

Blackpool Town Deal Board Meeting No 7-

Agenda Item 4

Report: Blackpool Town Deal Board
Subject: Town Deal Heads of Terms
Relevant Officer: Nick Gerrard, Growth and Prosperity Programme Director
Date of Meeting: 13th November 2020

1. Purpose of the report

To advise the Board of the outcome of the Towns Fund bidding process and the draft Heads of Terms (HoT) provided by the Ministry of Housing, Communities & Local Government (MHCLG), and to seek authority to pursue the next steps and to set out the proposed funding prioritisation exercise.

2. Recommendation

- a) To recommend approval of the Heads of Terms attached at Appendix A to the Council's Executive.
- b) To note the current status of the funding envelope and agree the need to prioritise funding levels to support individual business cases and that the results of the prioritisation exercise are brought to the January meeting of the Board.
- c) To continue discussions with Government regarding a broader Town Deal to ensure the Town develops a holistic, strategic partnership with the various Government Departments to ensure that it most effectively tackles the many challenges that the Town faces and ensures a successful post-Covid economic, social and environmental recovery.

3. Background

Blackpool's Town Investment Plan (TIP) was submitted to the Ministry of Housing, Communities and Local Government (MHCLG) for approval of £49.3m on 31st July 2020 for 9 projects. Town Investment Plans have subsequently been considered in two stages, with

the first stage consisting of a review of the TIP in its entirety and once standards have been met, TIPs progress to the second stage – which involves detailed business planning.

As Blackpool submitted a request of more than £25m, a challenge session was held between MHCLG, Blackpool Council and the Chair of the Town Deal Board on 29th September. The TIP submitted by Blackpool was deemed of a strong standard to move forward to a Draft Heads of Terms (HoT) which were sent to Blackpool on 27th October 2020 (Appendix A).

The Heads of Terms (HoT) outline an:

- allocated Towns Fund budget of £39.5m across 7 schemes from the bid for £49.3 for the original 9 schemes
- overall funding allocation limit for each project, the totals of which exceed the resource allocation requiring funding for each scheme to be determined and/or reduced within the overall allocation
- Key conditions and requirements – e.g. target figures for match funding, and other conditions

The HoT also note that the Grundy Extension (£0.1m) and Innovation Partnership (£2m) schemes would not be supported though no reasons have yet been given.

As £49.3m was the original request which, when these schemes are removed, leaves a funding “gap” of £7.7m. This leaves a requirement to prioritise spend allocations across the 7 remaining projects.

In addition to the £39.5m, on 25th September Blackpool received confirmation of £1m of Towns Fund “accelerated funding” which needs to be spent on capital elements of Town Deal schemes by the end of March 2021. Discussions are ongoing as to what scheme this will be committed to, as part of the prioritisation exercise although the acquisition of land at Devonshire Road to support the relocation of the new Courts building is deemed the most likely. This would support the much needed removal of the existing courts from the Blackpool Central site allowing the £300m private sector scheme to move forward.

4. Next Steps

Government processes require that the Town Deal Board and the Council, as Accountable Body, agree to the terms and the conditions they contain to access the funding offered. A response is required by November 17th. Once a town has agreed to the Heads of Terms the next stage will be to develop the business cases for each project. The Council’s Executive is formally due to consider the item on 16th November including the Town Deal Board’s recommendation.

A requirement of the Draft HoT is to provide the Towns Fund Lead within two months of the deal being signed (i.e. by mid-January 2021), with the following information :-

- Details of the projects being taken forward (including for each project the capital/revenue split and the financial profile)
- Overall capital/revenue split and financial profile for the Town Deal

- The actions taken to address the conditions for selected projects

It would be premature to confirm spend reductions now against individual schemes as it is first proposed that Council officers and AMION Consulting jointly hold focused discussions with each project lead to determine the latest development position and fund requirement to obtain a high level spend profile. The results of this exercise will be brought to the Board for agreement prior to confirming the response to MHCLG at the proposed January Town Deal Board meeting (which would be before the 2 month deadline).

