

## **1 APPENDIX A - BACKGROUND TO TOWNS FUND**

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 After extensive work and wide engagement by the Board, including working groups on Skills and Enterprise, Connectivity, Heritage and Culture, and Regeneration, the Stevenage Town Investment Plan (STIP) 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.
- 1.5 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.
- 1.6 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'.
- 1.7 The Ministry of Housing, Communities and Local Government (MHCLG) (now the Department for Levelling Up, Housing and Communities (DLUHC)) set out proposed Heads of Terms for the £37.5m award for the Town

Investment Plan). As set out by the Towns Fund programme, the Council and Chair of Stevenage Development Board proposed a funding profile. On 15 July 2021, DLUHC provided Grant Confirmation, allocating funding over a five year period – subject to approval of business cases by the Accountable Body and DLUHC conditions. This was allocated as follows:

- 1.8 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.
- 1.9 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 DLUHC by 24 March 2022.
- 1.10 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. In October 2021, at a meeting of the full Council, powers were delegated to the Council's Executive Committee to consider each of the business cases for approval.

### **Business case requirements**

- 1.11 The requirements for business case development and assurance are set out by DLUHC 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 24<sup>th</sup> March 2022.
- 1.12 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 DLUHC 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
- 1.13 Stevenage Borough Council and Stevenage Development Board are required to conduct project assurance for each individual project.
- 1.14 Each business case is expected to meet agreed criteria. DLUHC 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.
- 1.15 Each business case should be assured by the Accountable Body (in this case, Stevenage Borough Council), prior to submitting summary documents to DLUHC.

### **Developing and reviewing business cases**

- 1.16 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.

1.17 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, Section 151 Officer, Monitoring Officer, Hertfordshire LEP and, Hertfordshire County Council Officers) has been established to ensure business cases meet requirements before being recommended to the Development Board for approval. The following approval route will now be followed for the submission of business cases to DLUHC:

- Business case developed by Officers and Stevenage Development Board partners
- Review of business cases by a 'Assurance 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 DLUHC to access funding.