



Doncaster Council

Report

Date: 21/10/2021

To the Deputy Mayor, Councillor Glyn Jones, Portfolio Holder for Housing and Business

Town Deals Early Funding and Grant Offer

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr Glyn Jones	Town Stainforth and Barnby Dun	Yes

EXECUTIVE SUMMARY

1. This report seeks approval to receive £2,320,000 Town Deals capital funding pre-payment funds from the Department for Levelling Up, Housing and Communities (DLUHC), using these monies to fund developing full Towns Deals business cases and early Towns Deals projects developments. The DLUHC was formerly the Ministry for Housing, Communities and Local Government (MHCLG). On 23rd July the MHCLG announced that to help with project delivery they would be releasing early a payment of 5% of the total Heads of Terms offer. These funds would be released once project confirmation had been finalised and MHCLG were satisfied with the confirmation. The funds would comprise of the following:
 - 1.1 Doncaster Town Deal - £1,240,000
 - 1.2 Stainforth Town Deal - £1,080,000.
2. These capital pre-payment funds would be deducted from the Towns Fund provisional offer already identified (£24,800,000 for Doncaster and £21,600,000 for Stainforth). The fund would be in the form of a Section 31 Grant.
3. This report also seeks approval to receive and accept the Town Deals Grant Offer Letter from DLUHC, one each for Doncaster and Stainforth Town

Deals respectively.

EXEMPT REPORT

4. This is not an exempt report.

RECOMMENDATIONS

5. Portfolio holder to approve:-
 - To delegate to the Director for Economy and Environment, in consultation with the Section 151 Officer, the portfolio holder for Housing and Business and Chair of the appropriate Towns Board to accept the 5% early payments for the Doncaster Towns Deal and Stainforth Towns Deal and to agree and sign the respective Grant Offer Letters
 - To add £1,240,000 for Doncaster Towns Deal and £1,080,000 for Stainforth Towns Deal to the Councils Capital Programme – Economy and Environment.
 - To delegate authority to the Director of Economy & Environment in consultation with the Section 151 Officer and the portfolio holder for Housing and Business to undertake any necessary development works for the Doncaster Towns Fund and the Stainforth Towns Fund using their respective 5% early payment, to include, but not limited to appointment of relevant external appointments to progress feasibility work and to develop the full business cases

REASON FOR URGENCY

6. This decision is being taken in accordance with the Council's Access to Information Procedure Rule 15, (General Exception), as it has not been practical to provide the 28 days' notice normally required for a key decision and due to the timescales between project confirmation submission to DLUHC, receipt of Grant Offer letter and issuing of the Towns Fund pre-payment funds. To date, DLHUC have not confirmed satisfaction of the Doncaster Town Deal project prioritisation documentation, yet have indicated that the pre-payment funds are released once DLUHC 'are satisfied'. Therefore, release of the Grant Offer Letter and pre-payment funds for Doncaster are expected to be release imminently. If the urgency provisions for decision making were not applied, there is a risk that the funding to support early projects developments could not be applied in a timely manner, potentially compromising the timescales for business case summaries completion and submission to DLUHC. This potential delay could further impact the release of further Towns Deal funding for Doncaster and Stainforth..
7. The Stainforth Town Deal is still at the project confirmation stage, with project confirmation documentation for Stainforth due to be submitted to DLHUC on the 5th October 2021. To that end, the release of the Stainforth Grant Offer Letter and pre-payment fund is not as imminent as the Doncaster

equivalent. However, it would be prudent to seek approval to receive the pre-payment funds and Grant Offer Letter for both Towns Deal areas at the same time. If the urgency provisions for decision making were not applied, there is a risk that the schemes could not be delivered in the timescales.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

8. The overarching aim of the Town Deal is to help to increase economic growth with a focus on regeneration, improved transport, better broadband connectivity, skills and culture. Working closely with a range of stakeholders that make up each areas board, a portfolio of schemes have been identified that will deliver the following:
 - A transformation of the 'gateway' into Doncaster town centre - stimulating long-term economic investment and growth. This will lead to a greater diversity of the town centre economy, providing people with more opportunities for learning, skills, employment, leisure and housing.
 - Stainforth can unlock its full potential to grow with pride, energy and ambition by developing its existing town and community assets, bringing forward projects to inspire and act as a catalyst for positive future change and opportunity; the overarching vision for Stainforth builds on the Stainforth Neighbourhood Plan (unadopted).

