



**OPEN REPORT
COMMUNITY AND ENVIRONMENT COMMITTEE**

Community and Environment Committee 1 November 2022

REGENERATION CAPITAL PROJECTS

Report of the Director of Regeneration and Policy

Report Author and Contact Details

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Wards Affected

District-wide

Report Summary

The report updates Members on the 'pipeline' of capital regeneration projects discussed at previous meetings, and sets out criteria for approval for future District Council involvement in town centre regeneration projects promoted by others. The report also provides an update on work undertaken at risk following submission of the *Levelling Up Fund* bid in July 2022 in order to be prepared in anticipation of a potential imminent funding award. Members are asked, in the event of a funding award, to provide delegated authority for officers to enter into grant funding and other formal project agreements.

Recommendations

1. That the work undertaken on regeneration capital 'pipeline' projects since the last meeting of this Committee be noted.
2. That the criteria and template for project sponsors to submit regeneration capital project proposals for consideration for development work be approved.
3. That the Council is recommended to approve a revenue budget in 2023/24 of up to £50,000, financed from the Economic Development Reserve, to fund such development work as might fit the above criteria, subject to available resources and subject to reassessment following *Levelling Up Fund* announcements.
4. That the work undertaken by officers and consultants since the submission of the *Levelling Up Fund* bid be noted
5. That expenditure of the *Levelling Up Fund* project development funding be noted and that the spending of the remaining sum be endorsed as set out in paragraph 7.3.
6. That authority be delegated to the Director of Regeneration and Policy, Director of Resources and Director of Corporate and Customer Services to accept grant

funding, enter into grant funding and other necessary agreements (including with the Government, Derbyshire County Council and Ashbourne Methodist Church) in the event that the District Council is awarded Levelling Up Funding.

List of Appendices

- Appendix 1 Pipeline of town centre economic regeneration capital projects – application template
- Appendix 2 Example specification for pipeline project development

Background Papers

- Community and Environment Committee, 6 April 2022: *Levelling Up Fund Round 2 Bid*
- Community and Environment Committee, 29 June 2022: *Levelling Up Fund Round 2 Bid Submission*
- Community and Environment Committee, 23 February 2022: Derbyshire Dales Economic Recovery Plan - *Levelling Up Fund*

Consideration of report by Council or other committee

N/A

Council Approval Required

No

Exempt from Press or Public

No

REGENERATION CAPITAL PROJECTS

1. Background

1.1 At the meeting of this Committee on 29 June 2022, in agreeing to submit a *Levelling Up Fund* bid for Ashbourne town centre, Members also discussed the desirability of developing a 'pipeline' of other capital regeneration projects. Work has progressed on the initial projects discussed at that meeting. Further work has also been undertaken on the *Levelling Up Fund* projects, following submission of the bid, in order to be prepared for a potential funding award.

2. Town centre economic regeneration capital projects

2.1 The Community and Environment Committee meeting on 29 June 2022 considered a pipeline of capital regeneration projects which, whilst not able to be included in the *Levelling Up Fund* bid, were being progressed so that when future funding opportunities arise they are better placed to submit bids. The District Council would wish Derbyshire Dales town centres to be ready for when the Government may announce new funds in future. Providing support to help develop some capital projects from the 'ideas' stage to the 'outline design' stage will help develop a pipeline of projects at different stages of readiness to bid for potential future Government funds.

2.2 In Ashbourne, the projects considered at the June 2022 committee meeting comprise feasibility work to consider better connectivity between the town centre and Waterside retail park (along Henmore Brook) and between the town centre and the airfield. Both projects link well with the themes of the *Levelling Up Fund* (LUF) bid.

2.3 The scope for the Henmore Walk feasibility study was agreed in August 2022 (see Appendix 2) and is being progressed by Lathams as a pilot project on a similar basis as the work they are continuing to carry out for the District Council in connection with the LUF bid. Consideration of cyclists (as well as pedestrians) is a key part of the connectivity work, with the potential for e-bike charging also part of the commission.

