

SUBJECT: LINCOLN TOWN DEAL PROGRAMME

DIRECTORATE: MAJOR DEVELOPMENTS

REPORT AUTHOR: JO WALKER, ASSISTANT DIRECTOR - GROWTH

1. Purpose of Report

- 1.1 To approve the Heads of Terms offered by Government in respect of the Lincoln Town Deal.
- 1.2 To approve the proposed management and governance arrangements for the next stage of the process, set out within the appended Local Assurance Document.
- 1.3 In approving the Local Assurance Document, to agree to delegate the following decisions to the Section 151 Officer and the Director of Major Developments, working in partnership with the Town Board and its Investment Sub-Committee:
 - the final selection of projects to be taken forward to full business case
 - the approval of final project business cases and funding awards (except for projects to be delivered directly by the Council, which will be subject to full Executive approval)
 - any future changes which are required to the Local Assurance Document to reflect the terms of the Heads of Terms Offer or any further guidance for this programme
- 1.4 To authorise the submission of a planning application in respect of the Central Market project and to delegate the approval of the final planning submission to the Director of Major Developments and Portfolio Holder for Economic Growth.

2. Executive Summary

- 2.1 The Lincoln Investment Plan was submitted to Government in October 2020, following approval by the Council's Executive and the Town Deal Board. The Investment Plan set out proposals for the sustainable growth of the City and a request for £24.75m Town Funding to support 15 regeneration schemes to be delivered over a 5-year term.
- 2.2 The Investment Plan has now been assessed by Government and a conditional 'Heads of Terms' funding offer has now been received. This is for £19m, with 14 of the 15 projects remaining 'in scope' to be considered for funding.
- 2.3 Once the Heads of Terms are agreed, towns are required to confirm the selection of projects to proceed to full business case within 2 months. Thereafter, towns have up to 12 months to develop full business cases for the shortlisted projects, which must be approved by the local accountable body, prior to the release of funds for delivery. Business cases may be developed within this timeframe to

allow for early release of funds for 'shovel-ready' schemes.

- 2.4 The development and assessment of business cases must follow the guidance set out by Government, which includes a requirement to comply with the Treasury Green Book methodology. Towns are required to set out 'local assurance mechanisms' for the assessment process. As such, a Local Assurance Framework has been developed in Lincoln to take account of this requirement. The Framework mirrors that followed by the Greater Lincolnshire LEP, which already follows the Green Book requirement.
- 2.5 In its role as accountable body, the Council will continue to manage the overall programme of delivery as well as leading on the delivery of a number of key projects. Resources have been identified to enable the Council to carry out this function through a combination of in-house staff and consultancy expertise.
- 2.6 As accountable body, it is for the Council to approve the Heads of Terms and the final selection of schemes to be shortlisted to advance to full business case stage. It is also for the Council to approve the final business case for each project, prior to the release of any funds for delivery.
- 2.7 To ensure that decisions can be made in an efficient but robust manner, it is proposed that the final selection of projects be delegated to the Section 151 Officer and Director of Major Developments, working in partnership with the Town Board. This delegation is further requested in respect of the approval of final project business cases, with the exception of those being delivered directly by the City Council which will be subject to Executive approval.
- 2.8 To support the Council's decision-making, each business case will be subject to a full, independent appraisal to ensure full compliance and to provide assurance on value for money and deliverability.
- 2.9 Further provisions for the overall management of the programme and safeguards to ensure that projects deliver in accordance with the terms and conditions of this funding programme are set out in the Local Assurance Framework, Appendix 1, and summarised in this report.

3. Governance and the Role of the Council as Accountable Body

- 3.1 MHCLG Towns Fund Guidance for Stage 2 (Business Case Development) states that locally, ultimate decision-making responsibility will lie with the accountable body but there is an expectation that decisions should be made in partnership and collaboration with the Town Deal Board.
- 3.2 In order to meet this objective, and to ensure that all of the technical requirements of the programme are fulfilled, towns are required to draw up 'local assurance mechanisms'. A Local Assurance Framework has been developed for Lincoln which broadly mirrors the process followed by the Greater Lincolnshire LEP.
- 3.3 In summary, it is proposed that the Town Deal Board will continue to oversee the delivery of the Investment Plan and a Delivery Board will continue to bring lead partners together to work on the development of business cases and project delivery.

