

Meeting Executive
Portfolio Area Regeneration
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TRANSFORMING OUR TOWN CENTRE PROGRAMME UPDATE & TOWNS FUND DECISION MAKING

KEY DECISION

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1 PURPOSE

- 1.1 Transformation of the Town Centre is a top priority for the Council and forms a key pillar of the Council's "Future Town Future Council" Corporate Plan. There is now an extensive programme of activity in place, utilising funding from multiple sources, delivering new homes, jobs, shops, restaurants and cafes, public spaces, and cultural facilities. The wide-ranging programme has benefits for all of the residents of the town, and this paper sets out key updates. Members are asked to note the key projects and milestones relating to the programme.
- 1.2 A significant part of the regeneration programme is the delivery of projects that are part-funded by Towns Fund. In 2020, the Stevenage Development Board was established, and developed a Town Investment Plan for submission to government. In March 2021, the submission was awarded up to £37.5m of funding. The Council, which is the Accountable Body for the fund, is required to oversee and sign-off business cases for each of the nine projects that have been allocated funding. This paper asks Members to note the key requirements and obligations for the Council as Accountable Body and the steps to be taken review and approve business cases ahead of the

Ministry of Housing, Communities and Local Government releasing project funding to the Accountable Body (the Council). The report also notes that a number of the business cases are for projects to be developed and implemented by the Council, and sets out the anticipated future decision points for larger-scale Council projects within the Town Investment Plan. Following consideration by the Executive and Overview and Scrutiny Committee, this report is intended to be presented at the next Full Council meeting.

2 RECOMMENDATIONS

That Executive:

- 2.1 Note the progress of the regeneration programme, including the Queensway North regeneration scheme, Town Square co-working & heritage project, and the construction of the new bus interchange.
- 2.2 Note the progress of Town's Fund programme to date, including the obligations of the Council as the Accountable Body for the Town's Fund.
- 2.3 Note and approve the creation of an Officer Panel (as set out in paragraph 4.12) to support the discharge the Council's obligations as Accountable Body and to review and approve business cases for full approval.
- 2.4 Note that this paper will be updated and presented to Full Council seeking delegated authority to Executive for the approval of the Business Cases to enable access to Town's Funding, which are to be submitted to the Ministry of Housing, Communities and Local Government (MHCLG).
- 2.5 Note that there will be future decision points for a number of Council-sponsored projects, in accordance with the Council's Constitution, following approval of the Towns Fund Business Cases and release of funding by MHCLG.
- 2.6 Notes the inclusion of the £37.5 million within the Council's Capital Strategy, noting that this is aligned with the Head' of Terms agreement with MHCLG for Town's Fund, and the funding profile attached to the Towns Fund grant confirmation letter. Authorisation for Council match funding will be reserved until the relevant Business Case is approved.

3 BACKGROUND

- 3.1 The transformation of the town centre is the top priority for Stevenage residents, businesses, and for Stevenage Borough Council as highlighted within the Future Town Future Council (FTFC) Programme. An extensive regeneration programme to deliver the transformation has been underway since circa. 2015, and key milestones are summarised below.

The journey so far

- 3.2 After setting a renewed focussed to deliver regeneration in Stevenage Town Centre, the Council worked closely with its partners including Hertfordshire County Council, Hertfordshire Chamber of Commerce and Industry, Hertfordshire LEP and Homes England to develop the Stevenage Central Framework (“the Framework”) which was approved by Executive on 24 July 2015.
- 3.3 The Framework sets out a clear vision and the scale of opportunity within a regenerated town centre that *‘Stevenage was, and should be again, a destination town centre with a combined retail, leisure and residential offer that will meet the needs of our population, and attract visitors well into the future. We need to recognise the huge changes that are underway in terms of retailing and what people are seeking in their leisure time. We also need to build on the traditional role our town centre has played in being a meeting place and central hub for our community’*. This vision has informed the development of planning policy, including the Local Plan, as well as the foundation for developing subsequent regeneration schemes.
- 3.4 In order to begin the delivery of the aspirations set out in the Framework, the Council prepared a project to act as a catalyst for regeneration – the SG1 project. Following extensive engagement with commercial advisers and developers, the SG1 regeneration scheme was planned with the aim to deliver two of the six Major Opportunity Areas identified within the Framework. The Council conducted an OJEU competitive dialogue procurement, which involved publishing the development opportunity openly, before shortlisting four bidders, who held a series of meetings with the Council over six months to develop their masterplan and vision, before making a final submission. At the conclusion of the process, Mace were appointed as the development partner for SG1.
- 3.5 The delivery of the SG1 regeneration project is well underway. The project is underpinned by a development agreement between Mace and Stevenage Borough Council. Extensive work has taken place to develop the SG1 scheme. This will cover two Major Opportunity Areas within the town centre, creating a new ‘Garden Square’ in the heart of the town centre, a new linear park at Southgate, a new ‘Arrival Square’ close to Swingate, new and improved community services and facilities through a new civic hub to include a library and health facility and over 1,800 new homes. The Council’s Planning and Development Committee considered a hybrid planning application in October 2020, resolving to grant permission. Preparation works are now underway, with agreements being finalised to complete enabling works and demolition of the Swingate House building and the former Social Services building both of which are anticipated to be demolished during 2020/2021. The Council’s Executive has also approved proposals from Officers to work with Mace to look for opportunities to accelerate the second phase of the SG1 programme, due to report later in the financial year.
- 3.6 Outside of the framework area, there have a number of further changes that have resulted in significant change and investment in to the town. Whilst the Major Opportunity Areas highlight parts of the town suited to significant