Once the Heads of Terms are agreed the projects will be taken forward in accordance with the business processes agreed at the last Board meeting. This will include the community and stakeholder engagement processes approach as noted at the last Board meeting in accordance with the Stakeholder Engagement Plan.

Once detailed business cases have been developed for each project, within 12 months of the signing of the Heads of Terms, towns must submit a Town Deal Summary Document to the Towns Hub. This should include:

- A list of agreed projects (including BCRs)
- Details of business case assurance processes followed for each project
- An update on actions taken in relation to the Heads of Terms key conditions and requirements
- A Delivery Plan (including details of the team, working arrangements and agreements with stakeholders)
- A Monitoring and Evaluation Plan
- Confirmation of funding arrangements and financial profiles for each project
- Confirmation of approval of planning applications
- Letters of approval from the Town Deal Board and Lead Council

As some of the business plans are likely to take most of the 12 months to complete this means that funding is unlikely to be fully confirmed until the end of 2021. Discussions are taking place with MHCLG as to whether it will be possible to accelerate this for specific projects that are ready earlier.

5. A Broader Town Deal

Clearly, the £39.5m funding allocation is a very welcome contribution to the Council's Growth and Prosperity Programme and plans for the economic regeneration and recovery of Blackpool and it is pleasing that the Government has recognised the merit and ambition of Blackpool's bid. As the Leader of the Council said, following the announcement:

"The proposals that we put forward during the summer set out a very clear vision of what we wanted from the Towns Fund in terms of delivering a range of projects capable of having a transformational effect on our local economy.

"The scale of the award demonstrates that the Government has confidence that our plans can drive growth and create jobs. We look forward to working with

Government on the detail within the proposals so we can build a brighter future for our town and our residents.”

The Council and Town Deal Board are also realistic about the scale of the challenges that Blackpool is facing and it was for this reason that in the July submission to Government the bid stated that:

“this Town Investment Plan which describes the interventions (both underway and planned), the resources (both public and private) and the potential policy, infrastructure and financial changes or ‘Asks’ that are needed to realise the economic potential of the Town. To achieve the growth ambitions set out in the Town Prospectus, the Board recognise the fundamental importance of stakeholder engagement which has been integral to the development process. Partners welcome the opportunity to further develop a long-term strategic partnership with Government to facilitate action across departments that will develop the economy and tackle entrenched deprivation, leading to reduced pressure on the public purse. As the Town Investment Plan provides the framework for delivering the whole of the Town Prospectus, it goes substantially beyond just the Towns Fund investment. While this will provide core public sector investment to drive economic regeneration and productivity growth, it will be delivered as part of a wider programme of investment that will include other public funding (e.g. Future High Streets Fund, the Opportunity Area Programme and Affordable Housing Programme) alongside private sector investment.

The Town Investment Plan will support the recovery of Blackpool, which has been severely hit by the COVID-19 pandemic, by bringing forward investment in key projects that will promote clean and inclusive growth in the short and longer term, two key principles within the Town Prospectus.

Blackpool’s Town Deal forms a key part of the Lancashire Recovery Plan and the Board will seek to maximise complementarity, add value and ensure that the investment plan aligns with the priorities and projects of the other Town Deals.

Given the potential scale of impact that could be achieved through the transformational projects that Blackpool is seeking to bring forward, and in recognition of the exceptional needs and challenges within the area, the Board has decided to make a Towns Fund submission of £50 million. This funding will be used to lever additional public and private sector funding and in total it is anticipated that the full Town Deal will be in the region of £500m. As Blackpool is the main retail, business, service and cultural centre on the Fylde Coast (with c330,000 residents), and one of the UK’s most visited destinations, it is envisaged that the benefits of growth will make a significant contribution to the growth of the wider sub-regional and national economy and contribute to the Government’s levelling up agenda.”

The current Town Deal will be signed with the Ministry of Housing, Communities and Local Government but it remains vital that the Council and its partners continue to pursue the broader based Town Deal with a range of Government Departments that it has been pursuing for the last 3 years.