

	REPORT TO CABINET TO BE HELD ON 16 MARCH 2021
	Key Decision YES Forward Plan Ref No
Corporate Aims Better Places: Vibrant Town Centres	Cabinet Portfolio Holder Cllr Liz Colling Portfolio Holder for Inclusive Growth

REPORT OF: CHIEF EXECUTIVE – 21/50

WARDS AFFECTED: SCARBOROUGH and WHITBY ALL

SUBJECT: TOWN DEALS FOR WHITBY AND SCARBOROUGH

RECOMMENDATION (S):

Cabinet is recommended to delegate authority to the Chief Executive to sign Heads of Terms (HOT's) relating to the acceptance of:

1. twenty million, two hundred thousand pounds (£20.2m) of Town Deal funding from the Government's Town Fund from the Ministry of Housing Communities and Local Government (MHCLG) in relation to the delivery of the Scarborough Town Investment Plan and in accordance with the HOT's attached at Appendix 1.
2. seventeen million, one hundred thousand pounds (£17.1m) of Town Deal funding from the Government's Town Fund from MHCLG in relation to the delivery of the Whitby Town Investment Plan and in accordance with the HOT's attached at Appendix 2.

and; within eight weeks of signing the HOT's delegate authority to the Chief Executive to:

3. confirm details of projects being taken forward and present a plan for addressing key conditions relating to those projects and the overall Town Investment Plan to MHCLG.

REASON FOR RECOMMENDATION (S):

To allow progression of delivery of the Town Deals for Scarborough and Whitby

HIGHLIGHTED RISKS:

Funding offer insufficient to cover all proposed projects in their current form.
Up front monies to cash flow project development activity to be met by the Council.

1. INTRODUCTION

- 1.1 In November 2019, MHCLG announced that Scarborough and Whitby had been identified as two of the 101 towns in England who they wish to work with to develop Town Investment Plans (TIP's) with the aim of preparing bids to secure the Government's Town Deal funding.
- 1.2 In the following months and in accordance with the guidance laid down by MHCLG town deal boards were formed for the two towns, and following extensive consultation and project development activity, TIP's were prepared and submitted to Government in October 2020.
- 1.3 On the 3 March 2021 Government announced that Scarborough had been successful in securing HOT's for £20.2m of Town Deal funding, and Whitby £17.1m of Town Deal funding in support of delivering the respective TIP's and subject to satisfying a range of further project development, assurance and evaluation activity.
- 1.4 MHCLG have stipulated that acceptance of the Heads of Terms must be signed by the Chief Executive of the Borough Council and the Chair of the respective Town Deal Board prior to being returned on or before the 24 March 2021 and;

Within eight weeks of accepting the HOT's the Council confirm in writing details of the projects being taken forward and present a plan for addressing key conditions relating to those projects and the overall TIP's

- 1.5 This report seeks the approval of Cabinet to delegate authority to the Chief Executive to sign and return the HOT's and submit the subsequent list of projects being developed for delivery.