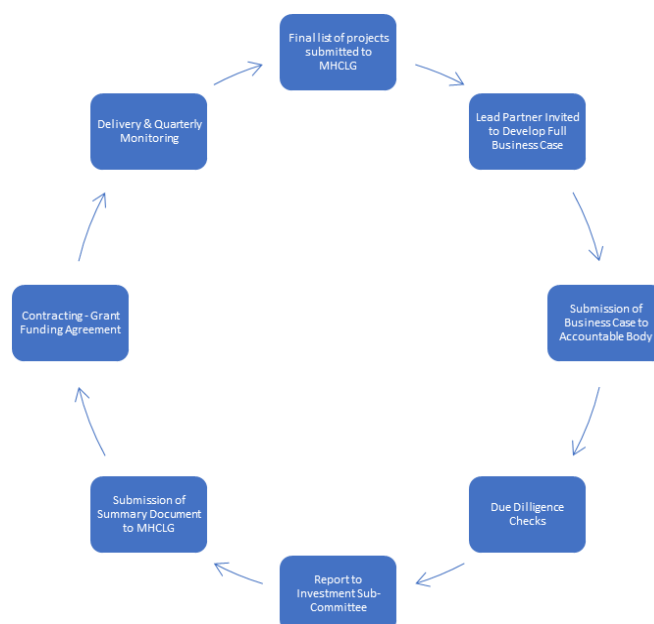
- 3.4 In addition to this structure, an Investment Sub-Committee is proposed to oversee the final shortlisting of projects, the approval of project business cases, delivery and monitoring requirements. All decisions must first be approved by the Council in its role as accountable body, under delegation or by Executive.
- 3.5 Existing staff within the Major Development Directorate will lead on the administration and management of the programme, with support from key services such as legal, democratic, procurement and finance. Additional consultancy expertise will be procured to supplement this resource and to ensure independent appraisal and scrutiny of all project proposals. The cost of delivering the programme will be met from fees levied against each project and from additional capacity funding as well as existing staff resources (and from lead partners).

4. Heads of Terms Agreement & Project Selection

- 4.1 A Heads of Terms Offer was received on 3rd March 2021. This is for £19m, to support the delivery of up to 14 projects identified within the Lincoln Town Investment Plan. One project – Road to Net Zero – has not been supported.
- 4.2 The Heads of Terms Offer must be accepted no later than 24th March 2021. It must be signed by both the City of Lincoln Council Chief Executive and the Chair of the Town Deal Board.
- 4.3 The original Investment Plan requested support of £24.75m to enable the delivery of 15 projects. These projects will need to be considered once again, in the context of the Heads of Terms Offer and a final project shortlist must then be drawn up, approved and submitted to Government within 2 months of agreeing the Heads of Terms Offer (24th May 2021 in this case).
- 4.4 In order to assist with the final project selection, lead partners have been asked to submit a progress report to set out the latest position with respect to funding, milestones, outputs and other key criteria. A summary of the latest project information is provided in Appendix 2.
- 4.5 This information will now be reviewed by Council Officers, working with project leads to establish a minimum funding position in respect of each scheme and whether any additional match funding can be brokered from partners or other sources to make up the shortfall. The project prioritisation exercise undertaken to inform the final ranking and selection for the Investment Plan will then be revisited and if required, a further prioritisation exercise will be carried out to reflect the latest project position.
- 4.6 The project details and shortlist will then be subject to review and a final decision, under delegation, by the Section 151 Officer and Director of Major Developments, working in partnership with the Town Board.
- 4.7 At this stage, critical factors for consideration are the risks to delivery and value for money, since the principle of support has already been established by virtue of the provisional Heads of Terms offer.

