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## Staveley Town Deal Board

## ITEM 6

12<sup>th</sup> March 2021

### Update on Phase II of Town Deal process

#### 1. Introduction

The paper provides an update on work since the last Board meeting to prepare for the next phases of the Town Deal – developing full business cases and moving into delivery.

#### 2. Recommendations

It is recommended that the Board:

- 1) Note the work undertaken since the last meeting.
- 2) Endorse the Heads of Terms for the Staveley Town Deal set out in appendix one.
- 3) Approve the approach outlined in section 5 for programme management of the Deal.
- 4) Approve the approach outlined in section 6 with regard to programme resources.

#### 3. Heads of Terms and funding conditions

Following the news of a Towns Fund offer of £25.2m for the Staveley Town Deal, Heads of Terms were issued to the Chair of the Town Deal Board and the Chief Executive of the Accountable Body (Chesterfield Borough Council). The Heads of Terms are included in full at appendix one. Government has asked that these are signed by 24<sup>th</sup> March. **The Board is asked today to endorse the Heads of Terms ahead of these being signed by the Chair and CBC Chief Executive.**

The issuing of Heads of Terms provides government with an opportunity to set out conditions for the funding at both project and overall programme level. The conditions included for the Staveley Deal are:

##### Programme level

- **Assurance:** The business cases for projects will be taken through Chesterfield Borough Council, in line with local assurance processes.
- **Public Sector Equalities Duty:** Staveley will undertake programme-wide level impact assessment, relevant project-level impact assessment and relevant Equality Impact Assessments.

Both of these have already been planned for as part of the setup for the programme. Progress regarding assurance is set out below in part 5. Work has begun on an Equality Impact Assessment for the programme which will be brought to the Board at a future meeting.

## Project level

Conditions are attached to two of the 11 projects:

- **Staveley Rail Station at Barrow Hill.** Funding dependent on positive outcome of Restoring Your Railways Programme submission. The work to be integrated with that being done for the Barrow Hill Line as a whole.
- **Staveley Hall Conference Centre.** The Town Council must provide assurance that they will not breach their contractual obligations to the National Lottery Heritage Fund for the original project to conserve and restore the Hall. The project lead must engage with the Chesterfield Borough Council Conservation Officer and Historic England.

The Rail Station project has been integrated with the wider Barrow Hill line restoration plans from the outset. The conditions relating to Staveley Hall have already been taken into account in the plans for this project and early pre-application planning advice has been taken.

### **4. Engagement with project sponsors**

As noted at the previous Board meeting, a session was held with sponsors of each project on 12<sup>th</sup> February, facilitated by the Towns Fund Delivery Partner. The meeting provided an opportunity for each sponsor to give an overview of their project(s) and enabled lots of connections between the projects to be made. Some key themes emerged from this, including the value of joining up across the programme with regard to engaging with young people, skills and career pathways as well as on procurement and the spending power of the Towns Fund.

The session included ARUP colleagues setting out the requirements for a full business case and discussion regarding key support requirements that sponsors are likely to seek in order to develop their business cases. This included support on how to monetise benefits and around seeking match funding and financing. A better view is now in place of the likely overall support requirements and will be used to inform the support that is sought from the Towns Fund Delivery Partner and other external sources, pending the available capacity funding (see Resources section below).

Project sponsors have been asked to firm up their indicative timetables for developing business cases in order that we can present the Board with a programme for this work and try and ensure a steady flow rather than bottlenecks in the process. A further session with sponsors is taking place on 18<sup>th</sup> March which will include follow up on the key themes noted above as well as providing the context of wider investment planned for Staveley and a view from Chesterfield Borough Council planning team on each project.



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## **5. Programme Management**

Work has continued to prepare for the development of full business cases and a draft assurance framework is due to be circulated shortly for comment. Procurement of specialists to carry out business case assurance will commence shortly; as suggested at the previous Board meeting this is likely to be a joint exercise with at least one other Town Deal authority from the D2N2 area.

