

Blackpool Town Deal Board Meeting No 8 - Agenda Item 4

Report to: Blackpool Town Deal Board
Subject: Town Deal Allocations
Relevant Officer: Nick Gerrard, Growth and Prosperity Programme Director
Date of Meeting: 15th January 2021

1. Purpose of the report

To provide an update on the Town Deal funding allocation exercise and proposed response to MHCLG.

2. Recommendation

That the Board approve the proposed allocations of Town Deal funding and the further information requested by MHCLG by their deadline of January 17th 2021 as set out in Table 2 and Appendix A (not for publication for reasons of commercial confidentiality at this stage), subject to sign off by the Council's Chief Executive under the delegation arrangements agreed by the Council's Executive in November 2020.

3. Background

At the last meeting on 13th November 2020, the Board approved the draft Heads of Terms from the Secretary of State which highlighted a funding envelope of up to £39.5million and noted the 7 schemes which it was content to provide support towards (subject to full Business Case development and appraisal and all conditions being met. The Council's Executive approved the Heads of Terms on 16th November and they were submitted to the Secretary of State for signing on 17th November.

Specific conditions included against 4 of the projects were:

Blackpool Central (Courts) - Provide a more detailed delivery plan including defining key milestones for permissions and approvals, as well as the procurement of a contract. Also to provide an update on the outcome of potential funding through the Spending Review.

Southern Quarter/Revoe - Provide a more detailed delivery plan including conducting conversations with key stakeholders and quantifying outputs and outcomes and the mix of facility and service interventions required.

The Edge - Provide a more detailed delivery plan, including confirming delivery partners and match-funding.

Blackpool Youth Hub - Provide a more detailed delivery plan, including confirming delivery partners and match-funding, conducting conversations with key stakeholders, obtaining planning permissions, and conducting building, structural, and M&E surveys. Also to provide clarity on quantified outputs and outcomes.

The HoTs noted that the Grundy Extension (£0.1m) and Innovation Partnership (£2m) schemes were deemed to be out of scope for support. £49.3m was the original request, which when these schemes are removed, and a £39.5m funding envelope applied, leaves a funding “gap” of £7.7m. This left a requirement to prioritise spend allocations across the 7 remaining projects. This activity is in line with the requirements of the HoT’s which requires Blackpool to provide the Towns Fund Lead by the 17th January 2021 (2 months from the deal being signed), with the following information:

- Towns Fund ask
- Match-funding total and breakdown
- Expected outputs and outcomes
- Plan for addressing key conditions
- Whether the project will be fast-tracked
- Proposed financial profile and the Revenue/Capital split (approval at MHCLG’s discretion)

Following the Board detailed discussions have been held between the project development leads and Growth & Prosperity Team officers with support from AMION Consulting to determine the:-

- Current development position of the schemes
- Viability of the schemes including any funding reduction they could accommodate
- Town Deal funding request
- Co-funding position (where appropriate)
- Initial community engagement opportunities
- Approach to Business Case development including support needs and timetable

As the Board’s aim was to seek to ensure that all 7 schemes could proceed (even though none would be fully funded by Town Deal) there are two approaches that could be adopted:

Option 1: Either top slicing each project by the same percentage reduction i.e 15.5% across all schemes to meet the £7.7m reduction (see Table 1 below), or

Option 2: Undertaking the more in depth analysis outlined above to give the projects the optimum chance of success bearing in mind the final position on each project will not be known until the full business case has been produced in each case which may result in some subsequent adjustments to the allocations (see Table 2 below). It is this option that is recommended with the rationale for the proposed allocation on each project identified in the table.

Table 1: Option 1

Based on an (approximate/rounded) 15.5% straight funding cut across all schemes to meet the £7.7m reduction. This approach would not take into account the specific financial and delivery needs of the schemes and would jeopardise the delivery of some and is not recommended.

Project Name	Original Funding Request	Project Allocation Limit	Proposed Funding Allocation
Blackpool Central Development	£10m	£10m	£8,322,000
Multiversity	£10m	£10m	£8,322,000
Blackpool Airport Enterprise Zone	£10m	£10m	£8,322,000
Blackpool Youth Hub	£0.7m	£0.7m	£591,500
Southern Quarter / Revoe Community Sports Village	£7.5m	£7.5m	£6,337,500
The EDGE (Stanley Buildings)	£4.5m	£4.5m	£3,802,500
Illuminations	£4.5m	£4.5m	£3,802,500
Innovation Partnership	£2.2m	0	0
Grundy Art Gallery	£0.1m	0	0
Totals	£49.3m	£39.5m	£39.5m

Table 2: Option 2 (Preferred)

Consultation with project leads has determined the following preferred prioritised funding ask based on in depth understanding and knowledge of the schemes and their development and delivery needs. This is also based on the aim to keep all 7 schemes moving forward and the fact that no one scheme is 100% Town Deal funded, with them all requiring co-funding.

Project Name	Original Funding Request	Project Allocation Limit	Proposed Funding Allocation	Rationale
Blackpool Central Development	£10m	£10m	£8m	Further reductions are not feasible to deliver the two components of the project – 1) funding towards the demolition and remediation of the current courts site, acquisition of the relocation site and contribution to relocation costs to catalyse a £300m private investment. Anticipated that HMCTS will provide approximately £28m of public co-funding via the CSR.
Multiversity	£10m	£10m	£9m	A further reduction is not feasible to deliver the scale of project which will include extensive property acquisition and demolition and huge construction costs. An in-depth masterplan is being developed together with a detailed funding delivery strategy.
Blackpool Airport Enterprise Zone	£10m	£10m	£7.5m	With the EZ Delivery Plan having been reassessed against the need for the Council to prudentially borrow to fund the essential infrastructure, a further reduction in the allocation would render it unfeasible to deliver.
Blackpool Youth Hub	£0.7m	£0.7m	£0.5m (revenue)	A request for this funding to be revenue rather than capital based due to the scheme no longer requiring physical building works is set out in the Appendix A MHCLG return.
Southern Quarter / Revoe Community Sports Village	£7.5m	£7.5m	£5.5m	As the BFC Community Trust is to apply for other funds towards the community facility the amount of funding could be reduced. The project has also changed focus since the original submission which has reduced property acquisition costs.

Project Name	Original Funding Request	Project Allocation Limit	Proposed Funding Allocation	Rationale
The EDGE (Stanley Buildings)	£4.5m	£4.5m	£4.5m	Based on a reduced minimum £6m scheme, the Council will need to borrow c£2m of funding. Any further reduction is likely to threaten the ability to justify the increased borrowing that would arise. The Town Deal ask is deemed the minimum required to have a viable scheme that delivers a quality build.
Illuminations	£4.5m	£4.5m	£4.5	No reduction proposed as based on prior experience this is deemed the minimum required to deliver the necessary infrastructure to deliver a “wow” factor to the existing illuminations offer.
Innovation Partnership	£2.2m	0	0	N/A
Grundy Art Gallery	£0.1m	0	0	N/A
Total		£49.3m	£39.5m	£39.5m

4. Next Steps

Once submitted to MHCLG the project business case development activity will ramp up to allow the anticipated first Business Case to be available for appraisal by May 2021, details of the process having been approved at the November 2020 Town Deal Board.