

# Blackpool Town Deal Board meeting 18

## Agenda Item 4

Report to: Blackpool Town Deal Board  
Subject: Town Deal Programme Update  
Relevant Officer: Nick Gerrard, Growth and Prosperity Programme Director  
Date of Meeting: 2 September 2022

### 1. Purpose of report

To provide the Board with an update on the Town Deal Programme progress.

### 2. Recommendations

To note the current position.

### 3. Overarching Programme Finance Position

#### 3.1 Summary Position

All required claims and returns to the Department of Levelling Up, Housing and Communities (DLUHC) have been submitted to time and no outstanding issues reported.

6 Town Deal schemes are in progress (the 7<sup>th</sup>, The Platform (Youth Hub) scheme is not due to commence as a Town Deal project until October 22). See Annex A, for specific project activity.

Project delivery - activity and planning is well underway and hence an Amber RAG rating is noted.

Programme Spend - Whilst project activity is well underway on all schemes, there is a programme level underspend against the original September 2021 profile hence a Red RAG Rating is shown for this. However, re-profiling is to be expected for a



programme of this scale, the position is retrievable, no resources are at risk and a re-profile of Town Deal annual spend is acceptable to DLUHC in principle.

Table 1 below, based on the latest forecast project spend to end March 2023, shows a total programme spend of £11.4m is outlined against an allowance of £17.1m.

Table 1: Current Towns Fund expenditure position versus approved budget figures

| Project                             | Approved total Town Deal funding | Approved spend (1 Oct 2020 – 31 Mar 2023) | Total actual spend to date (1 Apr 2022 – 30 Jun 2022) | Variance between approved spend to end March 23 and spend to date | LATEST Total Towns Fund forecast spend to end March 23 |
|-------------------------------------|----------------------------------|---|---|---|--|
| Blackpool Airport Enterprise Zone   | £7,500,000                       | £3,045,000                                | £1,187,383.10   | £1,857,616.90   | £1,919,410.42  |
| The Youth Hub / 'The Platform'      | £500,000                         | £327,418                                  | £0.00   | £327,418.00   | £156,880.00  |
| Revoe Community Sports Village      | £6,545,818                       | £1,628,194                                | £38,470.06  | £1,589,723.94   | £996,300.52  |
| The Edge                            | £4,500,000                       | £3,513,434                                | £394,976.32   | £3,118,457.68   | <sup>1</sup> £3,311,435.17                             |
| The Illuminations                   | £4,500,000                       | £2,454,000                                | £1,162,532.83   | £1,291,467.17   | £1,890,762.85  |
| Multiversity (Land Acquisition)     | £9,000,000                       | £6,060,000                                | £30,531.00  | £6,029,469.00   | <sup>2</sup> £3,129,014.00                             |
| Blackpool Central Courts Relocation | £6,954,182                       | £74,089                                   | £59,554.34  | £14,534.66  | £34,533.73   |
| Totals                              | £39,500,000                      | £17,102,135                               | £2,873,447.65   | £14,228,687.35  | £11,438,336.69   |

The performance position is the subject of regular reports to DLUHC and the required annual spend re-profile will be picked up in that report. The only known risk to underspend at this early stage is the Government's "up front" payment schedule to the Council could be revised to better reflect actual expenditure but this is not expected to have any impact on the totals to be received, just the timing.

<sup>1</sup> The Edge scheme is subject to extensive further value engineering post this figure being provided by the scheme lead and a tender price only being received week commencing 22 August.

<sup>2</sup> Multiversity – A report is due at the Council Executive on the 5 September regarding acquisitions. Progress will be accelerated after this time but the overall spend profile this year is likely to be affected and need further review.

### 3.2 Reasons for Variations in Spend profile

The reasons for the programme underspending versus the originally profiled budget (which dates from September 2021) this is due to a combination of issues including:

Meeting original Town Deal business case development and appraisal deadlines.

Some scheme delivery timetables were, with hindsight, over ambitious given the current volatility in the market and the challenges it presents.

Inflation is having a wide and lasting impact with tendering challenging: some procurements have had to be re-tendered due to excessive/non-responses.

Post Covid-19, the availability of some materials has been adversely affected.

Some schemes have not commenced as early as expected due to:

- Delayed approvals (e.g. Multiversity).
- The need for further extensive partner discussions (e.g. Revoe Community Sports Village with Blackpool FC).

## 4. Programme Management

All seven Town Deal projects have been approved by DLUHC; whilst six have commenced delivery under the Programme, the Platform (formally Youth Hub) scheme is currently funded under the UK Community Renewal Fund (CRF) and will only begin to operate under Town Deal funding at the beginning of October 2022.