2.4 A draft report is due later this month, at which point the possibility of progressing further (potentially coordinating with LUF delivery) can be considered. The report is required to

- Give a clear view of feasibility / realism of the scheme – and if currently not, what would be required to make it deliverable
- Describe any consultation and engagement with the public, businesses and other stakeholders that has been (a) already carried out, (b) remains to be undertaken by the project sponsors, in order to be able to demonstrate widespread support;
- Clarify the position with regard to land ownerships, assembly, consents, licences etc.
- Make it clear if there is / is not a strategic fit for the project e.g. clear link to District Council economic priorities, local strategy and county/national economic priorities

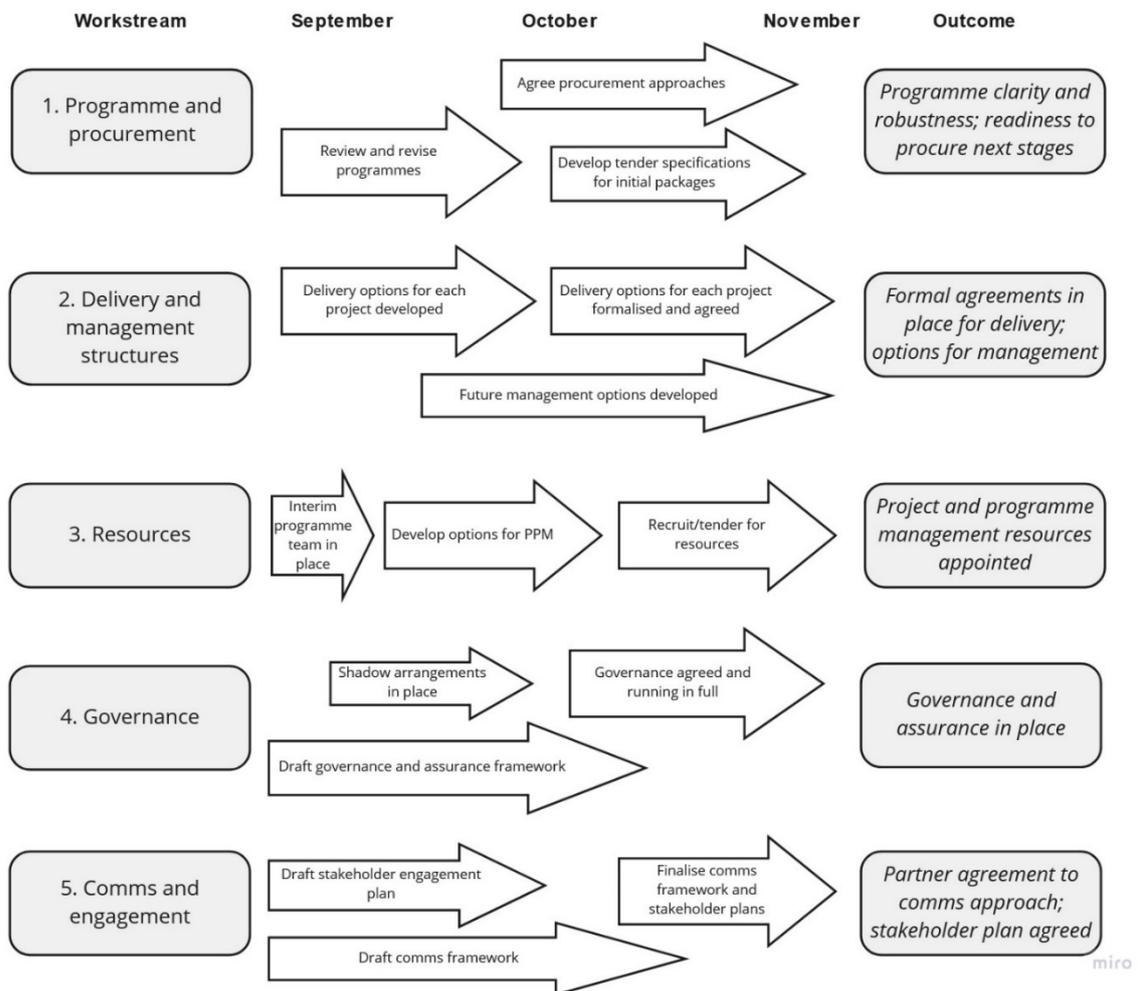
- 2.5 Although commissioned by the District Council, the report will be most useful to the project sponsors who will be responsible for taking forward recommendations (in this case, AshCom who initiated the project and Ashbourne Town Team who put it forward).
- 2.6 In Matlock, initial pipeline projects considered at the June 2022 committee meeting relate to the Bakewell Road cinema scheme and comprise public realm enhancement on footways around the cinema and north side of Bakewell Road; and work with Matlock Community Vision to progress the community space to the detailed design stage and support MCV's business planning. A draft brief for the business planning required has been prepared (with thanks to local partners) together with a draft scope for the internal design to enable this work to be commissioned.
- 2.7 Other town centres may also have pipeline capital regeneration projects in mind, and the Director of Regeneration and Policy has already had an initial meeting with Wirksworth Town Council in this regard. 'Closer working' meetings with other town councils regularly take place with other Directors.
- 2.8 In order to select which projects qualify to enter the town centre regeneration capital projects pipeline, reasonable criteria are required. The District Council should only invest in feasibility and preparatory work into projects that have a good chance of attracting public funding in future. For instance, projects must match District Council priorities; be deliverable with regard to land ownership, planning, funding etc.; and meet likely value for money criteria i.e. be of suitable scale.
- 2.9 Other issues to consider include
- the rationale/purpose/beneficiaries of any given project
 - what other resources will be brought to the table (assuming nothing will get 100% funding)
 - who will deliver and (where relevant) operate the project.
- 2.10 A template setting out criteria for project sponsors to set out in their applications to join the pipeline is attached at Appendix 1 for approval. Projects unable to provide suitable rationale might remain on a longlist but could not progress into the pipeline proper. But it would be transparent and clear to the sponsor the area(s) they would need to address in order to move their project into the pipeline in future.
- 2.11 For those projects in the pipeline, the District Council's developmental support might in practice entail, for example:
- commissioning an architect to prepare designs/drawings and undertake initial site appraisals;
 - providing a QS to prepare cost plans; or
 - commissioning business case development using the Treasury five case model.
- 2.12 **It is important to be clear that this is not a general call for project ideas.** Whilst the District Council is keen to develop economic regeneration capital schemes in town centres, we should not raise unrealistic expectations.