transformation (demolition and rebuild), areas outside of the MOA's are capable of delivering significant improvements whilst retaining parts of the historic core of the town. One example of this is in Queensway North, between Forum Square and Littlewoods Square, where developer Reef have delivered a significant mixed use scheme in partnership with the Council. This involved rebasing existing rents to encourage existing tenants to commit to the town centre, as well as delivering a gym, office space, 110 residential homes and refreshed retail spaces. The scheme delivers a proportion of affordable housing including units prioritised for key workers.

- 3.7 A number of other projects are now well established or complete. The Council has invested in public realm projects to improve the Forum, Littlewood Square, and Market Place. In addition to this, the Council has developed a visitor centre in the Town Square, to provide residents and interested stakeholders with a space to find out more about the regeneration plans and to share their views. In addition, a new "meanwhile use" (utilising spaces temporarily vacant or underutilised) project has enabled Junction 7 Creatives to utilise a space on the edge of the Town Square, to help bring through new cultural contributions to the town.
- 3.8 The Council, working with Hertfordshire Local Enterprise Partnership, has brought investment into the Town Square and the buildings to the north of the Town Square. This includes a high quality renovation of the public realm, reintegration of high quality heritage features, frontages, canopies and lease arrangements to have a stronger customer offer available in the Town Square. In addition to this, a new 'Co Space' facility opened on 3 September, providing high quality co-working space, meeting and exhibition space in the heart of the town and strengthening job opportunities and the local economy.
- 3.9 Progress is well underway to create a new, state of the art bus interchange for the town. A topping out ceremony took place in July 2021, hosted by Willmott Dixon, the construction partner developing the new facility. This new bus interchange benefits from new, high quality facilities for residents, including toilets, a café space, new waiting areas, as well as a high quality local environment. Creating this new facility also helps release land in the heart of the town, to enable the future 'Garden Square' to be brought forward.
- 3.10 The plans to revitalise the town centre are based upon creating a place that local people would choose to enjoy, to live, and to work. Stevenage benefits from being home to world-leading industries, from space and defence, to healthcare and life sciences. In recent times, there has been growing interest in businesses seeking to invest in Stevenage, to create jobs, opportunity and a thriving local economy. The strength of the offer in Stevenage has been pivotal in attracting a developer, investor, and cutting edge life science company to invest in a £65m life sciences facility, intended to be delivered in Marshgate within the town centre, helping to create a more diverse offer within the town.
- 3.11 Furthermore, the former Matalan site was purchased by Guinness Trust, a housing association, which has planning permission for 526 homes and the demolition works are now underway. This scheme creates a mix of private

and affordable homes within the town centre, and is designed to provide a landmark structure close to Stevenage rail station.