The Council's Programme Management Office (PMO) is established and programme monitoring activity is well underway.

Monitoring activity is currently based upon a quarterly claims process. In total there will be 17 claims covering the timescale 1 October 2020 to 31 March 2026 (the duration of the Town Deal programme).

As projects evolve, budgets and the achievement of milestones and outputs / outcomes will change. At each claim, project leads are requested to re-profile future spend where required, including upcoming milestone dates and projected results achievement based upon what has happened during the claim period. Consequently, follow-on claim documents can only be issued using finalised financial, results and milestones details from the previous claim submission.

## 5. Towns Fund reporting

Blackpool Council is the designated accountable body for the delivery of the Towns Fund programme with the oversight from the Town Deal Board. The Council must comply with DLUHC mandatory financial and monitoring and evaluation (M&E) requirements. Payment of grant is dependent upon the receipt of satisfactory interim reports.

Returns to DLUHC have so far been made as follows:

By 18/02/2022 for the period to 31/12/2021:

- Programme & projects progress report (including financials & risks), Section 151 Officer assurance statement, Town Deal Board Chair assurance statement and covering letter.

By 27/5/2022 for the period to 30/04/2022:

- Section 151 Officer Assurance statement and covering letter.

By 10/06/2022 for the period to 30/04/2022:

- Town Deal Board Chair assurance statement and covering letter.

By 10/06/2022 for the period to 31/03/2022:

- Programme & project progress report (including financials, results & risks) signed by the Section 151 Officer for the Youth Hub, Revoe, Illuminations, Edge & Enterprise Zone projects.

By 10/06/2022 for the period to 31/05/2022:

- Project progress report Addendum (including risks) signed by the Section 151 Officer for the Multiversity and Courts relocation projects.

Thus far all documents have been submitted successfully and no associated queries have been received.

### 5.1 Towns Fund financial position: Current year (internal) Towns Fund re-profile

The current year re-profile position is set out in Table 2 below. The 'real' variance from expectations within the latest claim can be seen in the fourth column.

The remaining re-profiled forecasts for the current financial year are shown in the fifth, sixth & seventh columns.

The re-profiled totals for the current year are shown in the eighth column and the difference between those and the approved sums is shown in the tenth column.

Table 2. Current financial year Towns Fund re-profile (internal management position)

| Project  | 1 Apr - 30 Jun 2022       |                         |                     | 1 Jul - 30 Sep 2022       | 1 Oct - 31 Dec 2022       | 1 Jan - 31 Mar 2023       | 1 Apr 2022 - 31 Mar 2023        |                |               |
|--|---------------------------|-------------------------|---------------------|---------------------------|---------------------------|---------------------------|---------------------------------|----------------|---------------|
|  | Towns Fund forecast spend | Towns Fund actual spend | Towns Fund Variance | Towns Fund forecast spend | Towns Fund forecast spend | Towns Fund forecast spend | Total Towns Fund forecast spend | Approved spend | Variance      |
| Blackpool Airport Enterprise Zone - Infrastructure Development       | £575,823.13               | £69,634.75              | £506,188.38         | £575,823.12               | £383,882.09               | £383,882.08               | £1,919,410.42                   | £3,045,000.00  | £1,125,589.58 |
| The Youth Hub Project  | £0.00                     | £0.00                   | £0.00               | £0.00                     | £78,611.00                | £78,269.00                | £156,880.00                     | £327,418.00    | £170,538.00   |
| Revoe Community Sports Village                                       | £7,273.13                 | £7,383.13               | £110.00             | £116,479.13               | £384,097.13               | £488,451.13               | £996,300.52                     | £1,628,194.00  | £631,893.48   |
| The Edge   | £373,208.57               | £106,274.12             | £266,934.45         | £866,690.76               | £952,990.92               | £1,118,544.92             | <sup>3</sup> £3,311,435.17      | £3,513,434.00  | £201,998.83   |
| The Illuminations Rejuvenation Project                               | £358,521.23               | £434,126.05             | £75,604.82          | £30,736.41                | £1,038,508.02             | £462,997.19               | £1,890,762.85                   | £2,454,000.00  | £563,237.15   |
| Multiversity (Land Assembly / Site Acquisition)                      | £35,924.00                | £10,000.00              | £25,924.00          | £1,031,029.99             | £1,031,030.00             | £1,031,030.01             | <sup>4</sup> £3,129,014.00      | £6,060,000.00  | £2,930,986.00 |
| Blackpool Central Courts Relocation and Wider Infrastructure Project | £11,353.12                | £7,726.87               | £3,626.25           | £7,726.87                 | £7,726.87                 | £7,726.87                 | £34,533.73                      | £74,089.00     | £39,555.27    |
| Totals   | £1,362,103.18             | £635,144.92             | £726,958.26         | £2,628,486.28             | £3,876,846.03             | £3,570,901.20             | £11,438,336.69                  | £17,102,135.00 | £5,663,798.31 |

<sup>3</sup> The Edge scheme is subject to extensive further value engineering post this figure being provided by the scheme lead and a tender price only being received week commencing 22 August.

