

Subject: Great Yarmouth & Gorleston-on-Sea Town Deal

Report to: Policy & Resources Committee, 22 March 2022

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SUBJECT MATTER / RECOMMENDATIONS

This Report presents to members a summary of the current status of the Town Deal programme and Full Business Cases corresponding to each of the nine Immediate Investment Priorities taken forward from the Town Investment Plan.

The Town Board approved the Full Business Cases at its meeting on 26 January 2022. In order to secure the Town Deal funding awarded, the S151 Officer must also approve and endorse these documents and submit summaries to the Government by 24 March.

Members are asked to:

- 1) Receive this Report and note that the capital programme presented as part of the 2022/23 Budget Report reflects projects included in the Town Deal programme and, where applicable, the Council's funding for these projects;**
- 2) Endorse the proposal to submit summary documents to the Government by 24 March 2022 in order to unlock Town Deal funding of up to £20.1 million.**

1 BACKGROUND AND CONTEXT

- 1.1 Following submission of the Town Investment Plan to the Government on 11 December 2020, Heads of Terms for a £20.1 million award were signed in March 2021.
- 1.2 The development of Treasury *Green Book* compliant full business cases for the nine Immediate Investment Priorities agreed by the Town Board have been completed by Amion Consulting in partnership with those developing the projects, including relevant Project Sponsors, Project Leads and the Town Centre Officers Working Group, with input from Finance officers and NPLaw.
- 1.3 The Full Business Cases comprise the data and analysis required to set out a strategic, economic, commercial, financial and management case for each of the nine interventions according to strict Treasury *Green Book* specifications.
- 1.4 It is a requirement that before summaries are sent to Government before 24 March, the Full Business Cases must be approved by both the Town Board and signed-off by the Council's Section 151 Officer, reflecting the Deal's appraisal and approvals procedure, wherein assessment is devolved to 'local processes' rather than central Government.
- 1.5 All the Full Business Cases were approved by the Town Board at its meeting on 26 January 2022 and have subsequently been reviewed by the Section 151 Officer. Officers met with Amion to

progress completion of the summaries on 10 March, with a further meeting of the Town Board scheduled on 16 March.

2 TOWN DEAL INTERVENTIONS

2.1 Full Cases have been prepared for the nine Immediate Investment Priorities, as follows:

No.	Summary	Town Deal
1.	A new operations and maintenance (O&M) campus and incubator on the Great Yarmouth Enterprise Zone and Energy Park, unlocking and enabling further inward investment by the energy sector and providing a low-risk local base for energy sector start-ups, relocations and growing businesses (project value: £21.65m for the O&M and business incubator)	£3,950,000
2.	Land assembly for the strategic regeneration of North Quay as a vibrant new mixed-use waterfront quarter, unlocking and de-risking private sector regeneration and redevelopment of a key, underutilised gateway site (project value: £5.1m)	£2,600,000
3.	A new Great Yarmouth University Learning Centre (GYULC) providing an enhanced route to economic activity and growth, enhancing skills capacity and economic/social inclusion for residents and addressing skills requirements of local growth sectors and employers (project value: £10.964m)	£7,463,947
4.	Restoration and commercial repurposing of the iconic Winter Gardens as a year-round seafront attraction, capitalising on a key heritage asset to service new market segments, broadening the leisure offer for residents and visitors and enhancing the resilience of the visitor economy (project value: £14.157m)	£4,075,000
5.	The restoration and sustainable repurposing of vacant historic buildings; selective enhancement of key heritage assets to support culture and tourism and drive wider local regeneration (project value: £1.401m)	£626,000
6.	The restoration and adaptation of the historic Ice House as a National Centre for Arts and Circus, building cultural capacity and consolidating the Town's reputation as the UK's capital of circus, tied into local providers and curriculum of the proposed GYULC (project value: £1.44m)	£450,000
8.	Public wayfinding and sustainable connectivity; selective enhancement of wayfinding, triangulation, environmental quality and functional coherence in the public realm to drive permeability and footfall (project value: £801k)	£594,953
9.	Feasibility and masterplanning for the redevelopment of the rail station gateway as a key point of entry for residents, visitors and commuters, capitalising on recent improvements to rail services to improve a key commuter/visitor gateway to enhance physical connectivity and green transport (project value: £202k)	£150,000
10.	Smart Deployment of enhanced digital and connectivity infrastructure, a suite of projects enabling digital transformation across enterprise, skills and education, green initiatives and sustainable travel to enhance the visitor experience and reduce digital exclusion (project value: £192k)	£190,100
Total		£20,100,000