5. Business Case Development & Assurance

- 5.1 Once the final selection of projects has been made and approved, project leads will be required to develop a full business case for each scheme, in line with the conditions agreed in the Heads of Terms. The Council will work to support the development of these business cases but the responsibility for the final business case will sit with the lead partner for the project in each case.
- 5.2 Independent consultancy support will be procured to undertake due diligence and a formal appraisal of each business case to inform the final funding decision. This will ensure fair, robust and transparent decision making and will provide assurance to the Council in its role as accountable body. A formal award shall not be approved by the Town Board's appointed Investment Sub-Committee until a full business case has been developed which has passed due diligence and been approved by the Council. This is proposed to be under delegation to the Section 151 Officer and Director of Major Developments (in the case of delivery by a third party) or by Executive (in the case of projects being delivered by the Council).
- 5.3 In the case of delivery by a third party, the Council will enter into a Grant Funding Agreement with the lead partner for the delivery of that project. Thereafter, the lead partner will be responsible for the management and monitoring of this project and will need to complete regular monitoring returns to enable the Council to carry out its overall programme management duties. Further provisions for variation and ultimately, claw-back, are set out within the Assurance Framework in the event of poor performance or non-delivery. This is to safeguard the Council's interests as accountable body and to ensure a successful programme for Lincoln.
- 5.4 The diagram below presents a visual outline of this process:



6. Lincoln Central Market Project Update

6.1 As reported to executive in October 2020, Lincoln Central Market is one of the key projects being promoted as part of the Town Deal. Since October, to assist with the development of a full business case for this project, significant progress has been made, including:

- Council Officers and contractors, Willmott Dixon, have been working hard in developing the new designs with key stakeholders including Lincolnshire County Council Highways, the Local Planning Authority, Conservation Officer and Historic England.
- As a result of this detailed design work, it is proposed to submit a planning application in March 2021 as the next step towards achieving a deliverable scheme. If Town Funding is secured, works could commence during Autumn/Winter 2021.
- A public consultation survey was carried out between 8th -22nd February to seek the views of local residents. A total of 723 responses were received and the results are being used to inform the ongoing design and development of the project. The results of this process are included as Appendix 3.

7. Strategic Priorities

7.1 Let's drive economic growth

The objective of the Town Fund is to provide core investment to drive economic regeneration and productivity growth through the delivery of activities within a Town Investment Plan. This will directly support the Council's Strategic Vision in respect of economic growth. The objective in Lincoln is to drive a growth agenda that is both inclusive and sustainable.

7.2 Let's deliver quality housing

Whilst the Town Deal programme has an economic focus, there may be an opportunity to support the delivery of quality housing within an urban regeneration context, for example at Tentercroft Street. Indirectly, by driving economic productivity the programme will have a positive impact on the delivery of quality housing by driving market demand and improving viability.

7.3 Let's enhance our remarkable place

The Town Deal Programme will support regeneration activity within the City where there is an economic outcome. A number of brownfield/vacant and underutilised sites have been identified for intervention through this programme, which will enhance the place and contribute to city centre vibrancy. As above, driving productivity will help to support and sustain our cultural and heritage assets, and the wider city offer.

7.4 Let's address the challenges of climate change

The Town Deal Programme will support the objectives of the Lincoln Transport Strategy to improve sustainable transport options, enable city centre living and support the council's aspiration to achieve a net zero carbon target by 2030.

8. **Organisational Impacts**

8.1 **Legal Implications including Procurement Rules**

The Council has and will continue to follow guidelines published by MHCLG in respect of the governance, management and administration of the Town Deal Programme.

In line with this guidance, a Local Assurance Framework sets out the overall programme management and contracting processes. The Heads of Terms and final contractual arrangements for both the programme and individual projects will be overseen by the City Solicitor.

Where identified as the lead organisation for an approved project, the Council will resource the project management of the scheme via a mixture of in-house project management and specialist consultants (architects, engineers etc). The cost of professional fees will be capitalised/included within the overall project costs funded through this programme.