- 2.13 There is no Government regeneration funding known to be coming down the tracks – it is unknown if and when further funding for the Derbyshire Dales will be made available. However, on past experience, the Government does periodically announce new funding streams, and when it does the bidding window is short. At that point, those projects that have already been designed and costed at least in outline are more likely to be ‘bid ready’ should the funding criteria be favourable. (Such was the case with Ashbourne Town Team’s proposals for the *Levelling Up Fund* bid: they had a head start as they had already undergone initial design and had secured match funding and relevant consents.)
- 2.14 Secondly, the District Council is not in a position to fund general proposals with an unrealistic prospect of delivery. At the moment, there is a limited and decreasing sum remaining in the Economic Development Reserve to fund feasibility and other studies to help develop pipeline capital projects to the ‘bid ready’ stage (see Financial and Resource Implications section below). It is therefore necessary to prioritise those schemes with best fit to identified District Council regeneration priorities and which can already demonstrate community, business and stakeholder support. It is also necessary to focus attention on a limited number of town centre projects at scale, rather than attempt to ‘spread the jam thinly’ over numerous small projects that would struggle to demonstrate outputs required by Green Book business cases. For this reason, too it is necessary to prevent project creep – hence requiring projects to complete a template as a prerequisite for support.
- 2.15 Thirdly, officers are currently engaged in progressing the Bakewell Road Matlock development and hope also soon to be managing LUF project delivery. In addition, UK Shared and Rural Prosperity Funds are confirmed and delivery must start this financial year. Whilst recruitment to both established and temporary project posts is underway, it will be some months before the team is at full strength. With this resourcing-up process in mind, the timescale for starting work on developing potential pipeline projects is expected to be the year 2023/24.

***Levelling Up Fund* post-submission preparatory work**

- 2.16 As stated at the 29 June meeting of this Committee, work has continued ‘at risk’ in the period since LUF bid submission (31 July 2022) prior to expected award announcement in order to meet the project delivery milestones for LUF. This has required continued work by the interim bid director and consultants during this period, so that when LUF grant is awarded projects are in a position to start delivery as soon as possible. The activity has also helped maintain momentum and positive relationships with stakeholders. It should help ensure the District Council is ahead of other areas that will all be competing for resources in the market at the same time once LUF announcements are made. This work has continued under existing arrangements as set out in the report of 23 February 2022.
- 2.17 Activities have been controlled by an interim project plan with five workstreams (see summary diagram overleaf). The purpose of this post-submission work has been to have in place, as far as practicable by the anticipated LUF announcement date:

- A revised and robust programme for delivery of all LUF components shared, understood and agreed with each of the delivery partners
- Everything in place to procure the next stage of work for each project (design of main works) (i.e. detailed technical tender packs specified)
- Project management resources specified (i.e. staff or consultants)
- Documentation providing clarity with each delivery partner and key stakeholder regarding the structure for delivery and future operation of each project (including associated grant funding agreements and business plans/operating models)
- Programme and project governance in place and running smoothly. Governance arrangements will be in accordance with those approved by the Community and Environment Committee on 23 February 2022
- A communications and engagement plan agreed and mobilised with partners.



