

Please see responses to questions raised by Cllr A Chaudhry ahead of the Scrutiny (Audit and Value for Money Council) Committee on 9th February 2022.

1. What is the total ESBC spend to date on Towns Fund? How is this funded?

Since 2019, the Council has spent a total of £164,062.50 directly on the Burton Towns Fund programme, which has been entirely funded by capacity funding provided by Government for developing the local Towns fund programme. This is the same as the other 100 Towns Fund areas.

The Council also recruited a Town Regeneration Officer in September 2021, which has cost £16,591 to date and is funded through the MTFS. This post also contributes towards the wider work that the Council's Enterprise Team undertakes.

2. What is anticipated cost of administering the Town Fund to ESBC as accountable body and how will this be funded?

This will be met through existing resources, capacity funding (as above) or specific allocations within the MTFS.

3. What is the financial risk to ESBC as accountable body? Does the Council has sufficient funds if these risks materialise or will the Council be bankrupt?

In the Council's capacity as accountable body, it has the ability to 'pass on' specific risks to delivery partners through legal agreements, including risks associated with the clawback of funding in the event of non-delivery. As such, the transfer of risks will be a consideration of the grant agreements that are created, if the funding is approved by HM Treasury following business case submission.

4. When the TIP Fund submission was made to the Government, what was anticipated contribution by ESBC and how was this to be funded?

At the time, the contribution was 'tbc'. In December 2020, Project D was at its concept stage.

5. When in September 2021, the Government clarified TIP funding as £23.8M for Projects C,D,E,F,G,H and J, what was anticipated ESBC contribution and how was this to be funded?

At the time, the contribution was 'tbc'. In September 2021, Project D was in the early stages of its public consultation, through which the project scope was defined.

6. At what point did the cost escalate necessitating £0.5m per annum revenue support?

Costs have not escalated as they were not known at the time. At the time of submission and agreement of Heads of Terms, the scope of Project D was not confirmed (see above), which has since taken place through the development of the business case.

Please note: the £0.5m debt repayment is linked to a possible need to borrow circa £9.9m, which represents a worst case scenario. Prior to implementing this action, other funding opportunities will be explored, such as using capital income from the project to finance the cost of the project (e.g. sale of residential units in excess of £5m) or other grant fund schemes such as the recently confirmed UK Shared Prosperity Fund, through which the Council will be given capital and revenue monies.

7. What is the total cost to the tax payer - £9.9M plus interest?

Please see above (Q6). The cost associated with interest on the £9.9m investment by ESBC was estimated at the time of drafting the MTFs to be £2.541m, assuming a payback period of 25 years.

8. What does £0.5M equate to in terms of %age Council tax increase for band D property?

Please see above (Q6). In the eventuality that the full £9.9m plus associated interest is required to be met from Prudential Borrowing, this is the equivalent of 7.4% on a Band D property or £13.86 per annum or £1.39 per month (based on 10 monthly instalments).

9. Is funding Towns Fund shortfall statutory service?

If this question is whether delivering the Towns Fund programme is a statutory function of the authority; no it is not. Regeneration as a service is non-statutory.

10. If it's not statutory service, then why are residents of ESBC carrying this burden after over a decade of austerity and service cuts?

This question is of a political nature and so cannot be answered by Officers.

Cllr George Allen added: The current administration is very different to the one which preceded. We cannot answer for the decisions made for the ten years prior to May 2019.

11. Paragraph 5.1.2.7. states “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.” What information is awaited?

The evaluation team has requested responses to a number of points, which can be summarised as follows:

- Strategic Case: Clarification on results from an engagement event at the College; the specific roles of key stakeholders listed; linkages to the theory of change; information on any potential equalities impacts.
- Economic Case: Clarification on how economic benefits link into the theory of change; how footfall figures have been baselined and estimated; any undiscounted benefits
- Financial Case: Clarification on how potential Arts Council funding is accounted for.
- Commercial Case: Clarification on how any procurements are being split / phased
- Management Case: Clarification on risk assessment of occupier demand; expansion upon assessment of opportunities to gain from industry productivity initiatives; expansion on scope management processes.
- Subsidy Control: Clarification on information relating to subsidy control.

A response has been received on the afternoon of 8th February 2022 which will be reviewed shortly.

12. Paragraph 6.1.2 states “There are potentially further additional revenue costs that may arise from this project once the construction phase is complete” What are likely additional revenue costs?

The paragraph goes on to say “these are yet to be identified pending any decision on the future delivery model”. The business case for Project D is modelled on the basis of newly constructed facilities being sold or operated by an external organisation. In the future, the Council may wish to operate these facilities in-house, which would in turn have revenue implications. These are entirely dependent on future decisions on the delivery model for the built facilities.

13. Is all land for Project D acquired and available for development and where is the money for land acquisition?

No. Please refer to the MTFs papers and Appendix 2 of this report.

14. What is the risk to the Council and cost to ESBC tax payers if the Council fails to acquire all the land for Project D?

If the land for Project D is not available, the project will not go ahead. However, the recent press release regarding this should be considered.

15. Paragraph 6.1.3. states “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.”**

Why should the ESBC tax payers subsidise Town Fund and bear this cost? What direct service will they get in return for this significant sum?

The one off provision in the MTFs is for the Council-led Project D. As such, it is to support the delivery of the Council’s own project, not the wider Towns Fund programme. The benefits of this project are summarised in the executive summary appended to the report.

16. Paragraph 7.1.2.1. states “Specific projects have highlighted escalating construction costs as a risk / issue, however this is a potential risk across all projects.” Please quantify this risk given unprecedented increase in construction costs?

Construction inflation is built into the project financial models alongside appropriate contingency budgets, particularly for Projects D and E as the property projects. Further sensitivity analysis is also undertaken, testing the impact of scenarios where project costs increase further as a result of greater than modelled construction inflation. In each scenario, the project BCRs remain either acceptable or high value for money.

17. Is Project E dependent upon Project D?

No. However, a requirement of the County Council’s submission of the Project E business case was that the proposal facilitated broader regeneration on the existing library site.

18. Staffordshire County Council has said they can deliver library service and consolidate other services in existing Library building and they are not dependent upon Market Hall. Why is ESBC so desperate to relinquish the historic Market Hall building?

This statement is true. If Project E does not go ahead, Staffordshire County Council will consolidate the services within the existing library building. The library service will then operate from the ground floor only, within a space of

around 593 sqm. The space provided specifically to the library service at the Market Hall would be 830 sqm, which is around 80% of the current library service size.

The question that follows the statement is of a political nature and so cannot be answered by Officers.

Cllr George Allen added: The consultation to date and conversations with members have led the administration to believe the Market Hall as a building is an extremely important heritage asset that many people in the Borough care about. Project E gives the building a sustainable use over many years and provides extensive investment in the structure which will keep the building from falling into disrepair.

19. In public consultation, 77% of respondents are against Project E and moving library to the Market Hall. Why is such overwhelming public opinion ignored?

Public consultation responses form part of the strategic case within the 5 case Green Book business case model. As such, it forms part of the business case and the assessment of the business case. Any decisions that follow that process are for Council Members to make.

20. Did the Leader of the Council write to the Staffordshire County Council (SCC) before the public consultation had closed on Project E? Please share copy of this letter and other relevant correspondence with SCC to all committee members?

No, the Leader of the Council did not write to Staffordshire County Council before the County Council consultation on Project E had ended.

21. Is footfall for Project E double or triple counted; for example, all people using toilets will actually use the library service?

The footfall figures are disaggregated to represent the primary reason for visits. It is not accurate to state that all users of the toilets also use the library service. The same can be said of the café service.