

# EXECUTIVE BOARD DECISION



<b>REPORT OF:</b>	Executive Member Growth and Development Executive Member Finance and Governance
<b>LEAD OFFICERS:</b>	Strategic Director Place Director of Finance
<b>DATE:</b>	10 <sup>th</sup> March 2022

<b>PORTFOLIO/S AFFECTED:</b>	Growth and Development	Finance and Governance
<b>WARD/S AFFECTED:</b>	Darwen East; Darwen South; Darwen West	
<b>KEY DECISION:</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	

**SUBJECT: Darwen Town Deal Update**

## 1. EXECUTIVE SUMMARY

This report provides an update on the Darwen Town Deal, including the development of the Town Deal Board's Town Investment Plan (TIP), as agreed with Government, and the role and contribution of the Council in managing, co-investing and delivering agreed TIP priorities. The report also updates on the work and approvals needed by August 2022, including the completion of TIP project business cases and local assurance framework.

## 2. RECOMMENDATIONS

That the Executive Board:

1. Notes the update on the Darwen Town Deal, including the development and timescales for project business cases required by Government;
2. Notes the business case preparation underway for the 9 Town Deal funded projects confirmed by Government in December 2021, see Annex 1;
3. Notes the role of the Council, as accountable body for the Darwen Town Deal; in co-funding the Town Deal Investment Programme, as agreed at Finance Council on 28 February; and in providing programme and financial management for the 5-year delivery programme
4. Delegates authority to the Strategic Director of Place and the Director of Finance, in conjunction with the Executive Member for Growth and Development and the Executive Member for Finance and Governance, and in consultation with the Chair and Darwen Town Deal Board, to allocate and spend Government's 5% advanced capital funding to support business case preparation, procurement of professional services and project delivery, as set out in Annex 2; and
5. Delegates authority to the Strategic Director of Place and Director of Finance, in conjunction with the Executive Member for Growth and Development and the Executive Member for Finance and Governance, and in consultation with the Chair of the Darwen Deal Board, to finalise the Town Deal's local assurance framework.

## 3. BACKGROUND

In September 2019, Darwen was one of the original 100 (now 101) towns across England invited by

Government to develop an innovative regeneration plan and potentially secure a Towns Fund allocation of up to £25 million.

The Towns Fund is part of Government's COVID recovery and levelling up agenda aiming to help rebalance the national economy by boosting economic growth and improving living standards in under-performing places.

As part of the process of securing a Town Deal, a Board was required by Government and tasked with developing an agreed Town Investment Plan (TIP), with a clear vision, rationale and set of priorities. The Darwen Town Deal Board (DTDB) developed its Plan throughout 2020 - a very challenging time for the Borough due to the pandemic - and submitted its TIP to Government at the end of January 2021.

The Chair of the DTDB is local business leader, Wayne Wild, with the Executive Member for Growth and Development acting as Vice Chair. Jake Berry MP also serve on the Board along with a number of other private and community sector representatives.

Government set strict criteria for Town Deal funding with an emphasis on capital funding to create / safeguard jobs; viable and attractive town centres; new business growth opportunities; and improved connectivity for residents and businesses. Government guidance also recognises the role and contribution of sport, culture and heritage buildings in strengthening local pride.

While developing the TIP, Government allocated the Board stand-alone funding of £750,000 to advance works on three community projects – the refurbishment of Darwen Tower, a phase one development at J4 Skatepark, and new community facilities at AFC Darwen.

Extensive evidence and analysis informed the development of the Plan. This work benefitted from innovative engagement with the local community (given prevailing COVID restrictions) to understand their aspirations and concerns, which, in turn, helped refine TIP priorities. The submitted Plan requested the maximum Government funding allocation of £25 million to support the delivery of a wider public/private sector delivery programme valued at £90m.

The TIP is an ambitious long-term growth framework for Darwen, with key outcomes including the potential to create / safeguard over 600 jobs; both create / engage over 200 new businesses in higher value economic activity; and connect over 10,000 homes and businesses to ultrafast broadband. The Plan has the potential to generate new economic activity (GVA) valued at over £400M over the next 15 years. The underpinning new vision for Darwen is set out below.