2.18 Recent activity has included:

- Internal working group established and initial meetings held
- Draft governance structures considered
- Assurance framework drafted
- Meeting with Derbyshire County Council highways held to consider delivery arrangements for highway proposals
- Project management resources specified and job description drafted

- Risk register reviewed
- Further meetings with Ashbourne Town Council, Ashbourne Town Team, AshCom and Ashbourne Methodist Church held
- Heads of Terms for grant funding agreement with Ashbourne Methodist Church drafted
- Government Local Growth Unit visit arranged (cancelled due to LGU illness)
- Draft communications protocol and stakeholder engagement protocol written
- Review of public realm programme commenced
- Specifications for required surveys prepared.

2.19 It is recommended that authority is delegated to the Director of Regeneration and Policy, Director of Resources and Director of Corporate and Customer Services to enter into grant funding and other necessary agreements in the event that the District Council is awarded Levelling Up Funding. These might include agreements with Derbyshire County Council and Ashbourne Methodist Church for funding and project delivery. The purpose of such agreements will be to ensure delivery partners accept the funding conditions and principles to which the District Council as the Accountable Body will be held by the Government, thus mitigating financial and reputational risks to the District Council.

2.20 It is likely that among such agreements a Memorandum of Understanding with the Government would also need to be signed. Formal authority for grant acceptance is requested.

3. Options Considered and Recommended Proposal

3.1 Other than the recommended criteria and template, there are two broad alternative options.

3.2 One option would be not to progress a pipeline of regeneration proposals, so that there are no regeneration schemes ready when future funding opportunities arise; this would not be in accordance with the District Council's stated intention to develop 'bid ready' capital projects, and has therefore been discounted.

3.3 A second option would be to broaden the criteria for pipeline regeneration proposals so that (potentially) smaller economic regeneration projects outside town centres could be developed further. Limited resources both to fund development work and to manage multiple small schemes render this impractical anyway, but another key issue is that small schemes would be less likely to win funding, as opposed to those at scale which can demonstrate stronger benefit/cost ratios. The prospect of such work being abortive makes broadening the criteria undesirable and it is not recommended.

3.4 The recommended approach to town centre economic regeneration capital project pipeline proposals is set out in Appendix 1, and is in line with that adopted in the feasibility projects previously discussed at the Community and Environment Committee (paragraphs 2.3 and 2.6).

4. Consultation

- 4.1 With regard to town centre economic regeneration pipeline projects, an initial meeting with Wirksworth Town Council has been held and 'closer working' meetings with other Town Councils have regeneration on the agenda. One of the criteria for taking forward pipeline projects is that sponsors should have carried out consultation.
- 4.2 The *Levelling Up Fund bid* resulted from extensive consultation and engagement. Key partners are Ashbourne Town Team, Ashbourne Town Council, Ashbourne Methodist Church, AshCom, and Derbyshire County Council. Consultation with local stakeholders formed part of the bid development process, and paragraph 11.2 below highlights the necessity for ongoing stakeholder engagement before and during any construction works.

5. Timetable for Implementation

- 5.1 It is envisaged that town centre economic regeneration capital projects will start to progress through the pipeline studies in 2023/24. The work anticipated (see paragraph 2.11 for examples) will be commissioned by the Regeneration and Place Manager, subject to resources.
- 5.2 The timetable for implementing Levelling Up Funding, if awarded, would be in accordance with the programme submitted with the bid. It is subject to date of award announcement by the Government: a late announcement could delay the programme. In general terms, however, in the remainder of the current financial year is likely to entail commissioning detailed scheme designs, which would then form the basis of tendering works contracts. This year will also be spent securing final/revised permissions and putting in place the programme and project management teams. Delivery of works on the ground would be likely to fall mainly in 2024.

