

## POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Corporate Performance Panel		
DATE:			
TITLE:	Towns Fund Management & Governance Arrangements		
TYPE OF REPORT:	Update		
PORTFOLIO(S):			
REPORT AUTHOR:	Jamie Hay / Mike Tweed		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

### **REPORT SUMMARY/COVER PAGE**

<b>PURPOSE OF REPORT/SUMMARY:</b>
A request was received by Internal Audit to undertake a review of the Towns Fund management and governance arrangements, in particular the Towns Deal Board (TDB).
<b>KEY ISSUES:</b>
<p>The contents of this report forms part of the overall Internal Audit of the Towns Fund which was initially due to be undertaken in quarter 4 as per the agreed Internal Audit Plan for 2022/23. This element of the audit was brought forward following this request and the full audit will form part of the progress report to be taken to Audit Committee later this year. The following areas have been covered under this element of the audit:</p> <ol style="list-style-type: none"> <li>1. The TDB has met the set-up requirements set by Government since its inception.</li> <li>2. Membership of the TDB is representative of the stakeholders and partnerships involved in the Towns Fund projects.</li> <li>3. Regular meetings of the TDB take place to monitor the progress of each project.</li> <li>4. Meetings of the TDB are minuted with evidence that issues identified are addressed in an action plan and resolved.</li> <li>5. Transparent decision making takes place within the TDB.</li> <li>6. Members of the TDB are required to submit declarations of interest on an annual basis to the BCKLWN Monitoring Officer (MO) and advise the MO of any changes within 28 days, so that the Register of Members' Interests (held on the Vision King's Lynn website) can be maintained.</li> <li>7. Members of the TDB are required to notify the MO of any gifts and hospitality that they may receive, so that this can be recorded in the Register of Gifts &amp; Hospitality (held on the Vision King's Lynn website).</li> </ol>
<b>OPTIONS CONSIDERED:</b>
This report is for information as per the request and comments can be referred to Internal Audit for consideration as part of the overall audit of the Towns Fund.
<b>RECOMMENDATIONS:</b>
Please see the attached report and consider the contents, should you wish to pass comments on it please refer these through to Internal Audit for consideration within the Internal Audit Report of the Towns Fund that is scheduled for quarter 4 of the 2022/23 Internal Audit Plan. This will be fed through to Audit Committee as part of the full year progress report for 2022/23 towards the beginning of the next financial year.
<b>REASONS FOR RECOMMENDATIONS:</b>
N/A

## **REPORT DETAIL**

### **1. Introduction**

The Towns Fund is a £3.6 billion fund investing in towns as part of the government's plan to level up the country's regions. In June 2021, King's Lynn was awarded a £25m Town Deal by government to deliver a range of programmes and projects that will result in economic productivity through urban regeneration, planning and land use, skills and enterprise infrastructure and connectivity. The £25m Town Deal award was based upon the **Town Investment Plan (TIP)** which was submitted to government in October 2020 and subsequently updated in February 2021. On 24<sup>th</sup> August 2021, Cabinet endorsed seven projects agreed by the Town Deal Board under the Town Deal for Kings Lynn, in the Council's capacity as the accountable body.

The **King's Lynn Town Deal Board (KLTDDB)** was established in January 2020 to support the development of the TIP for King's Lynn and identify and agree the funding priorities for a potential Town Deal. The TIP provides the vision and strategy for the framework for planning and implementing the regeneration of King's Lynn over the next ten years.

Central government, as part of the funding conditions, set out that the accountable body (BCKLWN) must establish a Town Board and also stipulated the required membership of the board. BCKLWN let a contract to a firm of management consultants, Metro Dynamic, who facilitated the first few sessions of the establishing and setting up of the Town Board.

The aim of the KLTDDB is to create an effective public-private partnership which brings together the agencies, organisations and business interests with a commitment to the physical regeneration and delivery of the TIP. The KLTDDB has the long term role of overseeing the development of business cases and delivery of the Town Deal by 31<sup>st</sup> March 2026 and identifying priorities in the TIP for future funding opportunities. The role of the KLTDDB is to:

- develop and agree an evidence-based TIP;
- develop a clear programme of interventions to improve the town's economic growth;
- ensure effective co-ordination between the activities and actions of the agencies and organisations involved in the development and delivery of the TIP; to serve in an advisory capacity to the lead Council (BCKLWN);
- to maintain an overview of the planning, development and delivery of development projects, providing a collective, co-ordinated response to issues, challenges and risks;
- to provide regular updates to partner committees, Boards and Towns Fund team;
- overseeing each step of agreeing a Town Deal, and overseeing compliance with the Heads of Terms Agreement with government;
- agree in principle the Town Deal with government and the Lead Council;
- identify future funding opportunities that align with the vision and priorities set out in the TIP, and work together to secure additional funding;
- to monitor and review the progress of the programme and effectiveness of the actions.

