



**A place to start,
to stay, to grow!**

Staveley Town Deal Board

17 September 2021

Item 6a – Town Deal Funding Update

1. Recommendations

The Town Deal Board is asked:

- to **note and discuss** the updates contained in this report
- to **agree** the process for utilising the early payment (5%) of Towns Fund
- to **agree** that appraisals for the Wheels to Work and Staveley Miners Welfare Football Club Skills Academy projects, be undertaken in-house by the CBC Internal Programme Board, to address any budget constraints.

2. Process for payment of Towns Fund

As part of the return to government two months after Heads of Terms, a financial profile was provided for each project, year by year with a capital and revenue split. We have been asked to prepare this financial profile (Annex A1) in a revised format and include any revised project expenditure profiles by Monday 27th September. The CBC Internal Programme Board will review this at their September meeting and a copy shared with the Town Deal Board.

This included the allowance of £400k over the programme period for programme management costs (revenue). Based on previous advice and guidance, the assumption has been that CBC as the Accountable Body would receive the funding due for a given financial year at the start of that year. It would then be able to pay each sponsor during that year as claims are made and in line with the funding agreement between CBC and the sponsor. This position was confirmed in the grant letter sent on 15th July (circulated to the programme board for its July meeting).

The agreed funds will be issued annually as non-ringfenced grant payments under Section 31 of the Local Government Act 2003. It is for Section 151 officers to determine eligible project expenditure, but this must be within the total Town Deal award and must support the projects agreed by MHCLG

Guidance issued through FAQ July & Sept documents also states that:

Accountable bodies may use freedoms and flexibilities in the usual way. This includes capital swaps and moving money between projects to achieve spend. 2025/26 is the deadline for Towns Fund spend.

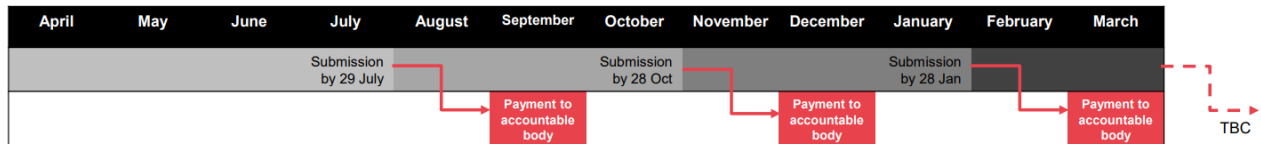
For expenditure during 21/22, a quarterly payment schedule has been sent by MHCLG, whereby any summary documents submitted this year and approved prior to each quarterly milestone would unlock payment (in line with the profile) at the next quarter (see below). This process is only expected



**A place to start,
to stay, to grow!**

to be in place for this financial year – the annual payment at the start of the year would then apply from 2022/23 onwards. NB: at the CLG Webinar held on 8 September, the January submission has been changed from the 28th to the 14th January (in the table below).

2021/22



3. Early payment of 5% of Towns Fund

Since receiving the grant letter, we have had further notification (below) that government are going to make an advance payment of 5% to all towns.

Yesterday my central colleagues confirmed that following the issue of your grant offer letter they will be releasing 5% of your full Deal value (£1,260,000.00), hopefully in a September payment, to support project (and business case) development and project delivery.

This does not mean that we will not still require business case summary documents but rather that the 5% funding release will need to be reconciled before further payments are released in respect of those summary documents.

Email from MHCLG lead, 23/7/21

The payment will also be a s. 31 payment made in September and will be for capital, not revenue, expenditure. In further discussion with MHCLG and having attended a recent webinar, it appears there will be little if any further guidance regarding the use of this funding. As subsequent summary documents are submitted, section 151 officers will be required to confirm that the 5% advance payment has been netted off first and that 'expenditure represents value for money'. It can be used to assist project sponsor organisations to incur expenditure now, ahead of submitting a business case, and where this is already included within their project costs. This could for example include design, development, site investigation, planning application and associated fees where early expenditure would either assist with improving business case robustness and/or ensure project delivery timescales are kept on track. Guidance also indicates that eligibility, including timing (i.e. retrospective approvals), is a matter for the accountable body to determine locally.

At recent project sponsor meetings (28th July & 25 August), project leads were updated and it was made clear this is not extra money and that anything released by CBC and spent now by a project would have to be netted off the funding that project receives if/when its business case is complete and approved. It was also emphasised that there is currently no mandate for CBC to award any of this funding to projects ahead of business cases being approved, since our Assurance Framework makes no provision for this as it was drafted before knowledge of the 5% early payment (see below).



**A place to start,
to stay, to grow!**

Engagement with sponsors shows that a number of projects would benefit from spending now to improve the robustness of the full business case, e.g. through further design to, surveys, site investigations and pre-planning work etc.

Subject to approval of the process by the Town Deal Board, an application & claim form will be prepared to ensure that an audit trail can be maintained regarding use of the 5% funding and that sponsor organisations are spending the money in line with Towns Fund and Accountable Body requirements.