6. Policy Implications

- 6.1 The LUF proposals, and those to develop pipeline projects for future bids, are closely linked to the Council's Economic Recovery Plan and its Economic Plan. They support the Corporate Plan priority '*Prosperity*' – *Supporting Better Homes and Jobs for You*. In particular, the proposals directly contribute to the corporate target area: *Promote investment to stimulate the economy of our market towns*.

7. Financial and Resource Implications

- 7.1 The Council has made available £300,000 to fund project development work and associated consultants in connection with the *Levelling Up Fund* bid and project development (see Community and Environment Committee report 23 February 2022). This comprised £125,000 Capacity Funding provided by the Government, and a further £175,000 from the Council's own Economic Development Reserve.
- 7.2 To date, £226,281 has been spent or is committed to be spent. This includes bid direction, project management, business case preparation, architects, and legal advice. It also includes a sum for site surveys

(topographical, ground and utilities) to be carried out at risk to enable work to proceed smoothly in the event of funding being awarded. Expenditure on the pipeline projects considered in the 29 June 2022 committee report is also included in this sum – this the community space shell design and business plan at the Bakewell Road Matlock development, and the Henmore Walk feasibility study in Ashbourne.

- 7.3 It is proposed that the remaining £73,719 capacity funding be earmarked for any preliminary work required in the lead up to Levelling Up Funding being awarded. This is likely to include external legal advice in drafting Grant Funding Agreements, and further consultancy and capacity support until a programme and project management team is recruited and in place. It should be noted that whilst such expenditure will be at risk, should the Council's LUF bid be successful then relevant spending can be reclaimed by the Council.
- 7.4 When the remainder of the £175,000 contribution is earmarked as above, the uncommitted balance in the Economic Development Reserve is £113,228. It is therefore recommended that Council is recommended to allocate up to £50,000 from the Economic Development Reserve as a one-off sum in 2023/24 to fund such pipeline project feasibility and development work as might fit the criteria set out in this report, subject to available resources. It is to be noted that this funding is for feasibility, design and other preliminary studies; it would not enable project delivery (which would be subject to project sponsors securing external funding). The £50,000 sum would be subject to reassessment following *Levelling Up Fund* announcements, and would leave a final balance remaining in the Economic Development Reserve of £63,000 only. This would be available in case of cost overruns or unanticipated costs.

8. Legal Advice and Implications

- 8.1 This report updates Members on the 'pipeline' of capital regeneration projects discussed at previous meetings, and sets out criteria for approval for future District Council involvement in town centre regeneration projects promoted by others. In addition, the report also provides an update on work undertaken at risk following submission of the *Levelling Up Fund* bid in July 2022 in order to be prepared in anticipation of a potential imminent funding award.
- 8.2 There are 4 recommendations within this report, (1) is for noting (2) is to request approval for a criteria and template (3) is also for noting (4) is to request delegated authority for funding agreements.
- 8.3 The District Council's legal team has been integral to the meetings with Ashbourne Methodist Church and drafting the grant funding agreement Heads of Terms, taking external advice as necessary. Taking into account this report is to strengthen the Council's position for future bids, the legal risk has been assessed at this time as low.

9. Equalities Implications

- 9.1 As projects develop their individual equality impacts will be assessed. An Equality Impact Assessment (EIA) has previously been prepared for the

Levelling Up Fund bid and was submitted to the Council meeting on 29th June 2022.

10. Climate Change Implications

- 10.1 The criteria for project sponsors to submit further requests for regeneration capital project development work includes a requirement for the applicant to consider the climate change impacts and adaptations of their submissions. The template considers if applications align with the current government net zero targets set out through the Climate Change Act 2008 and detailed in the Net Zero Strategy 2021.

11. Risk Management

- 11.1 A detailed risk register was submitted with the *Levelling Up Fund* bid. As part of the LUF governance process, the overall strategic risk register will be owned and reviewed by the Programme Board (operational risks will be dealt with at the project level). At present, the highest risk concerns inflation, which could rise above the allowance made in cost estimates. This is mitigated in the cost plan by allowing for inflation at the mid-point of construction according to BCIS cost and price data and building in additional contingency/risk funding to account for potential increase above this.
- 11.2 The other high risk area is disruption during construction works, particularly in relation to highways and public realm works. To mitigate this, discussions have been initiated with the County Council to coordinate project management and phasing of works. In addition, a communication and engagement strategy is to be devised to work with stakeholders and the community before, during and after works contracts are on site. A further mitigation measure will be to appoint competent contractors that understand the project's impacts and are committed to working to minimise noise and disruption.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive		
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	19/10/2022
Monitoring Officer (or Legal Services Manager)	James McLaughlin	24/10/2022