- 3.12 In total the capital investment from public sector funding has resulted in delivery, attracting and securing over £500 million of private investment for the town centre. It has become the journey or reimagining the perceptions of Stevenage is: A place of opportunity, innovation and evolving from its pioneering New Town roots.
- 3.13 This is a key time to capitalise on the growing momentum and interest for the town. With the country facing extraordinary pressures emerging from the Covid-19 pandemic, the transformation of Stevenage town centre is vital to the longer-term recovery of the town and local economy. This level of interest in the potential of Stevenage can also be seen with businesses. Airbus have opened a brand new main office facility in July 2021, to serve their well established space and defence production.
- 3.14 In respect of life sciences, the recent government Life Sciences Strategy highlighted the significant potential available, and importance to Stevenage. Funding from Government and the Hertfordshire Local Enterprise Partnership has contributed to the expansion of the life science sector in Stevenage and the wider region, with over £1.6bn investment raised by life sciences organisations based in Stevenage and making a significant contribution to the Stevenage being part of the third largest cell and gene cluster in the world.
- 3.15 In July 2021, GlaxoSmithKline indicated their intention to seek a development partner to expand the life sciences campus in Stevenage, creating a leading facility within Europe and opportunities for employment and supply chains.
- 3.16 Moving to the next stage of the future for Stevenage, there is an opportunity to continue to achieve, catalyse and deliver the aspirations of the policy and strategies that the Council and local partners have worked collaboratively together for the since 2015 and beyond.
- 3.17 The Council has worked closely with local partners in the public and provide sectors to show ambition and determination to help Stevenage achieve its full potential. Securing substantial funding from the Towns Fund provides funding and capacity to help achieve new jobs, a revitalised town centre, a broad and vibrant offer, and opportunities for local people.
- 3.18 The impact of Covid-19 has resulted in significant disruption and all sectors have felt the strain in 2020. Nationally this picture is reflected in the updated Grimsey Review 3 - Build Back Better (2020). It suggests that more than two thirds of people say their high street has declined within the last five years and 21% of people saying it no longer meets their needs. In particular Covid-19 has exacerbated problems for struggling high streets and town centres. The review reiterates the points from previous reports that towns must find a way to 'unlock the potential of their own unique places' to build strong town centres to act as community and cultural arenas, not purely a traditional retail focus. There remains a need to diversify uses of cities and town centres to ensure they have sustainable futures. A recent KMPG report describing the future of towns and cities post Covid-19 describes a need to focus on multi-

purpose locations combining amenities with healthcare, cultural and community offers.

- 3.19 The implementation of the Stevenage Town Investment Plan provides an opportunity to deliver interventions that will reinvigorate the town and support the Covid-19 recovery process.

Background to Town's Fund

- 3.20 In September 2019 the Government invited 101 towns to develop proposals and bid for funding for a Town Deal, as part of the £3.6 billion Towns Fund. Stevenage was identified as one of the 101 eligible towns.
- 3.21 As part of the Towns Fund, each eligible town was required to put in place cross-organisational leadership via a Towns Fund Board, to ensure broad representation from businesses, skills and education providers, investors, community representation and cross-public sector support.
- 3.22 In Stevenage, this saw the formation of a new, independent Stevenage Development Board. Following a recruitment process managed by Hertfordshire County Council and approved by the Ministry for Housing, Communities and Local Government, an independent Chair was appointed (Adrian Hawkins OBE), and the new Development Board (the Board) was formed in March 2020, working to shape a Town Investment Plan to help develop proposals to provide local opportunity and reinvigorate the town.
- 3.23 After extensive work and wide engagement by the Board, including working groups on Skills and Enterprise, Connectivity, Heritage and Culture, and Regeneration, the Town Investment Plan (TIP) was submitted in October 2020. This built on extensive engagement with local stakeholders, residents and businesses to help shape a plan to reinvigorate Stevenage to meet the aspirations of its people.
- 3.24 This plan set out proposals to create an exemplar 21st century New Town, maximising the opportunities within local economy (including capitalising on the Life Sciences opportunity) to meet the needs of local people, attracting visitors and investment and revitalising the town. The Towns Fund programme had set out an expectation that bids would be for up to £25m, largely capital funding, but with the potential for towns to bid for up to £50m if they could demonstrate exceptional circumstances and subject to a deeper review process to be conducted by Government officials. Stevenage Development Board set out a bid with 'exceptional circumstances, articulating a proposal for £50m funding to help address challenges and opportunities facing the town.



3.25 The Stevenage Investment Plan covers the aspiration for the town (long term) focussed on nine key projects. These projects were appraised and approved by the Board for their submission and none of the projects were removed at the approval stage. Ten projects were submitted as part of the Town Investment Plan:

- Delivering the Stevenage Science, Innovation and Technology Centre
- Developing the Stevenage Station Gateway
- Implementing a National New Towns Heritage Centre
- Improving the Gunnels Wood infrastructure
- Developing the Sports and Leisure Hub
- Implementing Digital infrastructure
- Creating the Stevenage Enterprise Centre
- Delivering improved Pedestrian and Cycling connectivity
- Developing Marshgate Biotech Office and Key Worker Housing
- Delivering the Garden Square

3.26 A copy of the Executive Summary of Town Investment Plan is attached as Appendix A, providing a short summary of the description of each project.