BACKGROUND

9. On the 6th September 2019 the Ministry for Housing, Communities and Local Government (MHCLG) announced the establishment of a £3.6 billion Towns Fund to support economic regeneration, with 100 places invited to develop proposals for up to £25 million of investment per place. Both Doncaster and Stainforth were identified by government as places for which this opportunity would be available.
10. Following extensive development with the Doncaster & Stainforth Town Deal boards, consultation with key stakeholders and members of the public, the Town Investment Plans (TIP) for Doncaster and Stainforth were submitted to MHCLG in January 2021. These TIPs effectively contained the 'bid' for Towns Deal funding.
11. Following submission of the TIPS, MHCLG released the Heads of Terms (HoT) for Doncaster and Stainforth. The HoT contained the provisional 'offer' to both places, including constraints, conditions and expected outcomes/outputs. The Heads of Terms were accepted by Doncaster and Stainforth in late June and early August respectively.
12. The next stage was for Doncaster and Stainforth to confirm which projects would be taken through to full business case development. Doncaster submitted project confirmation documentation to DLUHC on 26th August 2021. Stainforth submitted project confirmation document on 5th October 2021.
13. Following indication of satisfaction with project confirmation documentation, DLUHC will release the Grant Offer Letters to Doncaster and Stainforth.

14. Phase 2 of the Towns Fund process includes detailed project development and business case assurance at local level. Summaries of full business cases have to be submitted to DLUHC for approval, prior to release of Towns Deal funds. Once the proposals are fully developed and the risks and implications are set out in full, a further decision will need to be taken ahead of Summary Document submission, to accept the remainder of the Town Deal funds and add specific projects to the capital programme.
15. On 23rd July MHCLG (as was) announced that to help with project delivery they would be releasing early a payment of 5% of the total Heads of Terms offer. These funds would be released once project confirmation had been finalised and MHCLG were satisfied with the confirmation. The funds would be received as follows:
 - 15.1 Doncaster Town Deal - £1,240,000
 - 15.2 Stainforth Town Deal - £1,080,000.
16. These capital pre-payment funds would be deducted from the Towns Fund provisional offer already identified (£24,800,000 for Doncaster and £21,600,000 for Stainforth). The fund would be in the form of a Section 31 Grant.

OPTIONS CONSIDERED

17. Do not accept the Towns Deal early-funding Section 31 Grant or the Grant Offer Letter from DLUHC. Selecting this option would effectively entail rejecting the offer of funding from DLUHC. If this option was selected, Doncaster and Stainforth would not be able to reap the economic regeneration benefits that delivery of the projects identified within the Doncaster and Stainforth TIPs would deliver.

REASONS FOR RECOMMENDED OPTION

18. DLUHC are releasing the early-funding grant in recognition that Towns Deal places would have otherwise had to fund early project development 'at-risk'. There is the risk that places could incur costs that would not be recouped if the project business cases were rejected by DLUHC. Accepting the early-funding grant mitigates this risk. Accepting the Grant Offer Letter is a stipulated step in the Towns Deals process. Not accepting this grant would effectively end the Towns Deal process for Doncaster and Stainforth.
19. Development costs would include internal costs from charging services such as legal and highways design, appointment of external parties for identified needs of compulsory purchase order advice and commercial viability analysis and advice, in addition to costs related to feasibility surveys and design work and costs related to progressing compulsory purchase and potential acquisition payments.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

20.