MHCLG have confirmed that it would not be seeking any clawback of the money in the event that it was awarded to a project that was then unable to produce a compliant business case and/or unable to deliver. This clearly limits risk to the Accountable Body, though that funding would of course still be lost from the total pot available for the Town Deal.

3a. Proposed Process to release 5% funding

The following process is recommended to form an addendum to the Assurance Framework for making the 5% money available ahead of a business case being approved:

- Capacity funding to be utilised in the first instance to support project sponsors to develop business cases. The process for this will be light touch (see below) and aim to ensure a spread of the funding across those sponsors most in need of support.
- Where capacity funding has already been used/and or further costs arise, project sponsors to submit to the Town Deal Programme Manager a formal request for use of some of the early payment which should provide a clear rationale for expenditure in advance of business case submission and provide assurance the costs are already contained within the overall project budget (and will be netted off any Towns Fund awarded following business case approval). Further details of spend eligibility (e.g. procurement approach) will also be required.
- Spend in advance of business case approval for any project to be limited to 5% of the allocation for that project.
- Town Deal Programme Manager to consider the request and make a recommendation for sign-off via correspondence from CBC Internal Programme Board, with s. 151 officer approval required as a minimum. Where programme board members have concerns or require further discussion, the matter would be taken to the next internal programme board meeting. Where funding requested is above £100k for a project, this would require approval at Staveley Town Deal Board.
- Approvals made by the Programme Board (under £100k) to be reported to the Staveley Town Deal Board at each meeting.
- The Assurance Framework to be amended to reflect this process and taken for approval to the next Staveley Town Deal board.
- The amended Assurance Framework to be taken to CBC Cabinet at the one year review point.



**A place to start,
to stay, to grow!**

4. Fast Track Business Cases

4a. Staveley Miners Welfare Football Club

The Staveley Town Deal Board approved by correspondence a business case for part one of the Staveley Miners Welfare FC project (car park improvements). Once the project is in a position to submit a claim, it can be paid utilising the 5% advance with the costs netted off from the full SMWFC business case.

4b. Hartington Industrial Park

This is the second of the planned Fast Track projects. A Summary Document will be submitted to MHCLG once it has approval of the Town Deal Board, but must be submitted by 14 January 2022 in order for CBC to receive payment. Green Book Business Case work is well underway but this needs to be submitted and to progress in accordance with our Assurance Framework.

4c. Wheels to Work

There is potential for this project to Fast Track, but the Business Case needs to be submitted in accordance with our Assurance Framework. As above, a Summary Document submitted to and approved by MHCLG would trigger payment.

1. Summary of Planned Spend of Capacity Funding

A payment of £70k Capacity Funding has been made to CBC. Staveley Town Deal Board have previously approved use of this funding as below, with sign-off delegated to the Internal Programme Board.

Proposed use	Estimated cost*	Rationale
Business case assurance	£33k (i.e. £3k per project) Actual quotation is £49.9K inc Fees (i.e. £4.5K per project)	As agreed by the Board, all Full Business Cases to undergo external assessment
Direct support to project sponsors	£25K - 30k	As determined by one-to-one discussions, to ensure that specialist input required to develop full business cases is available to sponsors, particularly those with limited capacity and in-house resources.
Legal advice on subsidy control (formerly State Aid)	£4k	To be compliant with funding conditions and avoid legal challenge
Due diligence advice	£3k	Where projects arrangements are complex and/or further assurances are needed to protect public funding
Communications campaign	£5k	To raise the profile of the Deal and provide a platform for



**A place to start,
to stay, to grow!**

		further engagement to enhance projects
Total	£70-92k	Costs & expenditure will continually be reviewed within the Programme Budget to ensure spend is within budget

**These are only estimates and will depend on the market and value that can be obtained through procurement.*

In terms of the first line of the above table, the assurance would be undertaken by Thomas Lister, which provides the same service for the D2N2 LEP. The costs of this are higher than anticipated, though clarification is underway through Faithful and Gould regarding the quote and so costs may come down slightly. There is also the option of undertaking assurance for one or two smaller/lower risk projects in-house to reduce the costs. It is therefore recommended that for Wheels to Work and Staveley Miners Welfare Football Club Skills Academy projects, appraisal be undertaken in-house by the CBC Internal Programme Board, to address budget constraints.

Following Project Sponsor Meetings, three projects have come forward to access the Capacity Funding. A template claim and activity report has been developed in liaison with finance to ensure that an audit trail can be maintained regarding use of the capacity funding and that sponsor organisations are spending the money in line with Towns Fund and Accountable Body requirements.

The Internal Programme Board has approved and released a sum of £10k to the Canal Trust and Staveley Town Council. The Barrow Hill Community Trust has also made a request for £10K and procurement of the consultants is underway and when final costs have been confirmed a claim and activity report will be completed and payment released. Therefore, the total call on capacity funding currently runs at at £30k.

Recommendations

The Town Deal Board is asked:

- to **note and discuss** the updates contained in this report
- to **agree** the process for utilising the early payment (5%) of Towns Fund
- to **agree** that appraisals for the Wheels to Work and Staveley Miners Welfare Football Club Skills Academy projects, be undertaken in-house by the CBC Internal Programme Board, to address any budget constraints.