- 2.2 Two significant changes to the Programme have been made since the submission of the Town Investment Plan.
- 2.3 Firstly, in order to reduce the Towns Fund ‘ask’ from the £24.8 million set out in the Town Investment Plan to the £20.1 million awarded in the Heads of Terms, individual interventions were re-examined by the Town Board on the basis of objective, quantitative criteria: strategic alignment, in terms of policy fit; deliverability in terms of practical readiness and critical dependencies; impact, in terms of delivering outputs and outcomes; the value and security of co-funding; the value of the residual funding gap; the value of Towns Funding required to deliver the intervention.
- 2.4 On that basis, the Town Board amended the value of Town Deal funding attached to a number of interventions and de-funded Intervention No.7, *Green mobility*, which would have implemented two schemes to connect the two commercial poles of the Seafront and Town Centre with new and enhanced cycling and walking routes. As a result, a Full Business Case and summary document have not been completed for this project.
- 2.5 Secondly, the focus of Intervention No.9 (physical enhancements to the rail station gateway) was modified. £150,000 Town Deal funding had been allocated, with £52,180 co-funding earmarked from Community Rail Norfolk / Wherry Lines Community Rail Partnership.
- 2.6 On the basis that a) a total capital budget of £202,180 would realise only piecemeal enhancements, rather than significant, transformative improvements to the existing facility b) the redevelopment of a critical piece of public transport infrastructure would appear to be a compelling *Levelling Up Fund* candidate project, and c) any future redevelopment of the site could result in the destruction of any piecemeal enhancements completed at this stage, the Town Board agreed to refocus the total £202,180 allocation on the preparation of feasibility studies and a masterplan for the site.
- 2.7 These studies would be an essential precursor to the preparation of a compelling case for inclusion within any future *Levelling Up Fund* package bid. Officers lodged a Project Adjustment Request with the Managing Authority – the Department for Levelling Up, Housing and Communities (DLUHC) – setting out this rationale and requesting the £150,000 Town Deal funding’s reclassification from *capital* to *revenue* funding to enable the commissioning of these studies within the Town Deal programme. On 21 January, DLUHC advised that it was unable to approve the request to reallocate the £150,000 as revenue funding.
- 2.8 It is, therefore, proposed that the Council capitalises these feasibility/preparatory works as essential precursors to the future redevelopment of a capital asset. DLUHC devolves such matters to funding awardees, noting that “*adjustments to this will need to be made at a local level using local government financial powers*” i.e. the S151 Officer.
- 2.9 Whilst the redevelopment of the rail station would appear to be a strong candidate for Levelling Up Funding under a future round, it’s a competitive application process and a positive outcome at a value that would enable the site masterplan to be implemented is not certain. There is a risk, therefore, that if redevelopment of the rail station did not ultimately take place, capitalised expenditure relating to feasibility/masterplanning for the site would need to be reclassified as revenue expenditure.
- 2.10 The implication of this is that the Town Deal funds could not then be used to finance the expenditure because Town Deal funding is explicitly *capital*, rather than *revenue*, and there is a

risk that this may need to be repaid, retrospectively. In this case, the expenditure would need to be funded by GYBC revenue funds, for example from general or earmarked reserves.

3 FULL BUSINESS CASES

3.1 The Full Business Cases are technical documents that are presented very differently to the original Town Investment Plan and adhere to a highly-prescriptive Treasury Green Book methodology, a broad, systematic project appraisal and evaluation framework that factors in aspects such as deliverability, impact/outcome and Benefit to Cost Ratio (BCR). Each comprises five sections:

- **The Strategic Case:** making the case for change and to demonstrate how it provides strategic fit.
- **The Economic Case:** identifying the solution or preferred option that delivers best public value to society, including wider social and environmental effects
- **The Commercial Case:** demonstrating that the preferred option will result in a viable and well-structured procurement between the public sector, deliver partners and contractors
- **The Financial Case:** demonstrating the affordability and funding of the preferred option
- **The Management Case:** demonstrating that robust arrangements are in place for the delivery, monitoring and evaluation of the scheme

3.1.1 Proportionate management, governance and oversight structures in line with both Council procedures and the funder's expectations are presented in the Full Business Cases with Member Working Groups established where appropriate and as dictated by project value, complexity and/or risk. All projects within the Town Deal and Future High Streets programmes report to the Town Centre Members' Working Group for monitoring and scrutiny purposes before referral to with the Policy & Resources Committee or Council.

