

<b>Agenda Item</b>	<b>8</b>
<b>Title</b>	<b>Growth Deal 3 Update</b>
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## 1. Purpose

- To note the original allocations of Growth Deal 3 (GD3) that were proposed in late 2016
- To summarise the GD3 process for applications to Hertfordshire LEP
- To note the completion of the Transport Interchange application
- To provide an overview of the other options for GD3 to ensure maximum spend is delivered

## 2. Background

In 2016 Stevenage Borough Council applied to the Local Enterprise Partnership for Growth Deal 3 (GD3) funding, with the aspiration to continue to build on the work of the secured Growth Deal 1 (GD1) monies.

Growth Deal 1 funding, allocated in 2015, provided resource to local partners (both public and private) to stimulate regeneration in Stevenage. Early utilisation of Growth Deal 1 funding was used for schemes including the creation of a regeneration framework for Stevenage, a range of enabling studies and evidence base, investment into the Airbus/North Herts College STEM Centre and various strategic acquisitions. Further Growth Deal 1 schemes were developed, including four projects that aimed to lay the foundations for regeneration in the town centre, creating a regeneration opportunity with Stevenage Borough Council working with a private developer to regenerate key parts of the town centre (SG1) in accordance with the Stevenage Central Framework vision (2015).

The bid for £19m of GD3 capital funding was produced in autumn 2016, considered and approved by Herts LEP Board in December 2016, and was part of a package agreed with central government (Cites and Local Growth Unit). This funding bid included allocations for:

- Relocation of the bus station to unlock development potential in the town centre
- Further land assembly to unlock other major opportunity areas
- Creating car park decking to enable development of other sites
- Delivery of some at-grade crossings on existing highway to enhance connections within the central parts of the town.

The full details of the original application can be viewed in **Appendix A**.

The release of this funding is tied to specific conditions in relation to the governance of Stevenage Town Centre regeneration. As it stands, Growth Deal 3 funding must be spent by the end of the Financial Year 2020/21, presenting a short window to deliver particular schemes.

In February 2017 the Cities and Growth Unit and Ministers agreed that the bid from Hertfordshire LEP presented a strong case for investment, but had some concerns around funding, capacity and governance to deliver solutions in Stevenage. A revised package of projects was agreed, subject to conditions that:

- Local partners create a new governance structure to oversee the regeneration, with an independent Chair
- The new structure should include a stronger business voice than the pre-existing Stevenage First partnership, with representation from local employers
- The new structure should also include stronger political representation, including the local MP

After much discussion, the Cities and Growth Unit has agreed that the Stevenage GD3 funding can be released, subject to meeting these and additional conditions, required under the new 'Towns Fund'.

With the appointment of a new independent chair for the Stevenage Development Board, the creation of this new Board, and the Terms of Reference for the new Board are proposed to be approved (at the Board meeting on 20<sup>th</sup> March 2020), the £19m GD3 Stevenage funding would then be released to support and enable regeneration projects in Stevenage.

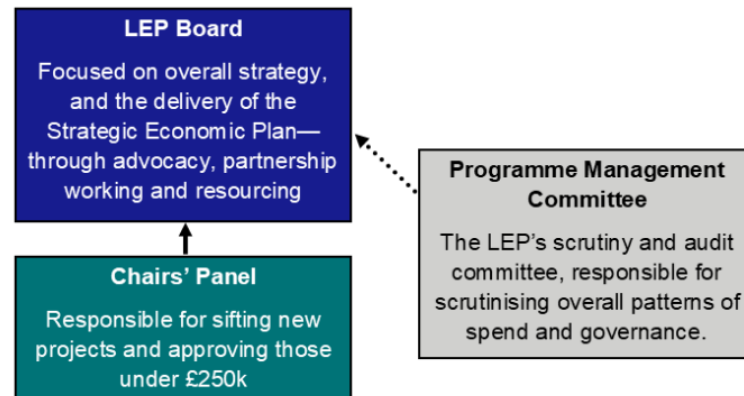
### **3. Growth Deal 3 Application Process**

In anticipation of the GD3 funding being made available, Stevenage Borough Council has worked with the LEP to develop detailed funding proposals.

As with all LEP project applications, there is a requirement for a full application outlining the rationale for the project, the strategic fit, details of the project and what outputs will be created as a result of the project.

SBC and LEP colleagues have been in discussion regarding prioritisation of specific GD3 applications and options to consider to maximise the funding, should this be released.

The LEP follow a two-step bidding process for potential projects; the submission of a Strategic Outline Case which is reviewed by officers and, subject to approval, this is then formed in to a full business case for submission to the LEP Chair's Panel. Below is a diagram showing the application process for project through Chair's Panel and then the LEP board.