2. CORPORATE AIMS

- 2.1 Better Places
Better Homes
Better Lives
Brighter Futures

3. BACKGROUND AND ISSUES

- 3.1 In 2019 Government established its £3.6bn Towns Fund. The fund was aimed primarily at investment in what it described as left behind towns who had not directly benefitted from the City Deals fund. Approximately £2.5bn of this was allocated to funding Town Deals and Scarborough and Whitby were two of the 101 English towns identified as having the potential to receive a share of Town Deal funding.
- 3.2 Government guidance to apply for and access the funding was issued soon thereafter stipulating a two stage process and identifying Scarborough Borough Council as the lead authority and accountable body for the fund.
- 3.3 Stage 1 of the process being the establishment of cross sector “town deal boards” and, through a process of stakeholder consultation, the drafting of TIP’s for each eligible town (Scarborough and Whitby) and submission to Government for their consideration.
- 3.4 Stage 2 (subject to a successful outcome at stage 1) each town to be provided with HOT’s of a financial offer of funding and then be given up to 12 months to undertake detailed project development activity with a view to securing funding agreement and commencing delivery of their proposed schemes.
- 3.5 Subsequent to the announcement in 2019 the Council formed Town Deal Boards in both Scarborough and Whitby and through an extensive programme of community, stakeholder and Member consultation developed TIP’s for each of the respective towns. Full details of the membership and meetings of the Town Deal Boards and the resulting TIP’s can be found at <https://www.scarborough.gov.uk/home/community-and-living/town-deal>
- 3.6 In October 2020 Scarborough Borough Council submitted the respective TIP’s to Government for their consideration completing Stage 1 of the Town Deal funding process.
- 3.7 On the 3 March 2021 received confirmation from Luke Hall MP, (Minister for Regional Growth and Local Government) that Scarborough would be allocated £20.2m and Whitby £17.1m from the towns fund monies in order to progress and implement their TIP’s subject to satisfactory compliance with the terms and conditions of the respective offers, accompanying guidance and completion of the stage 2 process.
- 3.8 Full details of the HOT’s and the process relating to the offers of funding can be found in the appendices. In summary:
 1. The Chief Executive of Scarborough Borough Council and Chair of the respective LEP board must confirm their acceptance of the HOT’s on or before the 24 March 2021. It should be noted that;

2. Within two months accepting the HOT's, the Council should confirm in writing details of the projects being taken forward and a plan for addressing key conditions relating to those projects and the overall Town Investment Plan,
3. The Council must then complete business cases for the projects being taken forward and submit a Summary Document within 12 months of the deal being agreed,
4. MHCLG will then provide funding up to the maximum allocated amount for each of the respective towns for delivery of those projects (£20.2m Scarborough, £17.1m Whitby).

- 3.9 It is in respect of steps 1 and 2 of the above that Cabinet is being requested to delegate authority to the Chief Executive, working in conjunction with the Town Deal Board, to complete the required returns to Government.
- 3.10 Cabinet should note that the submitted TIP's included projects requesting support totalling £25m for each of the respective Towns. The actual amount allocated to each town is lower than this figure however. Working with the Town Deal Boards the Council will now undertake a process of project review to determine which projects will be progressed at Stage 2.
- 3.11 This process will be undertaken during the eight week period following the return of the HOT's on the 24 March, in line with Government guidance and with the assistance of external assessors for the YNY LEP. Ultimately, following project review some projects may not be able to progress and / or may have to be reduced in scale or scope.
- 3.12 In mitigation, projects which are not put forward to proceed to Stage 2 utilising Town Deal funding will remain within the TIP's and may still be implemented through alternative future funding opportunities.
- 3.13 Whilst the allocation of Town Deal funding to Whitby and Scarborough is hugely welcome news, Cabinet are also asked to note the risks relating to Stage 2 of the Town Deal process. Notably, those projects which are put forward to proceed will require detailed project development activity to be undertaken, including but not limited to: feasibility studies, detailed design, securing of consents and agreements, costing & procurement and detailed business case development. In many instances external expertise and additional internal capacity will be required to support us in undertaking this activity.
- 3.14 No upfront Government funding has been provided to cash flow this development activity, and with the exception of those projects which are being promoted and developed by North Yorkshire County Council and / or commercial undertakings, the Council will be called upon to cover the cost of this work utilising its own funds.
- 3.15 For the projects which ultimately proceed to implementation following completion of the Stage 2 process the upfront development cost will be met through the Town Deal Funding once it is released, however, if for any reason

a project/s does not receive funding to proceed the development cost will not be covered by the Town Deal Fund and the costs will need to be borne by the Council.

- 3.16 Monies to cash flow the project development activity will be met through the Council's capital programme, which were approved by Council in February. The budgets required to undertake the project development activity works are currently under review and will be reported to Cabinet for approval in April to allow the works to progress.