<sup>4</sup> Multiversity – A report is due at the Council Executive on the 5 September regarding acquisitions. Progress will be enhanced post this meeting, but the overall spend profile this year is likely to be affected and need further review.

### 5.2.1 Match funding financial position

The programme is funded by the Towns Fund with supporting approved match funding as set out in Table 3 below.

Table 3. Approved match funding by year

| Funding sources                   | 2021/22    | 2022/23     | 2023/24     | 2024/25     | 2025/26     | Total       |
|-----------------------------------|------------|-------------|-------------|-------------|-------------|-------------|
| Towns Fund total contributions    | £3,510,889 | £13,591,247 | £11,373,293 | £6,165,021  | £4,859,550  | £39,500,000 |
| Private match total contributions | £156,978   | £470,933    | £470,933    | £9,566,040  | £7,022,798  | £17,687,682 |
| Public match total contributions  | £2,786,000 | £4,980,000  | £6,680,669  | £4,441,699  | £2,640,000  | £21,528,368 |
| Totals                            | £6,453,867 | £19,042,180 | £18,524,895 | £20,172,760 | £14,522,348 | £78,716,050 |

### 5.2.2 Programme re-profile

In addition to the under-spend of Towns Fund monies, there have been coincidental, though non-commensurate slips in match funding spend across the projects. This re-profiling will occur at every claim - the Programme is currently re-profiled as in Table 4 below. We believe DLUHC are soon to request the programme to be re-profiled for their purposes – we will provide the re-profile information as detailed in the following table at that time, updated as necessary (e.g. in relation to the Edge and Multiversity – ref table 2).

Table 4. Re-profiled expenditure by year (at 30 June 2022)

| Funding sources                   | 2021/22       | 2022/23        | 2023/24        | 2024/25        | 2025/26        | Total          |
|-----------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Towns Fund total contributions    | £2,238,302.73 | £11,438,335.69 | £15,365,132.09 | £5,202,594.13  | £5,255,635.36  | £39,500,000.00 |
| Private match total contributions | £0.00         | £235,466.64    | £470,933.28    | £9,636,787.66  | £7,344,494.42  | £17,687,682.00 |
| Public match total contributions  | £2,391,206.12 | £6,631,953.40  | £6,847,908.99  | £1,826,190.40  | £3,831,109.09  | £21,528,368.00 |
| Totals                            | £4,629,508.85 | £18,305,755.73 | £22,683,974.36 | £16,665,572.19 | £16,431,238.87 | £78,716,050.00 |

These variations in expenditure are unsurprising in a delayed, post-COVID, programme where projected activities (and related spend) were based upon detail provided in some cases a year ago. We expect expenditure levels to increase with scheme momentum.

### 5.2.3 Income

Towns Fund receipts to date amount to £10,064,818 (excluding the accelerated funding and capacity support which is not available to approved projects).

### 5.2.4 Inflation

All the project leads are conscious of the effects of inflation upon the potential for inflation to affect severely our ability to deliver parts of the programme (through increases in goods & services / salary costs). Consequently, they are all having to consider potential mitigations. Options are limited as several schemes are not yet fully designed or tendered and many suppliers and contractors are now stepping away from providing any sort of price guarantee.

It is known that Government will not increase Towns Fund allocations and will not look favourably upon reductions in achievements although will discuss such changes. It has become known that other authorities have asked to keep all their programme allocation whilst dropping one or more of the original constituent projects but we have not heard if such requests have yet been approved.

There are no plans to consider any scheme removal from the Blackpool programme at this stage, so mitigations within our programme will, necessarily, be focused on value engineering and limited to acceptable changes in materials specification or design modifications that do not change the project results. Beyond this other options that would be addressed, if required, include phasing or sourcing additional funds from other sources. Inflationary pressures are compounded by the need to consider the Council's net zero commitment ambitions for projects.

The Town Deal Investment Panel considered this matter at its most recent meeting and agreed to monitor and significant variations in the schemes to ensure they remained as true to the original objectives as possible whilst working within the budgetary constraints. An oral update on this will be given at the meeting.