With the Heads of Terms now issued and funding offer confirmed, there is a need to consider how to proceed with the development of projects. The total requested for Towns Fund was £26.6m and £25.2m has been awarded. As set out in the following section, programme management costs of around £0.4m over the 5 year period will need to be provided from the overall funding (this is after the contribution made by the accountable body including in-kind costs and the available capacity funding). This leaves a gap of £1.8m between the total project ask and the funding currently available.

There is up to 12 months available to develop full business cases for each project, a time during which it is likely that (a) costs for projects will be firmed up and revised as projects are developed; (b) robust business cases passing the assurance process may not be deliverable for all 11 projects; and (c) further sources of funding for projects may be secured.

Given these variables, it is considered to be premature to take decisions now regarding how to either scale back project asks or remove any projects from the Deal. Rather, it is proposed that the process of developing full business cases continues for all projects, and this process is used to test feasibility and deliverability, explore further funding sources and test what scaling back of funding would be possible. For example, as part of the sensitivity testing required in developing a full business case, a scenario of funding reduced by 5-10% will be used to explicitly test this.

If forecast costs increase for any projects, these would need to be absorbed by project sponsors. However, where costs can or do reduce (e.g. through successfully attracting additional funding and/or through value engineering), this would be captured to reduce the overall funding gap for the programme.

Should the total programme costs still exceed the funding available at the point that full business cases are concluded, then the Board would need to either de-prioritise one or more project, scale back the funding across a number of projects and/or look to other funding sources to provide for the shortfall. With further funding launched at Budget, there is a better prospect of securing additional resources in the event that all 11 projects could not be funded in full by the Towns Fund.

Each project sponsor is already aware that development of full business cases is 'at risk' and that the full funding ask for each may not be awarded depending on the total overall resource available. This message will be re-iterated in order to manage expectations.



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## **6. Resources**

As noted at the February Board meeting, MHCLG made available further capacity funding in order to support the development of full business cases. The letter setting out the process for applying for this funding was sent on 8<sup>th</sup> February with a deadline for submissions of 17<sup>th</sup> February. A bid on behalf of Staveley was prepared, requesting £120k of further support (the maximum amount indicated as being available). The outcome of this bid is expected shortly, though it is understood the funding has been heavily over-subscribed.

Whilst the capacity funding will provide some welcome resources to support the process of developing business cases, no additional funding has been made available for the programme management of Town Deals through the next 5 years. As agreed by the Board, a letter was sent to government from the Chair to set out the need for these resources being considered in awarding Towns Fund to Staveley. The response made it clear that programme management costs will need to be found from the overall funding award.

It is also clear that government expects the local programme management and assurance to be robust and therefore sufficiently resourced. Proposals for the resources that will need to be put in place within Chesterfield Borough Council as the accountable body have been developed and will be taken to its Cabinet in April. Whilst it is not possible to pre-empt the Cabinet decision, it is likely that the costs of this will be c. £500k over the 5 year period of the programme. This does not include the significant in-kind costs that will be incurred across a number of key departments (such as communications, planning, finance and HR). This cost is in line with the estimate of 2% of total programme costs previously set out for the Board.

The Cabinet proposals will include a further commitment from the Borough Council to support 20% of those costs directly. This would leave c. £400k to be sought from the overall Towns Fund (1.6% of the £25.2m awarded). More details of these costs can be provided at the next Board meeting. A profile for the costs is being developed in order to inform the response to the Heads of Terms and request to set out a revenue/capital split.

## **7. Next steps**

Ahead of the Board's next scheduled meeting in May, the assurance framework will be circulated for comment (with subsequent approval possibly sought through correspondence to avoid delay). Work will continue to support project sponsors to develop their business cases, making use of any further capacity funding received. A timetable for this process will be developed once responses are received from all sponsors. Subject to approval, the process will get underway for putting in place permanent resources for managing the programme. Business case assurance specialist resource will be procured.

## **Appendix One (separate pdf) – Heads of Terms for Staveley Town Deal**