4 FINANCIAL IMPLICATIONS

4.1 The approval of the Full Business Cases by the S151 Officer and the submission of summaries to the Government by 24 March is required in order to unlock the £20.1 million Town Deal award. The timescales for the use of the Town Deal funding is March 2026.

4.2 As outlined in Section 2.1, there are a significant number of projects both in terms of financial implications and delivery within the Town Deal programme. In order to deliver the projects within the agreed timescales and within the funding available, there needs to be sufficient internal capacity to deliver the programmes and provide the necessary project assurance.

4.3 As part of the establishment of individual project budgets, allowance needs to be made for project management and other associated support and delivery costs. Where applicable, some of these costs will be a direct cost that can be attributed to the projects and others will need to be funded from existing revenue budget or approvals for one-off funding, as applicable.

4.4 The capital programme presented as part of the 2022/23 budget report reflects the projects included in the Town Deal programme and, where applicable, the Council's funding for these projects. The delivery of the projects in line with the funding will be monitored in line with the assurance requirements for the funders and in line with the Council's internal financial monitoring and reporting framework.

5 LEGAL IMPLICATIONS

- 5.1 Each Full Business Case considers the risk allocation between the public and private sector, as well as legal, procurement and State subsidy issues. Officers sought state Subsidy Control and legal advice and input from NPLaw throughout the development of the Full Business Cases. Compliant financial mechanisms for the delegation and cascading of Town Deal funding to delivery partners will be advised by NPLaw on a case-by-case basis.

6 RISK IMPLICATIONS

- 6.1 The Council will be the Accountable Body for Town Deal funding, using appropriate mechanisms to delegate funding – where appropriate – to delivery partners. The Council will also be responsible for monitoring and regular reporting to the Managing Authority according to a formal Monitoring & Evaluation (M&E) Schedule.
- 6.2 Any adjustments made to the interventions outlined in the Full Business Cases may affect the scale, scope, financial viability, deliverability and impact of individual interventions and the overall Town Deal programme or require alternative funding to be identified and secured.
- 6.3 Any failure to adhere to the Heads of Terms and reporting schedule could be reputationally-damaging and result in the imposition of sanctions by the Managing Authority, including withdrawal of or part or all of the funding awarded.
- 6.4 There continue to be risks around the delivery of capital projects within the agreed project budget; whilst the projects will allow an element of contingency, adequate levels of contingency will depend upon the nature of the project and the impact of external factors. The continued increase in material and energy prices will put further strain on the project budgets and regular review of the use of contingency is critical as part of the governance procedures for each project. The risks for each project are currently being reviewed and should further contingency, albeit being held centrally, be required, this will be recommended.

7 CONCLUSIONS

- 7.1 This Report presents to members a summary of the current status of the Town Deal programme and the Full Business Cases corresponding to each of the nine Immediate Investment Priorities taken forward from the Town Investment Plan.
- 7.2 The Town Board approved the Full Business Cases on 26 January 2022. In order to secure the Town Deal funding awarded, the S151 Officer must also approve and endorse these documents and submit the summaries to the Government by 24 March.
- 7.3 Members are asked to a) receive this Report and note that the capital programme presented as part of the 2022/23 Budget Report reflects projects included in the Town Deal programme and, where applicable, the Council's funding for these projects, and b) endorse the proposal to submit summary documents to the Government by 24 March 2022 in order to unlock Town Deal funding of up to £20.1 million.

Area for consideration	Comment
Monitoring Officer Consultation:	As part of the ELT process
Section 151 Officer Consultation:	As outlined in the Report

Existing Council Policies:	Great Yarmouth & Gorleston-on-Sea Town Investment Plan
Financial Implications:	As outlined in the Report
Legal Implications (including human rights):	As outlined in the Report
Risk Implications:	As identified in report
Equality Issues/EQIA:	A number of the Full Business Cases integrate intervention-specific EQIAs
Crime & Disorder:	None
Every Child Matters:	Not applicable