## Annex A: Town Deal Project Progress

### 1. Blackpool Airport Enterprise Zone - Infrastructure Development (£7,500,000 Town Deal funding)

The scheme creates and refurbishes highways to open up 10.5 hectares of development sites that will attract jobs & investment within the Blackpool Airport Enterprise Zone. The project, which will utilise a minimum of £10,500,000 of Council funding, also improves public realm and broadband access for enterprises and local residents.

The scheme, which outperformed expenditure expectations in the first period has experienced a number of issues this quarter causing a spend shortfall of over £506,000.

Site investigations are underway and designs are progressing but statutory requirements have caused delays; Sport England has raised further objections delaying progress on planning applications (and therefore construction) and has made a new request that may result in the project needing to subsidise transport to the facilities; required utility diversions on Amy Johnson Way have forced a works redesign to avoid substantial additional costs and there have been delays affecting works at 2 School Road. The purchase of a small parcel of land off Amy Johnson Way has been delayed in the final stages of conveyance but will be resolved and funds expended within the next quarter. We expect all the aforementioned to be 'back on track' in the next quarter alongside the receipt of tenders for major elements of the scheme although Lancashire County Council (LCC) is insisting on undertaking some highway works at the Division Lane junction themselves - these works cannot now be scheduled until October and will not complete until December 2022.

#### 1. New car park at Common Edge Sports Pavilion (under construction)



2. New footpath / cycleway at Division Lane West (under construction)



3. Division Lane West reconstruction / upgrade works (underway)



## 2. The Youth Hub project ('the Platform') (£500,000 revenue Town Deal funding)

The scheme (currently funded through Community Renewal Fund) provides a physical space where advice and guidance will support 400 Blackpool young people in the town, 140 of whom will then progress into education, training or jobs. The project is currently operating in its pilot phase using £443,824 UK Community Renewal Fund monies and is the subject of a further Shared Prosperity Fund bid for continuation funding.

The project is approved to spend £327,418 this year – this figure was predicated on Town Deal operations commencing six months earlier than they now will due to the extension of the UK Community Renewal Fund (CRF) scheme – we now expect spend to be £156,880 for the year to March 23.

Activity (under the CRF project) has progressed as follows:

Project extension to the end of September confirmed.

Over 215 (of the 300 CRF target) beneficiaries have now engaged with the Hub:

- 77 of those have enjoyed positive outcomes:
  - 33 into paid employment.
  - 44 into training / education.

Most beneficiaries are referred by DWP and:

- 65% are male; Most are 18 or under.
- 50% are FY1 residents.
- There is a c. 80% attendance rate.

Meetings have taken place with Blackpool & the Fylde College (B&FC) to explore how to work more collaboratively.

'Youtherapy' agreement has been put in place with the NHS 'Connect Young People's Service' to enable the offer of sessions to beneficiaries.

DWP staff caseloads are lower, so referrals are similarly lower. This results from changes to how the department works with unemployed people brought about by the pandemic.

Graham Construction and other suppliers have been asked to attend the Platform to give advice and information to those seeking construction work.

1. Before and After Images



2. Inside the Platform



3. Revue Community Sports Village (£6,545,818 Town Deal funding)

The project will aid the regeneration of the Revue area, creating jobs and encouraging 1,719 people to engage in health and well-being activities through the creation of a new community sports centre and facilities on a cleared and rehabilitated site. The scheme will also improve the adjacent public realm and attract a minimum of £15,921,682 of private (football club) funding.

Delays related to approval, consequential full engagement of the football club and re-tendering of the spoil removal contract caused the project to underspend in the first period. Spoil removal is now well underway and is expected to complete ahead of schedule but will only 'hit the accounts' in the next quarter. The removal of spoil will create an area for a potential housing development for which there have been some discussions with Homes England.

Activity has progressed as follows:

- Discussions between BFC and consultant continue and planning application awaited.
- Enquires received from residents living in the surrounding areas. Comms and PR to be discussed nearer start of works.
- Some spend delay re football club and Community Sport Pitches.

1. Spoil removal in action



2. Cleared site behind the football club North Stand



3. Cleared site looking south



4. The Edge (£4,500,000 Town Deal funding)

The scheme will redevelop/refurbish the historic Stanley Buildings within the town centre, creating 1,200m<sup>2</sup> of modern office space, where start-up & growing businesses can locate and / or access business advice. The scheme has £2,278,368 of Council funding.

Delayed approval and the consequential delays in commencement of survey and design activities means this scheme underspent in the first period and this has also, alongside JCT contract / insurance, party wall / lift and tenant issues, resulted in a further underspend of £266,934.45 this quarter (these issues are expected to be resolved in weeks not months).