The membership of the KLTDB is made up of representatives from BCKLWN and Norfolk County Council, the local MP, and representatives from local organisations (such as the New Anglia Local Enterprise Partnership (LEP), Chambers of Commerce, College of West Anglia, Queen Elizabeth Hospital), community organisations (such as Community Action Norfolk) and local businesses.

The role of BCKLWN with regards to the Towns Fund is to:

- be the Lead Council and accountable body for the Towns Fund;
- be the main point of contact and liaison with the Department for Levelling Up, Housing & Communities (DLUHC, formerly known as MHCLG) in preparation and negotiation of the Town Deal;
- work in partnership with other government bodies to ensure the TIP aligns with county and regional strategic plans;
- identify and engage the Board in other funding opportunities that would help to deliver the aims and objectives of the TIP;
- define the area the KLTDB will represent on a map;
- uphold the Nolan Principles;
- ensure decisions made by the KLTDB are in accordance with good governance principles;
- publish the KLTDB's governance structure and ways of working, such as a statement on how the Board will engage with stakeholders and agree decisions over time.

In addition, BCKLWN is responsible for:

- supporting the process of developing a good TIP;
- providing technical expertise for business case development;
- developing agreed projects in detail and undertaking any necessary feasibility studies;
- helping develop detailed business cases;
- developing a delivery team, delivery arrangements and agreements;
- liaising with potential private investors in identified local projects and schemes;
- signing the Head of Terms Agreement with government;
- monitoring and evaluating the delivery of individual Towns Fund projects;
- submitting regular monitoring reports to the **Towns Hub**;
- receiving and accounting for the Towns Fund funding allocation; BCKLWN remains the accountable body for all monies received through capacity funding and any other funding that will be allocated from the Towns Fund and will set out how this money is spent.

**BCKLWN Cabinet, the Regeneration & Development Panel, Corporate Performance Panel (CPP)**, and other relevant Panels and Committees, will receive reports on the progress of activities in line with the Council's Constitution.

The **Towns Hub** consists of the central towns team within the Cities & Local Growth Unit (CLGU) in DLUHC, towns-focused colleagues in CLGUs regional teams, and the Towns Fund Delivery Partnership. The central towns team in DLUHC is responsible for ultimately receiving and evaluating the TIPs and business cases and facilitating the signing off of the Heads of Terms. The Towns Fund Delivery Partner Town Coordinators supplement government's role by providing technical support to LAs to develop their TIP and business cases.

The **Town's Fund Steering Group** is a collaborative partnership of key stakeholders. It is responsible for co-ordinating, commissioning and developing the TIP and project business cases under the direction of the Board, ensuring alignment with local, regional, and national strategy. The following groups liaise with the Towns Fund Steering Group:

- West Norfolk Transport & Infrastructure Steering Group – informs priority interventions to be appraised as part of the investment planning process;
- Skills Working Group – as above;
- TIP Project Team – to inform and develop priority interventions;
- Youth Forum
- St. George's Guildhall Complex & Creative Hub Advisory Group
- Guildhall Complex & Creative Hub Task Group
- St. George's Guildhall Complex & Creative Hub Community & Stakeholder Group
- Town Centre Repurposing & Public Realm Group.

The **Kings Lynn Town Deal Local Assurance Framework** (KLTDLAF) (approved by Cabinet in August 2021) sets out the governance and decision-making structure of the KLTDDB in relation to the Towns Fund. Sub-groups have been established to develop the detail of each project business case and to report progress to the KLTDDB. The Board will approve each business case, ensuring that they align with the TIP and have been developed with engagement with local communities and businesses. The Board will receive reports on progress, key milestones and any issues/risks identified during the development of the business cases.

The **Town Deal Programme Board** (a BCKLWN led board consisting of senior managers from BCKLWN, NCC and LEP, and chaired by the BCKLWN Chief Executive) is responsible for approving business cases on behalf of the accountable body and monitor and manage the delivery of the Town Deal. It will be supported by a **Programme Delivery Team** based in the Regeneration Service Area. As at August 2021, the following Towns Fund projects had been approved by government which the KLTDDB could prioritise for funding under the signed Heads of Terms offer:

- Town Centre Repurposing
- Kings Lynn Youth & Retraining Pledge
- Town Centre Public Realm
- St. George's Guildhall Complex refurbishment
- Active & Clean Connectivity
- Riverfront Regeneration
- Multi User Community Hub (MUCH).

The **Town Fund Delivery Plan** will set out the resources, programme and key milestones for each intervention which the Town Deal Programme Board will monitor progress against.

The KLTDDB will oversee the development of full business cases for each of the TIP projects. The business case development will be carried out by a Project Manager supported by the Programme Delivery Team. The process will be managed by the Town Deal Programme Manager who will provide progress reports to the KLTDDB. Independent appraisal of the business cases will be carried out prior to submission to government; once a project has been approved by the DLUHC, it will move onto the delivery stage. BCKLWN will be responsible for the day to day delivery and making operational decisions. The KLTDDB will be responsible for strategic programme decisions and overseeing delivery of the

programme, monitoring and evaluating each project and compliance with Head of Terms Agreement with government.