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<ul style="list-style-type: none"> • Improves flow and circulation from Doncaster town centre key public transport entry point into the urban centre of the town • Railway square extension leverages Doncaster's position as a major regional transport link to further encourage potential investors • Provision of good quality office/mixed use facilities attracts growing and new business to the town, and therefore better-quality employment opportunities • Supports the wider regeneration of Doncaster town centre following the economic shock of Covid-19 and previous observed town centre trends • Supports the development of Community Assets outside the town centre
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<ul style="list-style-type: none"> • Doncaster Gateway new multi-use building provides upgraded spaces to create vibrancy and footfall in a currently underused site. • The station square extension will provide green space for the community to enjoy and will encourage people to use public transport and feel safe and welcome. • The sense of 'arrival' at the new Gateway raises the aspiration for the community of Doncaster and increased perception of the town as a great place to visit and of which to be rightly proud • Promotes investment opportunities outside of the town centre

RISKS AND ASSUMPTIONS

21. DLUHC have stipulated that the early-funding grant must be spent 'in-year'. However, they have also advised that accountable bodies may use freedoms and flexibilities, such as capital swaps and moving money in-year between projects to achieve spend. Furthermore, DLUHC have confirmed that they will simply net-off future Towns Deal grant payments until the early-fund grant has been reconciled.
22. There is a risk that a proportion of the early-funding grant could be spent to develop projects that ultimately prove unviable. DLUHC have confirmed that they would not seek to recoup any of the grant in this instance. However, as the early grant is netted off the overall fund offer, any identified replacement projects may not attract the same funding offer from DLUHC. This will need to be mitigated by ongoing evaluation of projects viability and early consultation with DLUHC if concerns start to materialize.

LEGAL IMPLICATIONS [Officer Initials NJD Date 6th October 2021 .]

23. Section 1 of the Localism Act 2011 provides the Council with the general power of competency, allowing the Council to do anything which a person is permitted to do.
24. The Towns Deal is a two stage process, stage one covers the preparation and submission of the Town Investment Plan and if successful, Stage 2 covers the preparation and submission of full business case.
25. At stage one, the Council signed heads of terms offers for Doncaster and for Stainforth projects. The heads of terms set out the requirement for the Council to provide further information within 2 months of signing the respective heads of terms to allow MHCLG to consider whether to approve moving both projects to stage two.
26. In September MHCLG issued 'Towns Fund 5% Capital Funding Pre-Payment FAQ's. The FAQ advised that MHCLG will be releasing a capital 5% early payment of the total Heads of Terms offer which is expected once MHCLG are satisfied that Doncaster and Stainforth projects have completed stage one.
27. The FAQ states that the Council will be issued with a grant offer letter for each of the projects. Funding can only be spent on projects listed within the respective grant offer letters. The Council will be expected to report on the 5% early payment and therefore should maintain an audit trail of spend. The 5 % early payment is to support the development and delivery of the projects. Should the Doncaster and/or the Stainforth projects not prove viable, MHCLG will not seek to claw back the 5 % early payment.
28. The 5% early payment must be used in compliance with the grant offer letter which is likely to contain certain terms and conditions as to how the money should be spent, failure to comply with these terms and conditions could result in clawback. The procurement of services and works must be made in

compliance with the Public Procurement Regulations 2015 and the Councils contract procurement rules.

29. The remaining funding for Doncaster and/or Stainforth projects are subject to successfully completing Stage 2 of the Towns Fund process.
30. There will be significant legal implications arising out of these projects as they progress. It is advised that early engagement takes place with legal services and corporate procurement as there are significant procurement, subsidy, governance, property and commercial law matters to address.
31. This decision is being taken in accordance with the Council's access to information procedure rule 15, general exemption, as it has not been practical to provide the 28 days' notice normally required for a key decision without impacting on the Council's ability to secure this funding and deliver within the agreed timescales. The chair and members of the Overview and Scrutiny Committee have been informed of the reason for urgency.