3.27 Full implementation of this Town Investment Plan is intended to achieve a range of positive outcomes for Stevenage, including; greater job opportunities, training for local people to access new STEM employment, improve leisure and health access, a stronger cultural and heritage offer, further regeneration of the town centre, improved public spaces, and investment into sustainable transport in the key employment area of the town. The Town Investment Plan is viewed by MHCLG as a single package, with overall outcomes and targets in place to demonstrate the deliverable results of the Investment Plan.

| | |
|--------------------------------------|--------|
| New jobs | 765 |
| New Homes | 872 |
| Commercial floorspace (m2) | 35216 |
| Upgraded road infrastructure (km) | 3 |
| Upgraded pedestrian/cycle links (km) | 12 |
| Shared workspace/facilities (m2) | 111700 |
| Brownfield land redeveloped (ha) | 6 |
| Visitors per annum to the facilities | 250000 |
| Leisure/cultural facilities (m2) | 7000 |

Figure 1. Table of outputs from Towns Fund programme

Stevenage Development Board 2020-21: A year of accelerated change

- 3.28 Stevenage Borough Council, Stevenage Development Board and local partners have worked closely and swiftly to maximise the opportunities presented through the Towns Fund. From the creation of the new Board in March 2020, to the submission of the Town Investment Plan in October 2020, and the award of funding confirmed in March 2021, local partners have worked collectively to secure substantial funding allocations which can drive the transformation of the town.
- 3.29 As highlighted in the Stevenage Town Investment Plan, engagement with the community was an integral part of shaping the Stevenage Investment Plan for submission to central government for approval; this will continue to inform the development of projects to have the greatest impact for the local community. So far, over 2,000 people have contributed comments at a range of consultation events, in addition to over 4,000 people attending the visitor centre to find out more about Stevenage regeneration. The Council also developed a virtual version of the visitor centre on the Stevenage Even Better website during the pandemic; the website itself has attracted over 25,000 unique visits, reaching a wide audience.
- 3.30 Government officials undertook a comprehensive review of the Town Investment Plan and associated projects, including a challenge session with senior Officials in January 2021.
- 3.31 As part of the national Budget announcements in March 2021, funding was allocated to 45 Towns. Stevenage achieved the joint highest allocation in this funding round, with an award of £37.5m. In making this award, the Minister for Regional Growth and Local Government, indicated that this higher funding offer 'is in recognition of the case that Stevenage made for the national significance of the proposals to develop its life sciences sector' and that this presents 'an exciting opportunity to come together to drive long-term economic and productivity growth in Stevenage, particularly as we meet the challenges presented by Covid-19'.
- 3.32 The Ministry of Housing, Communities and Local Government (MHCLG) set out proposed Heads of Terms for the £37.5m award for the Town Investment Plan (see signed copy at Appendix B). As set out by the Towns Fund programme, the Council and Chair of Stevenage Development Board proposed a funding profile. On 15 July 2021, MHCLG provided Grant

Confirmation (see Appendix C), allocating funding over a five year period – subject to approval of business cases by the Accountable Body and MHCLG conditions. This was allocated as follows:

| Project | Total (£) |
|--|-------------------|
| Stevenage Enterprise Centre | 4,000,000 |
| Gunnels Wood Road Infrastructure Improvements | 1,000,000 |
| Station Gateway Enabling Works | 6,500,000 |
| Marshgate Biotech | 1,750,000 |
| Stevenage Innovation & Technology Centre | 5,000,000 |
| National New Towns Heritage Centre | 2,000,000 |
| Stevenage Sports & Leisure Hub | 10,000,000 |
| Cycling Connectivity and Arts & Heritage Trail | 3,500,000 |
| Town Centre Diversification & Garden Square | 3,750,000 |
| Total | 37,500,000 |

- 3.33 In working on the next stage of detailed preparation, the Stevenage Development Board will work proactively to support high quality business cases that align with the Town Investment Plan.
- 3.34 This process also sets out a clear role for Stevenage Borough Council as the Accountable Body for the allocation of funding for Towns Fund projects, and requires the Council to undertake assurance assessments, review and approval of business cases to draw down funding for projects within the Town Investment Plan.
- 3.35 To secure the allocated Towns Fund package, all business cases must be complete and signed-off by the Accountable Body, with the accompanying project summary sheets submitted to MHCLG by 24 March 2022.
- 3.36 As the Council will also be the lead delivery organisation for a number of projects, additional development of the business cases, detailed plans, planning applications (where relevant), will require further decision making in future years in accordance with the Council's Constitution.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 This section of the report describes the requirements of next stages of the Towns Fund programme, including:
- the Council's duties as the Accountable Body
 - how this relates to our decision-making structures and arrangements, and how business cases will be reviewed