4. CONSULTATION

- 4.1 Extensive and wide reaching consultation was undertaken in drafting the Town Investment Plan during 2020.
- 4.2 Much further consultation will take place in relation to each of the resulting projects as stage two of the process commences and the projects are developed. Each of the projects is required to develop and submit a consultation and communications plan as part of the project assessment and review process.

5. ASSESSMENT

- 5.1 The opportunity to secure significant funding to enable the delivery of both Scarborough and Whitby TIP's is greatly welcomed.
- 5.2 As the funding offers are below the original ask of Government it will be critical a project assessment and prioritisation process is undertaken.
- 5.3 Robust procedures for project assessment and evaluation have been developed by the Council and will be undertaken with the support of external agencies including the YNYLEP, MHCLG and the respective Town Deal Boards.
- 5.4 These procedures which ensure the resulting programme of projects still deliver the optimum strategic, social and economic outcomes for the respective towns and maximises the funding on offer whilst minimising the risk of project failure.

6. IMPLICATIONS

6.1 Policy

No new implications associated with this report.

6.2 Legal

The HOT's relating to this offer of funding are not a contractually binding document and the offer is subject to various conditions being met. The HOT's

act as a Memorandum of Understanding for the future development and delivery of TIP's and project proposals and sets out joint expectations as the Council enters the business case development phase.

6.3 Financial

The Council will need to cash flow, at risk, much of the project development work associated with the schemes which are to progress through Stage 2 of the Town Deal process. The budgets required to undertake this work are currently under review and will be reported to Cabinet for approval in April.

6.4 Staffing

There will be staffing implications associated with progressing the Town Deal investment programmes in both Whitby and Scarborough. Additional staffing and external resources will be required including:

- Project and programme management
- Business case development and planning
- Legal advice and support
- Financial and accounting support
- Planning and consenting
- Estates management

Further external support may also be required particularly in the fields of technical design, architecture, costing and property acquisition etc.

Recruitment activity is underway to establish the necessary in house personnel to support this programme and concurrently procurement of external support is also being carried out.

The cost of this additional staffing and external resource will be met through the budgets established for the project development work.

- 6.5 There are no new Planning, Crime and Disorder, Health and Safety, implications that arise from this report.



Mike Greene
Chief Executive

Author: Alex Richards, Regeneration and Economic Development Services
Telephone No:(01723) 384317
E-mail address: alex.richards@scarborough.gov.uk

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT THE AUTHOR

Risk Matrix

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
1	Mar 2021	Council does not approve recommendations of the report to accept HOT's	Council will forfeit circa £37.3m of Town Deal Funding	This report	B4	A1	AR	Accept HOTS
2	Mar 2021	Funding amount below total cost of delivering TIP's for Scarborough and Whitby	Some projects within the TIP's may have to be reduced in scale or not progressed.	Government are aware of the likelihood of this scenario and understand that it is integral to the stage 2 process. Protocols are in place to assess the programme of projects in each town and the process will be supported by external partners.	E3	E1	AR	Undertake indepth review of projects in partnership with stakeholders
3	Apr 2021	Project development costs are to be cash flowed by the Council	Some projects may not proceed to final funding offer and delivery meaning project development costs cannot be recouped from the fund and will need to be borne by the Council.	Protocols are in place to assess the programme of projects prior to committing to their development. This assessment is aimed at providing assurance around project delivery and likelihood of securing funding.	C3	A1	AR	Put forward projects with high likely hood of implementation

Glossary of Terms

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

Risk Scoring

Impact	5					
	4					
	3					
	2					
	1					
		A	B	C	D	E
	Likelihood					

Likelihood:

A = Very Low
 B = Not Likely
 C = Likely
 D = Very Likely
 E = Almost Certain

Impact

1 = Low
 2 = Minor
 3 = Medium
 4 = Major
 5 = Disaster