

Meeting:	Cabinet
Meeting date:	Thursday 26 November 2020
Title of report:	Hereford Towns Fund accelerated funding
Report by:	Cabinet member environment, economy and skills

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

Aylestone Hill; Belmont Rural; Central; College; Dinedor Hill; Eign Hill; Greyfriars; Hinton & Hunderton; Holmer; Kings Acre; Newton Farm; Redhill; Saxon Gate; Tupsley; Whitecross; Widemarsh;

Purpose

This report seeks approval to accept this grant funding from government and approval for the funds to be spent on delivering the projects submitted to government. The council has been successful in securing £750,000 Towns Fund accelerated finance from government to deliver a programme of projects across Hereford City that will provide economic and environmental benefit.

Recommendations

That:

- (a) **The £750,000 funding from government for the Towns Fund accelerated projects be accepted by the council;**
- (b) **The spending of the £750,000 funding from government on the Towns Fund accelerated projects as detailed within this report is approved; and**
- (c) **The Director of Economy and Place be authorised to take all operational decisions to implement recommendation (b) including, but not limited to, the procurement and commissioning of new projects, and, following consultation with the S151 officer, the movement of budgets between projects to ensure the full expenditure of funding.**

Alternative options

- 1. Alternative Option 1 – Not accept the funding and do not approve expenditure on the projects contained within the submission to government.
- 2. Advantage – the council would not be exposed to potential financial risk associated with the delivery of the projects contained within the submission to government. Projects will manage their financial risk at an individual level and at programme level by the Town Investment Plan project board.
- 3. Disadvantage – the city would miss out on securing £750,000 of government investment to assist in economic regeneration, with associated reputational consequences.
- 4. This option is not recommended because of the loss of grant income that will deliver projects within the city that help to deliver the council's county plan.

Key considerations

- 5. In late 2019 Hereford was included, along with another 99 towns, within the government's "Towns Fund" Programme. The overarching aim of the Towns Fund is to drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth.
- 6. The outcome of the Towns Fund process is obtaining a Town Deal with government and the potential to access up to £25m.
- 7. A Town Deal is an agreement in principle between government, the council and the Town Fund Board, confirmed in a Heads of Terms document. All three parties will be required to sign the Heads of Terms. It will set out a vision and strategy for the town, and what each party agrees to do to achieve this vision.
- 8. There was no application process for selection within the Towns Fund programme and Hereford's inclusion was a government, rather than local, decision. There was no engagement with the council about the process prior to the announcement of the selected

towns and launch of the programme, and neither was there any ability to lobby for the inclusion of other towns within Herefordshire.

9. The process of developing the Towns Fund submission is ongoing and a bid will be submitted by the closing date of 29 January 2021.
10. In July 2020 government announced that under the Towns Fund programme they were offering Hereford a grant of £750,000 to fund capital projects that can be delivered this financial year. This grant will be used to support capital spend within the intervention framework as set out in the Towns Fund Further Guidance.
11. To release the funding the council was required to confirm to government what it intended to do with the grant. Confirmation was required from the S151 officer that the spending was in line with the Towns Fund intervention framework, will achieve good value for money and that the project(s) could be delivered this financial year.
12. The council submission contained five individual projects, the table below provides the project name, intervention framework theme, and Towns Fund contribution. Please see appendix 1 for the full submission details.

Project	Intervention Framework theme	Contribution
St Owen's Street Cycleway	Local Transport	£300,000
Ecargo and eBike scheme	Local Transport	£200,000
Green Space enhancements	Arts, Culture and Heritage	£100,000
Maylord Orchards improvements	Urban regeneration, planning and land use	£100,000
Castle Green Pavilion improvements	Arts, Culture and Heritage	£50,000

13. In September 2020 government confirmed that the council's submission had been accepted and they awarded the £750,000 in the form of a S31 grant paid directly to the council. This grant has been received by the council. In their confirmation letter, see appendix 2, the Government confirmed that the funding must be spent this financial year, on the projects approved by the council's S151 officer.
14. Each of the projects has a specific lead Officer who has developed the business case and will be responsible for delivery within the criteria set by government. A Towns Fund programme board has been set up to oversee the delivery of these projects, and the drafting of the Towns Fund Town Investment Plan (TIP).

Community impact

15. These projects will contribute to both the Environment and Economy ambitions within the County Plan 2020 - 2024. Specifically they will meet the following success measures:
 - a. Work in partnership with others to reduce county carbon emissions;
 - b. Improve residents' access to green space in Herefordshire;
 - c. Increase the number of short distance trips being done by sustainable modes of travel – walking, cycling, public transport.

Environmental Impact

16. Agreeing to receive this grant funding and approving the projects submitted to government will assist in the delivery of the council's [environmental policy commitments](#) and aligns to the following success measures in the County Plan 2020 - 2024.
 - Reduce the council's carbon emissions
 - Work in partnership with others to reduce county carbon emissions
 - Improve the air quality within Herefordshire
 - Improve residents' access to green space in Herefordshire
 - Increase the number of short distance trips being done by sustainable modes of travel – walking, cycling, public transport
17. Specifically the St Owen's Street cycleway, eBikes and eCargo bike scheme, the Green Space Enhancements project, and the Castle Green Pavilion improvement project will all directly impact on the success measures above by either reducing the carbon emissions associated with travel and accommodation, or increase the trips undertaken by sustainable modes of travel.
18. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
19. The development of these projects has sought to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance.