- a description of how this will work in the months ahead, and the further development work anticipated for larger Council projects that will have further review and decision points – such as development of leisure facilities.
- 4.2 It is recognised that the funding and range of projects included within Stevenage’s Town’s Fund programme means that it is one of the largest programmes within the nationwide Towns Fund programme, the Council needs a clear and achievable plan for producing and signing-off the business cases. The Council does have significant experience in developing complex business cases for approval and government review, such as through the Local Enterprise Partnership Growth Deal Funding, in addition to the strategic outline case submitted to government in the form of the Stevenage Town Investment Plan. Preparation work has been undertaken for many of the projects, to enable development of the business cases in a timely way.
- 4.3 This report recommends an approach to ensure a full and robust assurance method and the ability to both securing and drawing down substantial funding.

Implementing Stage 2 of the Town’s Fund Process – Business Case requirements

- 4.4 Having secured an allocation of £37.5m funding, Stevenage Borough Council, Stevenage Development Board and local partners are required to work through comprehensive business case development and assurance processes to enable drawdown of funding.
- 4.5 These requirements are set out by MHCLG as part of their Stage 2 guidance of the Towns Fund. Stage 2 of the Town’s Fund process focusses on the development of business cases for each of the projects, and is required to be complete before 24th March 2022.
- 4.6 This stage of activity is to ensure local partners work with government to demonstrate the feasibility, viability and value for money of their projects. This includes:
- developing and submitting the Town Deal Summary Document
 - Business Case development for all approved projects
 - A full list of projects
 - Detail of the processes used for business case assurance and approval followed for each project
 - Confirmation of actions taken in response to any conditions applied in the agreed Heads of Terms between MHCLG and local partners
 - A Delivery Plan (including details of the team, working arrangements and agreements with stakeholders)
 - A Monitoring and Evaluation Plan

- Confirmation of funding arrangements and financial profiles for each project
 - Undertaking Public Sector Equalities Duty analysis
 - Approval from the Town Deal Board and Lead Council
- 4.7 Stevenage Borough Council and Stevenage Development Board are required to conduct project assurance for each individual project.
- 4.8 Each business case is expected to meet agreed criteria. MHCLG expect business cases to include:
- The evidence for the intervention using rigorous analysis of quality data and the application of best practice.
 - An assessment of value for money, including showing how different types of projects will be compared and assessed.
 - A clear economic rationale, justifying the use of public funds in addition to how a proposed project is expected to contribute to strategic objectives.
 - Clearly defined inputs, activities, outputs and anticipated outcomes.
 - Appropriate consideration of deliverability and risk along with appropriate mitigating action.
 - Whilst there is no minimum value for money threshold set for Towns Fund projects, in order to follow best practice, all business cases must contain robust value for money assessments.
 - Business cases should address, in a proportionate manner, the five cases set out in the HM Treasury Green Book.
- 4.9 Each business case should be assured by the Accountable Body (in this case, Stevenage Borough Council), prior to submitting summary documents to MHCLG.

Developing and reviewing business cases

- 4.10 At this stage, the Town Investment Plan has been endorsed by MHCLG, the listed of projects and the high-level scope and outcomes of each project have been agreed, and the government-funding allocation for each project has been confirmed in writing. There is no guarantee at this stage that allocations could change across different projects, and business case development work will focus on maximising the impact of this funding.
- 4.11 Stevenage Development Board will continue to have a vital role through the development of business cases, with partners engaged in working groups to support the development and finalisation of business cases. The Board includes a wide range of key stakeholders, who will need to endorse the businesses cases and play a key role in engaging with the projects across a range of themes, including Culture, Skills, Sustainable Transport, and Town Centre Regeneration. This will ensure the experience and expertise across a range of sectors will be harnessed to support the development of robust and

deliverable business cases, for projects that will have a significant positive impact for the town.

4.12 To support the assurance process, and ensure appropriate separation of interests when the Council is acting as Accountable Body, an Officer Panel ('Chair's Panel') consisting of senior Stevenage Borough Council and partner Officers (a Director, Section151 Officer, Monitoring Officer and potentially Hertfordshire LEP, Hertfordshire Growth Board, Hertfordshire County Council Officers) will be established to ensure business cases meet requirements before being recommended to the Development Board for approval. It is proposed that the following approval route is followed for the submission of business cases to MHCLG:

- Business case developed by Officers and Stevenage Development Board partners
- Review of business cases by a 'Chair's Panel' including key Council Officers to ensure strategic alignment, deliverability, value for money and the ability to implement the Town Investment Plan, as part of the assurance process
- Approval of the business case by Stevenage Development Board
- Business case to be approved by Stevenage Borough Council Executive Committee as the 'Accountable Body'
- Summary of the business case to be submitted to MHCLG to access funding.

