fit. Clear outcomes contributing to the strategic objectives in the TIP2 are identified. Clear SMART objectives in terms of outcomes provided and dependencies, constraints and risks identified.
	Medium: Good strategic fit. Project supports outcomes but lead to medium scale improvements/outputs. Some omissions or minor negative indications.
	Low: May have strong elements but overall case is weak e.g. unclear strategic fit, projects with strategic fit but leads to small scale improvements/outputs. Significant omissions or major negative indications.
Economic Case	High: Strong economic case across the board. High Alternate options identified / considered and preferred option logically identified. Risk management robust. Optimism bias and contingency clearly accounted for. All costs and benefits quantified, with qualitative assessment of intangible benefits. Clear information on appraisal period, approach to discounting, price base year and sensitivity testing.
	Medium: Good economic case. Some omissions or minor negative indications.
	Low: Unclear economic case. Significant omissions or major negative indications.
Financial Case	High: Strong case across the board. Costs basis strong (e.g. tenders / professionally estimated, full costs included including appropriate contingency), handling of liabilities clear, financial provision for monitoring and evaluation. Value for money against outputs clear. Lifetime costs assessed and financially viable
	Medium: Overall the case is well constructed and convincing. Some omissions or minor negative indications.

	Low: May have strong elements but overall case weak e.g. procurement methodology and timescale not clear. Not clear on asset or risk management. Significant omissions or major negative indications.
Commercial Case	High: Strong case across the board. Procurement methodology is appropriate / robust with a full timescale and evidence of market testing. Clear contractual arrangements. Asset ownership and management clear. Risk management effective.
	Medium: Overall the commercial case is well constructed and convincing. Some omissions or minor negative indications.
	Low: May have strong elements but overall case weak. Significant omissions or major negative indications.
Management Case	High: Strong case across the board. Robust project organisation and governance. Full project, programme and schedule management information provided. Strong risk and opportunities management. Strong assurance and scope management approach. Strong approach to stakeholder engagement. Detailed information on benefits monitoring and evaluation.
	Medium: Overall the case is well constructed and convincing. Some omissions or minor negative indications.
	Low: May have strong elements but overall case weak. Significant omissions or major negative indications.
Overall Assessment	High: Strong case demonstrated across the board. Delivery plan, management methodology and risk management robust and clear. Clear evidence that project can be delivered. Evaluation appropriate and accords with national guidelines. Full internal approvals demonstrated.
	Medium: Overall the case is well constructed and convincing. However, specific elements are not as strong / require improvement.
	Low: May have strong elements but overall case weak e.g. delivery plan lacks clear dates, risk management inadequate, project lacks internal approvals.

5.5. Detail of this assessment is set out in each of the respective sections of this report relating to each specific project.

5.6. Within each Business Case a Benefit Cost Ratio (BCR) has been presented for the project. The BCRs form part of the economic case, and 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.

5.7. Business Case Evaluation Summaries

5.7.1. Project D: High Street Linkages

5.7.1.1. 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.

5.7.1.2. Detail on the Business Case is provided in **Appendix 2: Towns Fund Programme Business Case Summaries (pages 1-4)**.

5.7.1.3. The project proposes the acquisition of the Molson Coors High Street Campus on the basis of the Heads of Terms attached at **Appendix 3: Molson Coors Heads of Terms (confidential)**. It is proposed that the final decision to purchase the property be delegated to the Leader of the Council and Deputy Leader for Regeneration and Planning Policy, in consultation with the Leader of the Opposition, Leader of the Independent Alliance Group and the Chief Executive.

5.7.1.4. The project proposes asset transfer of the Borough Council owned Market Hall and Crossley House to the County Council in exchange for the current Burton Library property, subject agreement of terms with the County Council. It is proposed that the final decision on the asset transfer be delegated to the Leader of the Council and Deputy Leader for Regeneration and Planning Policy, in consultation with the Leader of the Opposition, Leader of the Independent Alliance Group and the Chief Executive at the relevant time.

5.7.1.5. A summary of capital financial implications relating to Project D has been attached at **Appendix 4: Project D Summary of Capital Financial Implications**.

5.7.1.6. The assessment of the Business Case indicates the following:

Project Name:	Project D: High Street Linkages
Sponsor Organisation:	East Staffordshire Borough Council
Strategic Case	High
Economic Case	High
Financial Case	Medium
Commercial Case	High
Management Case	Medium
Overall Assessment	Medium
BCR	1.5:1

*Refer to Table 2 for assessment methodology

5.7.2. Project E: Library and Enterprise Hub

5.7.2.1. 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.

5.7.2.2. Detail on the Business Case is provided in **Appendix 2: Towns Fund Programme Business Case Summaries (pages 5-9)**.

5.7.2.3. The project proposes asset transfer of the Borough Council owned Market Hall and Crossley House to the County Council in exchange for the current Burton Library property (see paragraph 5.7.1.4).

5.7.2.4. The assessment of the Business Case indicates the following:

Project Name:	Project E: Library and Enterprise Hub
Sponsor Organisation:	Staffordshire County Council
Strategic Case	Medium
Economic Case	Medium / High
Financial Case	Medium
Commercial Case	Medium / High
Management Case	High / Medium
Overall Assessment	Medium
BCR	2.3:1

*Refer to Table 2 for assessment methodology

5.7.3. Project G: Canal Towpath Improvements

5.7.3.1. 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. 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.