APPENDIX 1



Pipeline of town centre economic regeneration capital projects Application template for feasibility and preparatory support

Working closely with its partners, Derbyshire Dales District Council has recently submitted an ambitious bid for round two of the *Levelling Up Fund* and a comprehensive investment plan for its allocation of the *UK Shared Prosperity Fund*. In preparing these, the District Council was clear that further projects would be considered for further development, in order to be ready for potential future funding opportunities, whenever they might arise.

A 'pipeline' of projects is therefore under development to put the District Council in the best possible position to secure funding. The focus for this pipeline is projects likely to require capital investment to bring economic regeneration to towns within the Derbyshire Dales.

This form sets out some basic information requirements that will help the District Council to populate and develop the pipeline. It is recognised that projects will be at different levels of maturity, and for those at an early stage some of the information below may still be very tentative. The responses will be used to provide a structured picture of project readiness and potential. This will allow Members to prioritise resources for work to develop projects within the pipeline towards being 'bid ready'.

Project overview	
Name of project	
Project sponsor	<i>What organisation or group is promoting this project? Please include details for one or more people within the organisation who can act as contact points and sources of further information</i>
Brief description	<i>Please provide a short outline of the project including the overall aim and location (please attach a map if available).</i>
Current status	<i>What is the current status; how far developed is the project already; what work has been undertaken or is currently planned to develop the project? Please attach any information such as reports/plans/designs that directly relate to the project.</i>
Key criteria	
1. Strategic alignment and benefits	<i>Does the project fit within an existing District Council economic strategy or plan for the area? What outcomes and benefits would the project achieve and how do those relate to evidenced local challenges and needs? Does the project align with the national net zero target?</i>
2. Stakeholder engagement and support	<i>Can you demonstrate that the project enjoys widespread community and stakeholder support? What engagement has taken place to secure this support? Are there any statutory bodies (e.g. Highways, Environment Agency, Historic England...) that would need to be involved and have you evidence that they are all in support?</i>
3. Planning status	<i>What is the planning status of the scheme (e.g. planning permission obtained/applied for/not yet applied for)? Is all the land and/or property required for the project within</i>

	<i>control of the sponsor; if not, is the landowner engaged and supportive?</i>
4. Delivery and operations	<i>Who will be responsible for delivering the project and can you demonstrate they have the resources required for this; who will be responsible for the ongoing operation and/or maintenance of the project and can you demonstrate they have resources available for this?</i>
5. Costs and funding	<i>Please provide any available indicative costs for the scheme. What funding is likely to be available to support delivery of the scheme?</i>
Next steps	
Further development	<i>What are the next stages required to develop the project to be closer to 'delivery-ready'? Please include any specific plans or specifications for future work if available.</i>
Specific support	<p><i>Are there any specific areas where support would be of most value in developing the project, particularly if these are specialist skills not already available to the project sponsor?</i></p> <p><i>This might include, e.g. commissioning an architect to prepare designs at concept or detailed design stage; securing a cost consultant or quantity surveyor to provide cost plans for the project; or commissioning a specialist to develop a business case for the scheme using the Treasury 5 case model.</i></p> <p><i>Please note that any support from the District Council is likely to be for specific, one-off pieces of work needed to develop the project. Ongoing revenue support, for project development or management for example, is not available.</i></p>

Given the criteria above, support from the District Council is most likely to be available for project sponsors that are able to demonstrate they have:

- carried out consultation and engagement with the public, businesses and other stakeholders in order to be able to demonstrate widespread support;
- a strong strategic fit for the project e.g. a clear link to District Council economic priorities, and to county/national economic priorities
- sought initial engagement and views from landowners and key statutory bodies such as the County Council, Environment Agency etc.
- resources to bring to the table to help build (match funding) and run the project

Please return your completed template to: regeneration@derbyshiredales.gov.uk
If incomplete, the template cannot be considered.

Finally, please remember:

1. at present, there is no Government funding available to *build* out regeneration projects
2. District Council funding to progress the *scoping and design* of pipeline regeneration projects is currently exhausted, but completed templates will be prioritised for consideration for further development in 2023/24 onwards