### ***Transport and Bus Interchange***

The relocation of the bus station is integral to the redevelopment of the town centre, providing an opportunity to create a new 'Garden Square' within the SG1 development with Mace with bars, restaurants, high quality public space and an interface with the new Public Sector Hub. At the same time this enables the provision a new transport and bus interchange, with improved facilities for those with disabilities, real time information, a new café and waiting area and toilets, and improve connections with other forms of transport.

This is critical project for the SG1 scheme and an enabler of other regeneration in the town centre. Stevenage Borough Council have funded the early stages of this work and submitted a full application for this project to the LEP for £9.6m GD3 funding, which was approved by the LEP Board in December 2019. The Council has now completed detailed design, submitted a planning application, and procured a construction partner to move this forward.

### ***Other GD3 Projects***

Government has indicated to the LEP that the spending timeframe for GD3 projects is that all spend must be completed by 31<sup>st</sup> March 2021, regardless of when projects are approved. Should the government confirm the potential to extend spending programmes to March 2022 or later years, this could provide opportunity to consider other potential GD3 projects.

With the establishment of the new board and the application process for GD3 funding, this leaves some months to deliver the spend programme.

Stevenage Borough Council are currently prioritising a range of developments and interventions for the balance of £9.4m capital funding that will not only align with the regeneration programme for the town, but also achieve the spend profile in the allocated time.

Given the condensed spending window, the Council has been engaging with Herts LEP and with partner developers to consider alternative GD3 projects that could be delivered within this tight timeframe. This work is ongoing and will be subject to testing deliverability, level of risk to the spend profile, achievement of key outcomes, cost and impacts for the town centre. Initial projects could include:

Theme	Definition
Infrastructure and utilities	Supporting the development of the town centre by improving digital infrastructure and utilities.
Land acquisition of town centre sites	To enable further development of Major Opportunity Areas within Stevenage by acquiring key strategic town centre sites.
Sustainable transport	Utilising the current assets of Stevenage to encourage modal shift to sustainable transport options
Public realm, heritage and quality environment	Public Realm works throughout the streets on the town centre to provide modern and enhanced public spaces which align with the regeneration developments which will be coming forward, with a clear focus on a quality environment and heritage

When these projects and other possible options have been worked up in more detail we will bring them to the Board for further discussion.

#### 4. Recommendation

The Board is asked to:

1. Note previously approved GD3 Transport/Bus Interchange project is underway, and request that delivery of the project is progressed in accordance with the funding application approved by the LEP

2. Request that the LEP and SBC review the most efficient and robust process for expediting remaining GD3 project applications
3. Delegate authority to the chair to review proposed GD3 projects with the Officer team prior to the next meeting, given that the meetings will be focused mainly on Town Deal

## Appendix A

Project Name	Investment Required	Funding Source	Grant/ Loan	Description
Bus Interchange Relocation	£8.16m (Including project management fee of 2%)	SLGF3	Grant	This project is key infrastructure investment that will unlock development sites immediately adjacent to Town Square for development. A new bus interchange will require £8m investment
Land Assembly	£3.06m (Including project management fee of 2%)	SLGF3	Grant	Potential acquisition of the Magistrates Court site and relocation of its facilities will facilitate the development of the bus interchange and adjoining developments. New provision will be delivered in the Public Sector Hub
Parking Deck	£2.04m (Including project management fee of 2%)	SLGF3	Loan	Decking one of the current car parks will deliver a short and medium term solution to enable vacant possession of sites around the leisure/ theatre area. This infrastructure investment of £2m will shape the Central Core, address initial commuter and visitor parking challenges and kick start work on the theatre area
Marshgate Land Assembly	£5.1m (Including project management fee of 2%)	SLGF3	Loan	There is an opportunity to develop the area around Marshgate Car Park, former Marks & Spencer shop and Forum Court (part occupied by Job Centre Plus), with private developer interest in bringing a scheme forward in this area. It would deliver up to 550 residential units with a new modern link directly into Queensway and some new retail. This aligns with the ambition of the Framework. Land assembly by Stevenage First would help this to be delivered relatively quickly and potentially on site in 2018

Highway Infrastructure At-Grade Crossings	£1.02m (Including project management fee of 2%)	SLGF3	Grant	<p>The Town Centre Gardens development will create a new dynamic and vibrancy to this part of the town. However, one of the key barriers identified in the Stevenage Central Framework is St Georges Way. There are underpasses to link Park Place and Town Park but they are not well used. The highway modelling exercise for Stevenage has identified two at grade crossings as a better linkage and safety measure. £1m investment in the necessary highway works and lighting of the underpasses would address the issue.</p>
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