As at 8<sup>th</sup> June 2022, as reported to Cabinet, of the above seven projects within the Town Deal, two have had business cases completed, submitted and agreed by government, allowing delivery to commence in March 2022. These are the Youth & Retraining Pledge and the Public Realm project. The remaining five projects have not yet had the business case process completed; Cabinet were asked to approve adjustments to funding profile and the number of projects to be submitted as final business cases. Four of the projects (MUCH, Guildhall, Active & Clean Connectivity and Riverfront Regen) had proposed changes and revised TD allocations made against each one; the remaining project (**Town Centre Re-Purposing**) was removed from the programme, with some of its funding, outcomes and outputs reallocated to the MUCH project.

Updates at key points for projects reaching appropriate stages have been taken to the relevant Policy Review & Development Panels (R&D and CPP); Member briefings were given on all Town Deal projects in Feb 2022 and on governance arrangements/process in March 2022. The TD Programme Board, chaired by the Chief Executive, has received regular updates on progress and to ensure that the KLTDLAF is being complied with. The KLTDDB meet every month to ensure programme oversight and management.

As reported to Cabinet on 8<sup>th</sup> June 2022, the total TDF programme cost is £37,056,707, with £25m funding from the Town Deal Fund, and the remaining £12,056,707 in “match funding”, covering the following six projects:

- Youth Re-Training Pledge – total project cost £479,967 (£442,000 from TDF and £37,967 from match funding).
- Multi-User Community Hub (MUCH) – total cost £12,400,000 (£7,400,000 TDF and £5,000,000 match).
- St. George’s Guildhall & Creative Hub – total cost £12,174,091 (£8,097,181 TDF and £4,076,910 match).
- Active & Clean Connectivity – total cost £6,267,625 (£4,232,876 TDF and £2,034,750 match).
- Riverfront Regeneration – total cost £5,004,023 (£4,178,943 TDF and £825,080 match).
- Town Centre Public Realm – total cost £327,000 (£245,000 TDF and £82,000 match).
- Included within the TDF of £25m are programme management costs of £404,000.

The **Towns Fund Delivery Partner “Match Funding Guidance”** states that typically, the TFDP would anticipate co-funding sitting alongside Towns Fund monies to deliver the interventions proposed, and where this co-funding equals the contribution made by the Towns Fund this would be denoted as “match funding”.

## 2. Proposal

To note the contents of this report and forward any comments to Internal Audit to form part of the overall reporting of the internal audit of the Towns Fund due in quarter 4 of the 2022/23 annual internal audit plan.

## 3. Issues for the Panel to Consider

None.

## **4. Corporate Priorities**

The Towns Fund and its related projects encompass the Corporate Business Plan's "vision", **West Norfolk is a place where:**

- businesses and people can flourish
- communities are active and healthy
- residents and visitors can access fulfilling cultural, leisure and sporting activities
- a good quality of life and environment are available to all

As part of our vision, we're committed to ensuring equality for all residents of and visitors to west Norfolk, and to its employees.

The Towns Fund and its related projects furthermore encompass all 6 of the Corporate Business Plan priorities and objectives:

### **1. Focusing on delivery**

- set a Medium-Term Financial Strategy to fund council services by a prudent mix of investment, services and tax income, while maintaining adequate reserves
- develop and increase the range and effectiveness of the Council's approach to communicating and engaging with employees, businesses, local communities and visitors
- be attentive to our customer and community needs

### **2. Delivering growth in the economy and with local housing**

- develop our town centres and the rural offering; recognised as great places to live, visit and invest into
- deliver the Local Plan

### **3. Protecting and enhancing the environment including tackling climate change**

- deliver on our commitment to be carbon neutral by 2035, or earlier, by implementing the council's carbon reduction strategy and encourage and collaborate with our partners, communities and local businesses to reduce their environmental impact

### **4. Improving social mobility and inclusion**

- assist our residents to maximise their opportunities by accessing the support and services they are entitled to
- ensure the Council participates in a range of initiatives which support the development of skills in and pathways to work for local people

### **5. Creating and maintaining good quality places that make a positive difference to people's lives**

- target littering and fly-tipping.
- maintain standards for open and green spaces.

### **6. Helping to improve the health and wellbeing of our communities**

- improve and develop the quality of local sport and leisure facilities.
- work with our partners to improve community cohesion and reduce crime, the fear of crime and anti-social behaviour

## **5. Financial Implications**

None.

## **6. Any other Implications/Risks**

None.

## **7. Equal Opportunity Considerations**

None.

## **8. Environmental Considerations**

None.

## **9. Consultation**

None.

## **10. Conclusion**

Internal Audit to make the relevant recommendations resulting from the Towns Fund audit and establish agreed actions and deadlines with relevant responsible officers.

## **11. Background Papers**

A wide range of documentation has been reviewed to form this report and the wider internal audit of the Towns Fund. Attached are the findings and recommendations (Appendix A) as well as a compliance checklist against the Towns Fund Guidance (Appendix B).