5.7.3.2. Detail on the Business Case is provided in **Appendix 2: Towns Fund Programme Business Case Summaries (pages 10-11)**.

5.7.3.3. The assessment of the Business Case indicates the following:

Project Name:	Project G: Canal Towpath Improvements
Sponsor Organisation:	Canal and River Trust
Strategic Case	Medium
Economic Case	Medium
Financial Case	Medium
Commercial Case	Medium
Management Case	Medium
Overall Assessment	Medium
BCR	2.6:1

*Refer to Table 2 for assessment methodology

5.7.4. Project H: Cycle Network Enhancements

5.7.4.1. 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.

5.7.4.2. Detail on the Business Case is provided in **Appendix 2: Towns Fund Programme Business Case Summaries (pages 12-18)**.

5.7.4.3. The assessment of the Business Case indicates the following:

Project Name:	Project H: Cycle Network Enhancements
Sponsor Organisation:	Staffordshire County Council
Strategic Case	Medium
Economic Case	Medium
Financial Case	Medium / Low
Commercial Case	Medium
Management Case	Medium / Low
Overall Assessment	Medium
BCR	3.22:1

*Refer to Table 2 for assessment methodology

5.7.5. Project J: Specialist Educational Offer

5.7.5.1. 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.

5.7.5.2. Detail on the Business Case is provided in **Appendix 2: Towns Fund Programme Business Case Summaries (pages 19-24)**.

5.7.5.3. The assessment of the Business Case indicates the following:

Project Name:	Project J: Specialist Educational Offer
Sponsor Organisation:	Burton & South Derbyshire College
Strategic Case	Medium / High
Economic Case	Medium
Financial Case	Medium / High
Commercial Case	Medium / High
Management Case	Medium / High
Overall Assessment	Medium / High
BCR	7.09:1

*Refer to Table 2 for assessment methodology

5.8. Summary

5.8.1. The overall draft assessment of Business Cases indicates the following:

Project	Overall Assessment
D: High Street Linkages	Medium
E: Library and Enterprise Hub	Medium
G: Canal Towpath Improvements	Medium
H: Cycle Network Enhancements	Medium
J: Specialist Educational Offer	Medium / High

*Refer to Table 2 for assessment methodology

5.8.2. All project Business cases have been assessed as compliant and have a BCR that is either 'acceptable' or 'high'.

6. Financial Considerations

*This section has been approved by the following member of the Financial Management Unit: **Sal Khan***

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 subject to Government approval; 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 £0.461m to mitigate any unforeseen costs that may arise from such a large complex undertaking.

6.1.4. There may be financial implications in relation to the proposed transfer of assets between the Council and Staffordshire County Council as outlined in Project E. These are subject to the finalisation of the terms to be agreed between the two parties and will be outlined in the subsequent proposed delegated decision. The proposed asset purchase from Molson Coors in relation to Project D will be funded from Towns Fund Grant and is subject to ongoing discussion between the parties and will be finalised as part of the proposed delegated decision.

6.1.5. Further detail has been attached at **Appendix 4: 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.

7.1.1.3. Funding agreements will be put in place to transfer relevant financial and project risks to the appropriate sponsor organisations.

7.1.1.4. There is potential for future rounds of funding to become available in the future, for example the Levelling Up Fund or UK Shared Prosperity Fund, however the availability and allocation criteria are to be confirmed.

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. As the accountable body the Council will need to ensure that adequate resource and expertise is available to manage the programme throughout the delivery phase should projects be progressed.

7.2. A high level programme register is being developed, to be finalised following Government approval. The Towns Fund Programme will then be entered into the Corporate 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:
Caroline Elwood

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.

8.1.2. The proposed transfer of assets between the Council and Staffordshire County Council as outlined in Project E is subject to the finalisation of the terms to be agreed between the two parties.

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 Cabinet reviews the programme and considers the Business Case assessment as listed in Sections 5.7 and 5.8 of this report as well as the observations of the Scrutiny Committee held on 9th February 2022 in order to determine acceptance or otherwise of the business cases for the projects being taken forward at this time, and determine whether to submit the Summary Document to the Department for Levelling Up, Housing and Communities as detailed in the Heads of Terms.

12.2. That the Cabinet recommends to Council to agree to the principle of the final decision to purchase the Molson Coors High Street Campus property, utilising Towns Deal Funding, being delegated to the Leader of the Council and Deputy Leader for Regeneration and Planning Policy, in consultation with the Leader of the Opposition, Leader of the Independent Alliance Group and the Chief Executive.

12.3. That the Cabinet recommends to Council to agree to the principle of the final decision on the asset transfer of the Market Hall and Crossley House in exchange for the Burton Library property being delegated to the Leader of the Council and Deputy Leader for Regeneration and Planning Policy, in consultation with the Leader of the Opposition, Leader of the Independent Alliance Group and the Chief Executive at the relevant time.

13. **Background Papers**

13.1. Project D Business Case and associated appendices

13.2. Project E Business Case and associated appendices

13.3. Project G Business Case and associated appendices

13.4. Project H Business Case and associated appendices

13.5. Project J Business Case and associated appendices

14. **Appendices**

14.1. Appendix 1: Scrutiny Committee Observations.

14.2. Appendix 2: Towns Fund Programme Business Case Summaries

14.3. Appendix 3: Molson Coors High Street Campus Heads of Terms (CONFIDENTIAL)

14.4. Appendix 4: Project D Summary of Capital Financial Implications