*'Our vision sees Darwen emerge as a place where flexible working is truly integrated into the town's economy; our key businesses retained and growing; new ones attracted by the town's reputation as a centre for innovative manufacturing; new housing opportunities for families integrated into our long established communities, with residents and businesses able to access ultrafast connectivity; and a town that offers an abundance of accessible sport, leisure and recreation opportunities for our young people alongside our beautiful Victorian parks and accessible Pennine moorland right on the doorstep.*

*By 2030, Darwen will be an attractive modern maker-town that punches way above its economic weight; a leading centre for clean and innovative manufacturing and a town of choice, where upwardly mobile, flexible and active communities can experience our rich heritage and natural environment helping to transform Darwen into a dynamic and sustainable maker-town.'*

In July 2021, Government informed the Board that they had been successful in securing the maximum allocation of £25 million. The Board and Council confirmed with Government broad Heads of Terms to accept this funding, subject to a review of project viability and deliverability tests with submission of a revised delivery plan in October 2021, see enclosed Annex 1. The Government approved the Board's revised delivery plan in December 2021.

The key elements of the delivery programme include:

- **Darwen Town Centre** – This includes projects to refurbish and re-purpose Darwen’s important heritage buildings, including the Market Hall and The Library Theatre, and improve the settings of their buildings and their connections within the centre. This will also include new residential development, new retail space, new cultural, learning and community opportunities, and new landscaping and environmental improvements.
- **Employment Growth and Business Innovation** – a range of exciting projects which build on Darwen’s proud and still strong manufacturing strengths. These will provide modern business premises to support the creation of new jobs for both existing and new businesses. The new Advanced Manufacturing Research Centre, which is part of Sheffield University, is a real coup for Darwen and will extend the town’s research and development capacity in new composite technologies and play an important role in regional business growth. The relocation, retention and expansion of Perspex International to a new site in Darwen will safeguard jobs and help establish a new production centre and research facilities to support their global operation.
- **Destination Darwen** – the town’s fantastic setting as a gateway to the West Pennine Moors came through very strongly in the public consultation as something local people wanted to cherish and improve. Proposals to create new and improved connections linking the Town Centre, residential neighbourhoods, our parks and the Moors will develop into detailed plans. These trails will encourage active travel – particularly walking and cycling – and outdoor exercise options for residents as well as encouraging new visitors, boosting the local economy.
- **Connected Darwen** – this proposal will bring ultrafast broadband to more than 10,000 homes and businesses in Darwen with free Wi-Fi for town centre users and low income households.
- **East Lancashire Sports Village** – this initiative will be spearheaded by new sporting facilities at Darwen Cricket Club, AFC Darwen and J4 Skatepark, with the latter capable of hosting national and international events, and providing training facilities for our Olympic stars of the future which are accessible to all.

Work is now underway to develop the required business cases for the 9 agreed projects for submission to Government by the deadline of early August 2022. To this end, the Board have commissioned Genecon - experienced economic consultants - to support the Council, the Board and project sponsors.

Project delivery is expected to begin in late 2022 once Government has reviewed the Board’s business case submissions.

#### 4. KEY ISSUES & RISKS

Work is now underway on the detailed business cases for the 9 Town Deal projects and will be finalised for final Board approval for submission in August 2022.

Business case preparation requires early work to test viability, deliverability and better cost certainty. Due to tight timescales for all Town Deal delivery plans, Government has advanced 5% of the capital funding to support early development of each town’s projects, make early interventions to enable the projects to bring forward delivery timescales, and reduce financial risk for those Councils acting as accountable bodies.

This funding is specifically for project development and will support a variety of surveys including brownfield site investigations, building conditions and architectural feasibility studies which will contribute to the final delivery of the projects approved for funding. This advanced funding is within Darwen’s £25m Town Deal allocation. Annex 2 sets out the proposed use of this advanced capital funding. It is recommended that the Council and DTDB finalise and submit this programme to Government by 31 March 2022. Given this demanding deadline, which is fixed, it is proposed that authority be delegated to relevant senior officers and Executive Members, in consultation with DTDB, to finalise and submit this programme to Government.

The Council is the accountable body for the Board and is responsible for the allocation and spend of the early capital funding and the overall financial management and delivery of the Town Deal programme, in conjunction with the Board. An agreed local assurance framework will be finalised and approved by the Council, as accountable body, and the Board, prior to the submission of business cases in August.

## **5. POLICY IMPLICATIONS**

The TIP and DTDB delivery programme supports the Council's Corporate Plan objectives, including:

- Supporting young people and raising aspirations
- Connected communities
- Safe and clean environment
- Strong economy to enable social mobility
- Supporting our town centres and businesses

The Town Deal is also a key strategic initiative within the Borough's new draft Local Plan 2019 – 2037, which is currently out to final consultation.