FINANCIAL IMPLICATIONS [CA Date 11.10.21]

32. The Council will receive £2.32m in capital grant funding as an early payment of Towns Fund grant in 2021/22 in the form of Section 31 grant (£1.24m for Doncaster and £1.08m for Stainforth), which reflects 5% of the Heads of Terms offer for both of the Town Deals (£24.8m and £21.6m respectively). The early payment forms part of the overall Town Deal funding offer.
33. The Council's Financial Procedure Rules say at section E.9 "Grant acceptance and/or commitment is subject to key decision rules." The early payment is over key decision level, therefore the recommendation is to delegate the acceptance of the grant funding until such a time when the Grant Offer Letter is received and the terms and conditions have been clearly set out.
34. The Doncaster and Stainforth Town Deal schemes will be added to the Economy and Environment Capital Programme, initially to the value of £2.32m, to be spent on early stage capital activity including development costs necessary to bring future assets into operational use. Until the grant offer has been accepted, expenditure should be minimised as it is at risk of not being eligible for the grant. Once spending plans become clear they will be examined and eligible costs will only be capitalised where appropriate.
35. A total of up to £46.4m of grant funding from MHCLG for individual projects will be subject to successfully completing Phase 2 of the Towns Fund process, which includes detailed project development and business case assurance at local level.
36. Within 10 months of submitting Project Lists, the Council must complete business cases which form the basis of the Summary Document to be submitted to MHCLG. The financial implications including any obligations and risks will become clearer as the project details are further defined and the business cases are developed. These will need to be considered in full when formal approval is sought to submit the Summary Document to

MHCLG.

37. MHCLG issued a response to Frequently Asked Questions regarding the 5% capital pre-payment. The response clarified that the intention of the funding is to enable early-stage activity in project development and that funding should only be spent on projects listed in the Grant Offer Letter. In the event that the 5% early payment is more than a town profiled for 2021/22, MHCLG will net this off future payments until the amounts are reconciled. Should a project within a deal not prove viable, MHCLG will not seek to claw back the 5% early payment. However, it should be noted that the pre-payment is netted off the overall offer and there is no guarantee that projects would be replaced at equivalent value. This reduces the risk of unfunded abortive development costs.
38. The Council's internal delivery team will need to report on this funding and should maintain an audit trail to support this reporting. We expect the specific reporting requirements to be received with the Grant Offer Letter.

HUMAN RESOURCES IMPLICATIONS [Officer Initials: DK Date: 05/10/2021]

39. There are no HR implications specific to the recommendations in the report, however, any emerging matters that impact on the workforce will require HR engagement at the appropriate time.

TECHNOLOGY IMPLICATIONS [Officer Initials PW ... Date 05/10/21]

40. There are no specific technology implications relating to recommendations outlined in this report. Digital & ICT should be consulted as part of the development of the full business cases to provide any necessary technical expertise and input, where applicable.

HEALTH IMPLICATIONS [Officer Initials...VPH.....Date ...08/10/2021.....]

41. Supporting the transformation of the 'gateway' into Doncaster town centre - stimulating long-term economic investment and growth supports the long term health inequalities approach across Doncaster. Building on the Community centred approaches with the locality model to build healthy and resilient communities, working with our communities to take ownership of their health and wealth.

EQUALITY IMPLICATIONS [Officer Initials...NA..... Date...04/10/2021.]

42. To comply with the Heads of Terms conditions, equality impact assessments will be developed over the course of projects development and delivery plans which will be reviewed and updated at each stage.

CONSULTATION

43. Consultation exercises were conducted as part of the process of delivering the Doncaster TIP

BACKGROUND PAPERS

44. 'Towns Fund Prospectus', dated 1st November 2019
(<https://www.gov.uk/government/publications/towns-fund-prospectus>)

ODR1 – Doncaster Town Deal Project Confirmation dated 10th August 2021



ODR1 Doncaster
Town Deals Project

ODR1 – Stainforth Town Deal Project Confirmation dated 4th October 2021



EE21 0233
Stainforth Town Deal

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

MHCLG – Ministry for Housing, Communities and Local Government

TIP – Town Investment Plan

DLUHC - Department for Levelling Up, Housing and Communities

HoT – Heads of Terms

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