4.13 The months ahead present an intensive period of work to ensure that these business cases are developed and concluded, to secure and draw down funding.

4.14 As part of the development of business cases, further engagement will take place with key stakeholders to help inform detailed plan and maximise the impact for the local community. This will include utilising the physical and virtual Stevenage Visitor Centre to proactively engage with people and provide a genuine opportunity to shape the range of projects across the programme.

4.15 Towns within the Towns Fund programme were previously provided with a revenue allocation of £173,000 to prepare the Town Investment Plan and begin preparations for business cases. An additional £40,000 has been received to fast-track business case activities. Beyond this funding, programme costs will be capitalised and claimed against the projects to ensure that the programme can be appropriately resourced, including development of the business cases. In the short-term this was planned to be provided at risk by the Council, with the funding repaid when business cases are approved and further funding is received. However, MHCLG has written to towns to notify them that 5% of allocations will now be provided up-front to ensure towns can make sufficient progress. For Stevenage this would mean an allocation of £1.875m received, which Officers anticipate receiving in

September 2021. This money can only be utilised for the Towns Fund programme.

Future decision making

- 4.16 With a complex programme of delivery ahead, the approval of business cases is only the start of the long life cycle for the projects. There will be a number of decisions that the Council will have to take in the months and years ahead, with further decision points expected – such as consideration of planning applications by the Planning and Development Committee, procurement processes for key contractors, review and update of business cases at different stages of key projects.
- 4.17 The process set out in section 4.1. – 4.13 describes how Stevenage Development Board and the Accountable Body (Stevenage Borough Council) will develop, review and assure the business cases required to access government funding.
- 4.18 In addition to this, larger projects to be led and delivered by Stevenage Borough Council will also have later decision points through the Executive Committee, and in some cases, Full of Council, in accordance with the Council's Constitution.
- 4.19 The Stevenage Town Investment Plan includes a range of projects, some of which may require decisions such as use of land, some in relation to match funding (such as the new sport and leisure facility). It is anticipated that larger projects, such as the sport and leisure facility, will report to the relevant Committee at future decision points such as for approval of match funding, approval of contract specifications, areas such as land acquisition, or contract commencement.

Decision making arrangements for Council-led projects

- 4.20 It is anticipated that the review of business cases is scheduled for three meetings of the Executive later in the financial year, potentially requiring special meetings to be convened to ensure sufficient time for consideration and review. As Accountable Body, the Council is required to approve all business cases, including those that will be delivered/part-funded by the Council.
- 4.21 This report provides Executive and Council with a summary of all projects in the Town Investment Plan to ensure all Members are aware of this crucial programme, and to highlight which projects will return to the Executive or Council in the future.
- 4.22 Under the Council's Constitution, Executive has the authority to approve the business cases under £5 million fully external funding, or where the Stevenage Borough Council contribution is less than £500,000 and funding can be identified.

4.23 Some of the Towns Fund projects are above this threshold (as set out in 4.2.2) and will have decisions that require full Council approval at the appropriate point in time.

4.24 The proposed assurance and approval process in this report sets how the Council will approve projects:

Minor Project assurance: This relates to projects which are within the Executive delegations set out in 4.22 above.

Major project assurance and approval: This relates to the larger projects, which will report to Executive in 4.22 above, but are also likely to require future Council approval given the size and value of the projects.

4.25 The table immediately below sets out which projects fall within which assurance category:

| Project | Category |
|--|---|
| Stevenage Enterprise Centre | Minor/Major dependant on size of any SBC match-funding in final business case |
| Gunnels Wood Road Infrastructure Improvements | Minor |
| Station Gateway Enabling Works | Major |
| Marshgate Biotech | Minor |
| Stevenage Innovation & Technology Centre | Minor |
| National New Towns Heritage Centre | Minor/Major dependant on size of match-funding |
| Stevenage Sports & Leisure Hub | Major |
| Cycling Connectivity and Arts & Heritage Trail | Minor |
| Town Centre Diversification & Garden Square | Minor |

4.26 Our proposed assurance plan is for each business case to be approved by the Executive prior to submission to MHCLG.

- 4.27 Where a major business case is seeking to utilise funding within the financial year, an updated version of the business case will be reported to Executive and Council as required.
- 4.28 Where a major business case is not part of the fast-track programme and unlikely to spend capital this financial year, an updated full business case seeking funding will be reported to Council for approval at a later date; for most projects, this will likely be when further design work has been completed so that an accurate cost and programme is known.