Equality duty

20. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
21. The public sector equality duty (specific duty) requires the council to consider how the council can positively contribute to the advancement of equality and good relations, and demonstrate that the council are paying 'due regard' in our decision making in the design of policies and in the delivery of services. The council's providers will be made aware of their contractual requirements in regards to equality legislation.
22. Each of the projects will undertake an Equality Impact Assessment as it progresses to ensure that there is a positive impact on the delivery of the council's quality duty and provision of equality of opportunity.

Resource implications

23. The funding received will fully fund all the projects and there is no required funding contribution from the council or other partners. Acceptance of the funding will need to be confirmed and included within the medium term financial strategy and capital programme. Any revenue impact of the projects will be managed within current revenue budgets so there is no additional funding requirements, with all projects managed within existing teams for delivery.

Capital cost of project	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
St Owen's Street Cycleway		300			300
Ecargo and eBike scheme		200			200
Green Space enhancements		100			100
Maylord Orchards improvements		100			100
Castle Green Pavilion improvements		50			50
TOTAL		750			750

Funding streams – External grant	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
Towns Fund accelerated projects grant		750			750
TOTAL		750			750

24. The delivery model for each project will be different, the table below demonstrates the proposed procurement route, revenue implications, and delivery body:

Project	Procurement	Revenue funding	Delivery Body	Delivery Risk
St Owen's Street cycleway	Use of suitable framework for contractors.	£0	Herefordshire Council	High
eBikes and Ecargo bikes	Direct award contract to Beryl bikes to deliver ebikes to align	£0	Herefordshire Council Sustainability	Medium/Low

	with their existing contract deliverables. Grant scheme for business to apply for ebikes and ecargo bikes. Businesses would need to demonstrate competitive quotes to be eligible for grant.		Team and delegated grants team Beryl Bikes	
Green Space Enhancements	Competitive tender process to select a contractor who can supply and install trees.	£0	Herefordshire Council Sustainability team.	Low
Maylord Orchards improvements	Competitive tender process to select contractor to undertake refurbishment works.	£0	Herefordshire Council Property Services	Low
Castle Green Pavilion enhancements	Grant process to award Friends of Castle Green with a grant to undertake works. The onward grant agreement would require the recipient to run a competitive quotation process to be demonstrate by the applicant.	£0	Herefordshire Council Local Enterprise and Resources Team Friends of Castle Green.	Low

25. Business cases have been developed for each of the projects. It should be noted that the grant funding has already been received by the council as a section 31 grant from government.
26. Any procurement undertaken required to deliver the projects will be in line with the Public Contract Regulations 2015 and the council's contract procedure rules.

Legal implications

27. The council has a general power of competence under s1 of the Localism Act 2011 which allows the council to do anything an individual can do, this would include accepting grant monies and spending those monies.
28. The grant is understood to have been transferred to the council under s31 of the Local Government Act 2003. Ministry of Housing, Communities & Local Government (MHCLG) do not appear to have put any other criteria on payment of the grant other than the grant must be spent on specified projects within this financial year. No rights to clawback the grant have been retained by MHCLG.

29. The grant awarded can only be used for the projects listed in the proposal submitted in relation to the call for Town Fund accelerated projects, which were approved by the s151 officer prior to submission. All the grant monies must be spent in this financial year and the business plan for each of the five individual projects has taken this into account. The progress of each of the projects against the required timeframe will be monitored through a programme board to mitigate the risk of underspend or failure to deliver by the end of this financial year.

Risk management

30.

Risk / opportunity	Mitigation
Failure to spend the funding within the financial year.	Project management demonstrates that the projects can spend within the financial year. There is a risk that the St Owen's Street cycleway project is not able to complete within the financial year. The project team will manage this risk and if necessary risks will be escalated to the Programme Board for a resolution. The government has stated that funding must be spent within the current financial year but has given no contract for the funding nor any indication as to implications if this deadline is not met i.e. there is no mention of clawback or penalty in government correspondence. Provision in this decision allows for the movement of budget between projects that were submitted to government to manage spend.
Overspends on the projects.	Projects have a set budget. In some cases the projects are purchasing goods or equipment in which case the budget will set how much is purchased. In the case of the Castle Green Pavilion project a grant is being given to a third party, any project overspends will be the responsibility of the third party to manage. In all cases an appropriate procurement process that is in accordance with the council's contract procedure rules will be followed to demonstrate value for money and adherence with the project programme.
Reputation risk if the council does not accept the funding.	It is accepted that the government imposed funding timescales are very tight but it is unlikely that this consideration will be understood if the council decline the opportunity to draw down £750,000 to deliver projects that will make the city more accessible and attractive to investment.
Impact of Covid 19 on the ability to deliver projects.	Covid 19 and associated "lock downs" will have some impact on project delivery depending on the nature of the project. Projects where the council are playing a facilitating role in terms of purchase of equipment or goods will be minimally impacted as officers will be able to deliver the project remotely using current remote working arrangements. Delivery of the Castle Green Pavilion Improvements Project will be achieved on passporting of the grant funding for this project. Projects which require a physical presence or works – St Owen's Street cycleway, Maylords enhancements, – may be more impacted. Project

delivery and programming will take account of Covid 19 mitigation measures that need to be implemented and, under current government guidelines, will continue to be permissible economic activity.

31. If accepted the risks associated with these projects will be managed by the project leads reporting to the new Towns Fund Programme Board. Risks will be managed according to the council's risk management framework.

Consultees

32. Members consultation is currently underway and comments will be included in the final version of the report.

Appendices

Appendix 1 – Hereford Accelerated Funding submission details

Appendix 2 - Government letter of confirmation of accelerated funding

Background papers

None

Please include a glossary of terms, abbreviations and acronyms used in this report.