## **6. FINANCIAL IMPLICATIONS**

As outlined at Annex 1, funding of £25.0m (comprising capital funding of £24.475m and revenue funding of £525k) is to be made as a contribution to the delivery of an overall programme of investment estimated to cost c£90m.

As part of the Capital Strategy and Capital Programme 2022/25, approved by Finance Council on 28<sup>th</sup> February 2022, provision has been made in the Council's Capital Programme for the match funding from the Council necessary to support the delivery of the Town Deal programme of projects. This is to be largely met from additional borrowing, the costs of which are factored into the Council's approved General Fund Revenue Budget, and with the Town Deal grant, will leverage a further c£54m of private funding.

The delivery of the Town Deal is additional to the Council's normal 'business as usual' activities. In recognition of this, the revenue funding provided as part of the Town Deal will be used to support a Programme Management Team to manage the Programme as required.

For those projects being undertaken directly by the Council, there may be additional financial implications arising from the specific projects. However, it is too early to say what, if anything, these might be given the process of developing detailed individual business cases is still at an early stage. As and when projects are developed, and subject to there being financial implications for the Council, these will be subject to further reports on this matter in compliance with the Council's Financial Procedure Rules.

As with programmes of this nature which comprise a range of projects to be delivered by various public, private and community/voluntary sectors partners, including the Council, consideration will need to be given to national subsidy control (previously known as State Aid) provisions. It may be necessary to obtain advice on this matter as part of the development of projects to ensure the Council remains compliant with the relevant provisions. This will be considered on a case-by-case basis with any related costs factored into the individual projects.

Likewise, consideration will need to be given to the VAT implications associated with each project to ensure that the Council does not breach its in-year partial exemption limits (which would, potentially, make the Council liable to the repayment of VAT). Again, advice may need to be obtained to understand, develop and implement appropriate VAT planning measures to mitigate this risk and the costs of this will be factored into the individual projects.

As indicated in the report, regardless of whether the Council is delivering projects, it remains the accountable body for the Town Deal funding. As a consequence, the Council will need to ensure that the local assurance framework is robust to ensure value for money in the delivery of the projects thereby managing the risk of potential grant repayments to the Government.

Finally, whilst the Town Deal Board will undertake regular monitoring of the development, planning and implementation of projects, high-level monitoring of the Town Deal finances will form part of the Council's quarterly updates on the Capital Programme.

## 7. LEGAL IMPLICATIONS

The Council has received and signed the Heads of Terms for the confirmed £25m offer, as accountable body. Once business cases are approved by Government, which is expected by late 2022, the Council will receive an overarching Grant Funding Agreement that will be translated into individual Grant Funding Agreements for project sponsors. Detailed conditions will be passed down as well as the delivery of specific outcomes and outputs via regular claims and monitoring reports.

The Board and the Council as accountable body will be responsible for local assurance arrangements with an appropriate framework will be finalised by the Strategic Director for Place and Director of Finance with support from the Head of Legal Services. Any issues or concerns regarding funding obligations and risks will be reported to future meetings of the Executive Board.

## 8. RESOURCE IMPLICATIONS

A number of officers from the Growth and Development Department are working with project sponsors on the programme with support from specialist consultants with a strong track record in developing business cases for submission to Government led by the Strategic Director for Place. Following the approval of business cases, revenue funding as part of the programme will support the recruitment of Programme Officers to manage the programme on behalf of the Board.

## 9. EQUALITY AND HEALTH IMPLICATIONS

**Please select one of the options below. Where appropriate please include the hyperlink to the EIA.**

Option 1  Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2  In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3  In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

## 10. CONSULTATIONS

Extensive public consultation was planned and undertaken by the Board and project team. This helped to shape the Darwen TIP and prioritise projects. The Town Deal has a communications strategy, including a website, led by the Board, and it is the intention to continue to inform and engage the public

and key stakeholders in the work of the Board.

#### **11. STATEMENT OF COMPLIANCE**

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

#### **12. DECLARATION OF INTEREST**

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

<b>VERSION:</b>	<b>1</b>
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<b>CONTACT OFFICER:</b>	<b>Clare Turner</b>
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<b>DATE:</b>	<b>7/2/2022</b>
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<b>BACKGROUND PAPER:</b>	
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