5 IMPLICATIONS

- 5.1 There are a number of financial implications for the Council (Accountable Body). The scale of the programme is significant, and one of the largest allocations in the country, which is likely to bring higher levels of complexity and scrutiny.
- 5.2 The Council will be responsible for holding the grant funding in relation to this programme. The process for claiming funds is likely to be submitting quarterly claims in arrears, which means that the Council must cashflow the funding for short periods of time holding of the financial money for the projects.
- 5.3 Notwithstanding the advance funding of 5% committed by MHCLG, Members should acknowledge the risk that any capital money spent prior or post-business case approval carries a degree of risk; if the business case is never approved, or the project is not delivered, any spent costs are likely to fall back to the Council as a revenue pressure. This means that business cases should consider that risk when approved and how it can be mitigated.
- 5.4 Some of the Towns Fund projects require additional funding sources. Match-funding has been identified for a number of the projects, some may require Council funding and other third party sources. In relation to Council match-funding, individual Towns Fund projects need to consider other investment risk across the town centre with funding prioritised to contractual and council priorities first to limit overall exposure.
- 5.5 Further key decisions for the Council will be needed for the funding mechanisms for major projects as identified in section 4. Some of these projects, such as the leisure business case, will require approval of Council due to the level of investment required. It is recommended that this is triggered once more detailed design work has been completed, so that cost projections and programme timing are as accurate as possible, to provide Members with all of the information necessary to make any investment decision.
- 5.6 As stated within the town's Fund Guidance, all business cases must go through the Accountable Bodies processes for the business case submission. This will involve the use of independent finance appraisal where appropriate, with final sign-off of all financial elements of the business case under the jurisdiction of the Council's s151 Officer.

Legal Implications

- 5.7 The Council, as Accountable Body, will be the contracting body with MHCLG in relation to the Stevenage Towns Fund programme. Whilst final details of funding agreements have not yet been provided, it is envisaged that the Council will be responsible for overseeing and reporting defrayed expenditure, monitoring and evaluation, fund agreements, and all relevant legal aspects of the use of the funding, such as adherence to conditions
- 5.8 MHCLG has set a clear deadline in their July correspondence (Confirmation of Grant Funding Letter) of 24 March 2022 for all business cases to be approved and summary documents submitted. MHCLG reserves the right to “call-in” and review any individual business case. The consequence of failing to meet this deadline is likely to be the removal/withdrawal of funding.
- 5.9 Not all projects will be directly delivered by the Council. Some projects, such as Marshgate and the Sitech Centre, are likely to be delivered by partners. In such circumstances, a funding agreement between the Council as Accountable Body and any partner defraying expenditure must be but in place. Procurement advice should also be sought to ensure that public funds are used appropriately; this will be reviewed on a project by project basis where the Council is not directly defraying expenditure.
- 5.10 The approval process for business cases has been set out in section 4. Unless otherwise agreed at Executive or Council, it is envisaged that where required, authority to approve the business cases will be delegated from Council to Executive, to ensure the timely and consistent approval of business cases in accordance with the deadlines set out above. Approval of individual projects above Executive thresholds will still be required at a later stage once projects have been developed, at which point it is intended for the business case to be updated.
- 5.11 Individual business cases will be reviewed to provide legal input where required, including through the operation of the Chair’s Panel, to ensure appropriate decision-making.

Risk Implications

- 5.12 The key risks and mitigation can be summarised as follows:

| Key Risks | Mitigation |
|--|---|
| Business cases and summary sheets are not signed-off/submitted in time and funding is lost | Programme and resources have been established with a dedicated programme manager and oversight from Assistant Director (Regeneration) and Strategic Director (TP) to ensure products are commissioned and programme is on track |

| | |
|--|---|
| Business cases are rejected by Accountable Body/Development Board | Early engagement with both organisations to ensure they are involved and have oversight of business case development, to ensure they are supportive of the direction of travel |
| Sign-off process and/or decision routes are challenged | Developed sign-off process and governance as set out in this paper in accordance with guidance and best practice |
| Money spent at risk not recovered and resulting in a general fund pressure if projects don't proceed | Careful diligence of spending in early stages of the projects; not progressing to business case stage unless we are confident the project is deliverable; review of risk in entirety across the programme |
| Funding not sufficiently secured by accountable body, including match-funding | Towns Fund spend profile to be reflected in the Council's capital strategy, with individual projects returning to Council for future sign-off when at a suitably advanced stage to give Members the full information necessary for final budgetary sign-off |
| Third-parties do not deliver to timeframe or budget, and/or don't follow relevant procurement guidelines | All projects being delivered by a third-party to have a funding agreement in place with the Accountable Body |
| Business cases called-in and potentially challenged by BEIS/MHCLG | Utilising business case template provided through the Town's Fund resource; representative from BEIS to attend Development Board meetings and have sight of business cases at an early stage. |