The facility's branding exercise has commenced and other works (including Asbestos removal, follow-on strip-out & the installation of a 'test shop front') are expected to commence well before the end of the next period. The main contractor (Eric Wright Construction) provided a tender price w/c 22<sup>nd</sup> August, which has triggered a value engineering exercise to sit alongside the 'net zero' task (to identify alternative environmentally sound technologies and ways of working) already underway. The Edge is the subject of a Shared Prosperity Fund bid, which if successful, is expected to provide £100,000 to part fund the environmentally friendly technologies sought.

1. Mosaic tiles condition 1



2. Mosaic tiles condition 2



3. Before and after tile repair trial 1



4. Before and after tile repair trial 2 (after exposing steelwork)



5. Illuminations Rejuvenation (£4,500,000 Town Deal funding)

With £8,750,000 of Council funding, the scheme will upgrade the Illuminations to attract 1,750,000 additional visitors (by 2026) by improving the associated infrastructure and developing new features using novel and environmentally friendly lighting. The creation of new centrepiece attractions will create 4 permanent FTE jobs and support 5 artists to develop new skills.

Difficulties with capital purchases during the first period prevented the project from spending as approved but the project has exceeded its re-profiled spend this quarter by over £133,000. A revised tender approach has resulted in many of these purchases (a box van, two cherry pickers, a lorry mounted crane, a tele handler, a custom robotic arm and computer equipment, totalling over £920,000 being finalised (two trailers with approximate value £70,000 are still to be secured through a three quote process). Additionally, good progress with the new feature designs will see 'Odyssey', the first Town Deal funded attraction, completed in time for the forthcoming Illuminations season and will see future manufacturing of the other new features (and therefore spend) brought forward.

Progress on manufacturing for this season is excellent:

- First funded piece installed in early August.
- At final assembly stage for this year's remaining new features.
- The three spitfires will soon be installed at Gynn Square.
- We will be able to start manufacturing next year's features early.
- This will bring project spend forward.

Talbot Square, Talbot Road network & other improvements continuing.

Vehicle prices received are better than expected:

- 3 quotes still to be obtained for the two trailers.



Discussions with Blackpool & the Fylde College regarding potential apprenticeships progressing positively:

- Currently with Council HR department.

1. New Odyssey feature under construction



## 2. New robot in action



## 6. Multiversity (land acquisition) (£9,000,000 Town Deal funding)

Will enable the relocation of Blackpool and the Fylde College's Park Road campus through the assembly of a land parcel close to Blackpool's town centre, North (train) Station and Talbot Road tram interchange. This will either create a world-class university learning environment in partnership with Lancaster University essential to help address anticipated local skills shortages.

Delayed approval (02/03/2022) for this scheme led to little activity (and therefore very limited spend) in the first period. Negotiations with property owners are now underway. Spend this quarter is entirely made up of the programme management fee.

The Memorandum of understanding between Blackpool & the Fylde College and the Council has now been signed.

Negotiations to acquire some properties have commenced.

A report is being considered by the Council's Executive on 5 September which will make the site public after which all property owners will be contacted to establish ownership prior to opening negotiations with those not yet contacted.

If necessary a further report related to the compulsory acquisition of the site will be considered in due course depending on progress with negotiations.

A £40,000,000 Levelling Up Fund bid has been submitted to support the proposed £65,000,000 university building development.

1. Image of the Proposed Multiversity



7. Blackpool Central Courts relocation (£7,954,182 Town Deal funding, including a £1,000,000 accelerated funding to purchase the new site)

Intends to encourage the relocation of Blackpool's county and magistrates' courts to a new site. Relocation will allow the demolition, clearing and remediation of the current courts building and plot to further open up 'Blackpool Central', a £300,000,000 leisure development, which will create a year-round, world-class visitor attraction.

The project is spending more or less in line with approved / re-profiled figures. Significant activity on this scheme is not expected to commence until late 2024. Activity in the period has included:

The demolition strategy report has been commissioned and received from Hermolle Associates (Structural Engineers).

Discussions are moving forward with HMCTS. A meeting was held 16/8/22 where the Council has been assured that progress on the scheme is ongoing and HMCTS has appointed consultants to undertake initial feasibility work on the Devonshire Road site with a view to progressing design development as soon as funding has been secured for the new courts.

Wider scheme:

The Developer is continuing construction of the multi-storey car park.  
A geotechnical survey has been undertaken to support the site structural report.  
Boreholes and ground investigation works are being undertaken on site.  
The timing of the scheme's next phases is being discussed with the Developer.

1. Wider scheme, multi-storey car park works



2. Wider scheme, multi-storey car park works