Where partner organisations are identified as the lead for an approved project, and subject to full guidance being provided by government in due course, the Council enter into grant funding agreements with the identified organisation.

Specialist legal advice will be sought as required (e.g. subsidy/state aid) to supplement our internal resource.

All procurement activity in support of the Town Deal Programme will be undertaken in accordance with the Council's Contract Procedure Rules and ultimately Public Contract Regulations 2015

8.2 **Financial Implications**

The Heads of Terms Offer is due to be announced on 3rd March 2021.

The final project shortlisting and subsequently, approval of all business cases will be subject to sign-off by the Section 151 Officer (and Executive in the case of City Council projects). This process will be supported by a full, independent appraisal of all business cases.

Fees to cover the management of the programme, specialist support and due diligence will be charged against each project, in the same manner as the Greater Lincolnshire LEP. Additional capacity funding is also being sourced will be sourced utilised as appropriate to support these costs.

8.3 Equality, Diversity and Human Rights

The Council has followed the guidelines published by MHCLG in respect of the governance, management and administration of the Town Deal Programme. Consultation and engagement with stakeholders, partners and the wider public, has been undertaken including through the Citizen Panel, website and social media. This will continue during the business case development and delivery phases.

In meeting the objectives of the Town Deal programme to drive economic growth, the Council will seek to address local needs and create opportunities for all. The overriding objective being to ensure growth is both inclusive and sustainable.

The Council will continue to adhere to government guidelines and to consider all individuals in shaping detailed project proposals and delivering the Town Investment Plan.

Equality Impact Assessments will be prepared as required to take into account the impact on any equality and diversity issues and human rights and ensure that the public sector equality duty is adhered to.

8.4 Human Resources

This programme will be led by existing staff within the Major Development Directorate drawing on other Council expert resources including legal, finance and procurement staff. Management fees will be charged to each project to support the Council's expenses in managing the overall programme. This will be used for a combination of consultancy and staff costs. This follows the process already adopted and in place for similar funding programmes such as those administered by the LEP.

8.5 Land, Property and Accommodation

Urban regeneration and the development of land and property to deliver economic growth is a key theme within the Town Deal Programme. Individual proposals will be subject to the development of a full business case and further approvals. The proposals support the safeguarding of Council property and assets.

8.6 Significant Community Impact

Subject to approval of the Town Investment Plan and funding to deliver, this programme will have a significant, positive community impact. Please refer to the emerging vision and delivery plan for specific details. The Plan has been developed in the context of wide public and stakeholder consultation.

9. Risk Implications

9.1 Risk: Insufficient funding secured for delivery of key projects

Mitigation: Projects subject to update reporting and review to determine final shortlist of deliverable schemes within funding envelope.

9.2 Risk: Insufficient funding to cover programme management resource

Mitigation: Management fees to be recharged to projects and accounted for when assessing the final project selection to ensure the whole cost of the programme can be covered. Additional capacity funding being sought and deployed to supplement requirement. Additional expertise and capacity being drawn from across the Council and from lead partners.

Risk: Poor performance or non-delivery of projects

9.3

Mitigation: Projects subject to update reporting and review to determine final shortlist of deliverable schemes within funding envelope. Further steps to guard against this outcome set out in Assurance framework and will be drafted into Grant Funding Agreements.

10. Recommendation

- 10.1 To approve the Heads of Terms offered by Government in respect of the Lincoln Town Deal.
- 10.2 To approve the proposed management and governance arrangements for the next stage of the process, set out within the appended Local Assurance Document.
- 10.3 In approving the Local Assurance Document, to agree to delegate the following decisions to the Section 151 Officer and the Director of Major Developments, working in partnership with the Town Board and its Investment Sub-Committee:
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Is this a key decision? Yes

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain?

3:

- 1 – Local Assurance Framework
- 2 – Project Update
- 3 – Central Market Consultation

List of Background Papers:
Lincoln Town Investment Plan:
[lincoln-investment-plan-2020](#)

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