Policy Implications

- 5.13 The acceleration of delivering regeneration within the town centre will help to deliver key objectives of the Council's Sustainable Transport strategy, Future "Town, Future Transport" (adopted 2019) and will also help to deliver on the Council's commitment to reducing carbon emissions as stated in the Climate Change Strategy (adopted 2020) through a well-designed and low energy Public Services Hub facility.
- 5.14 The consolidation of numerous public health facilities into one centralised facility, the public services hub, will ensure the Council and associated public sector partners provides a better service to its residents, in line with the contents of the Health and Wellbeing Strategy (adopted 2019).

Planning Implications

- 5.15 The Business Cases proposed thought the submission of the Town Investment Plan were submitted in accordance with Stevenage Borough Council Local Plan (adopted in 2019). The projects associated with the Town

Investment Plan, submitted in 2020 to central government, help to deliver key policies within the Local Plan.

- 5.16 This report primarily relates to the Local Plan's Town Centre policies which seek to promote the comprehensive and co-ordinated regeneration of the Stevenage Central area, as a series of Major Opportunity Areas which specify the development expected in each location.
- 5.17 There are number of projects that sit outside of this Town Centre space, notably Gunnels Wood Road infrastructure, Cycling and Pedestrian Heritage Trail. However, both of these projects do relate to other Local Plan policies relating to employment space and growth and Future Town Future Transport initiatives in alignment with Local Transport Plan 4, produced by Hertfordshire County Council.
- 5.18 Where required, if there is a Planning decisions required then this will be highlighted within the Business Cases and follow the appropriate planning process

Environmental Implications

- 5.19 A core value of embedded within the framework for appraising these projects is focussed on ensuring due consideration to Environment, and where possible support the reduction of impact of Regeneration on the Environment.
- 5.20 There is a significant focus on utilising brownfield sites and spaces to their maximum potential through the Stevenage Town Investment Plan, and a clear drive to focus on sustainable travel options, through both public and active transport initiatives.
- 5.21 Better land use planning is a key concept for mitigating emissions and allowing people to make the behavioural changes required to reduce their carbon footprints in the long run. New buildings will improve the environment, not detract from it.

Climate Change Implications

- 5.22 Climate Change remains a core focus within the Stevenage Town Investment Plan document. As one for the four key values to be embedded in to every project as they move from concept to more detail, it is anticipated that climate change benefits will need to be highlighted within this Business Case at this stage and then during the lifecycle of business case and project as it is updated a differing stages.
- 5.23 A number of the projects are directly linked to the reducing the impact on climate change i.e cycling and pedestrian trail. Others will seek to implement positive climate change benefits through their delivery.

Staffing and Accommodation Implications

- 5.24 Currently the only staffing implication would be the potential relocation of the Museum staff and accommodation for it's inclusion within the Hub. This concept is being developed as part of the business case stage, where further detail will emerge.

- 5.25 Some existing resources will need to be utilised to plan for how the Council wants to work most effectively from the hub; this can be delivered in tandem with the Council's transformation programme to maximise efficiency.

Equalities and Diversity Implications

- 5.26 Equality and Diversity Implications will be taken in to consideration for all of the project in their business cases. However, for completeness a programme EQIA has been produced and is attached to this report. This aims to cover the overview of what impact the totality of Town's Fund Programme will have as a collection of projects.

Service Delivery Implications

- 5.27 With such a variety of projects touching on multiple areas of the Council there will be implications for departments and services to deliver these initiatives over the course of the next 5 years. The Regeneration Team is working closely with strategic leadership to begin to prepare for mobilisation of these projects should they be successfully approved at Stevenage Development Board, and through the Council's processes. Below summarises a number of areas that will be more significantly impacted through this stage.
- 5.28 Museum could potentially be operating from a new location as an integrated offer within the Hub.
- 5.29 New Leisure Centre will be a new asset for the Leisure Team to procure an operator for and Estates to maintain/ manage.
- 5.30 Stevenage Direct Services- maintenance of new public realm areas as part of the new schemes.
- 5.31 Estates will gain a new asset interest through Enterprise Centre and other schemes.

BACKGROUND DOCUMENTS

- BD1 Stevenage Town Investment Plan (full submission)

APPENDICES

- A Investment Plan Executive Summary
- B Signed Heads of Terms
- C Town Deal grant confirmation