

Meeting:	Cabinet
Meeting date:	Thursday 21 January 2021
Title of report:	Hereford Towns Fund town investment plan submission
Report by:	Cabinet member environment, economy and skills

Classification

Open

Decision type

Key

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

Purpose

In November 2019 Hereford was included by government in their Towns Fund Programme. This report seeks to accept the grant of £162k to support the process, provide endorsement of the submission, by the Hereford Towns Fund Board to government, of a Town Investment Plan for Hereford and for the council to support the bid by agreeing to be the accountable body for the funding.

Recommendations

That:

- (a) The council endorses the Hereford Town Investment Plan submission to government which the Hereford Towns Fund Board will prepare, approve and return before 29 January 2021;**
- (b) The council acts as the accountable body for the Hereford Towns Fund programme and any Town Deal that is agreed with government;**
- (c) The Hereford Towns Fund Board is included on the council partnerships register as a significant partnership; and**
- (d) The council accepts, on behalf of the Hereford Towns Fund Board, the grant of £162k capacity funding to support the development of the Town Investment Plan.**

Alternative options

1. Alternative Option 1 – Not to endorse the Town Investment Plan submission made by the Hereford Towns Fund Board.
2. Advantage – there are considered to be no advantages to this approach.
3. Disadvantage – within the government guidance there is no specific requirement for the council to endorse the Town Investment Plan submission. However as the council Leader or Chief Executive is required to be a signatory on the Heads of Terms to be agreed with government at the next stage it is considered appropriate that the council would look to endorse the submission. Additionally significant partnership work between the members of the Hereford Towns Fund Board and the council has been invested in the production of the Town Investment Plan and the council not endorsing the submission would significantly weaken the strength of the Hereford proposal. This would increase the potential for the city to miss out on securing up to £25m of government investment to assist in economic regeneration, with associated reputational consequences.
4. This option is not recommended because of the risk to the reputation of the council and the impact on the strength of the Town Investment Plan with the increased potential to lose grant income that will deliver projects within the city that help to deliver the council's County Plan.
5. Alternative option 2 – To not act as the accountable body for the Towns Fund Programme and any subsequent Town Deal with government.
6. 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.
7. Disadvantage – the government guidance states that town deals will need an accountable body which will be a council through which the funding will flow. Given the unitary status of Herefordshire it is considered that there is no lower level council with the financial

capacity to act in an accountable body role or bankroll a programme of the potential size of the Town Deal. Consequently there is no viable alternative to the council acting as the accountable body for the programme.

Key considerations

Towns Fund Background

8. In late 2019 Hereford was included, along with another 100 towns across England, within the government's "Towns Fund" Programme. There was no application process for selection within the Towns Fund programme and Hereford's inclusion was a government decision.
9. Through the Towns Fund government are looking to work with places to address growth constraints and to ensure they chart a course of recovery from the impact of Covid-19. The overarching aim of the Towns Fund is to drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth.
10. Government guidance references some of the current challenges facing towns and communities such as declining towns centres, achieving inclusive growth, sustainability – economic, environmental and social – and the need to meet the net zero greenhouse gas emissions by 2050.

Towns Fund Process

11. The outcome of the Towns Fund process is obtaining a Town Deal with government and the potential to access up to £25m.
12. A Town Deal is an agreement in principle between government, the council and the Hereford Towns 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.
13. This Heads of Terms document will be signed by the Secretary of State for Housing, Communities and Local Government on behalf of government. Government expect the other signatories to be the chief executive or leader of the council and the chair of the Hereford Towns Fund Board. Town Deals will cover a period of up to five years.
14. In terms of the Towns Fund process there are two phases, with a decision gateway at the end of each. Firstly, towns will develop Town Investment Plans (TIPs), which will be assessed by the Ministry for Housing, Communities & Local Government (MHCLG) to inform the Heads of Terms offer (given the submission is of sufficient quality). Secondly towns will then develop agreed projects and business cases in detail, and government will assess that information before releasing funding for implementation.

Hereford Towns Fund Board

15. Town Fund Boards are responsible for developing, and approving the submission of, the Town Investment Plan and that it sets out a clear vision and strategy for the town. The Board's formation is a condition of inclusion on the Towns Fund programme. Board membership (included at appendix 1) was set out by the government and includes the

- local MP, a representative of The Marches Local Enterprise Partnership (LEP), a representative of the city council, and local businesses and community groups.
16. The Hereford Towns Fund Board currently consists of fifteen members, eight men and seven women, and meets the government guidance on required and optional membership. The chair of the Hereford Towns Fund Board is Lauren Rogers who is a senior project manager at Rural Media. The council representative on the Hereford Towns Fund Board is Cllr Chowns as the relevant Cabinet Member.
 17. Supporting the Hereford Town Deal Board from the council are the economic development manager, a senior capital project manager, and a support officer. The council's role as set out in the national Towns Fund Guidance, is to advise the board on, among other things;
 - a. Upholding the Seven Principles of Public Life
 - b. Developing a delivery team, delivery arrangements and agreements
 - c. Ensuring decisions made by the board are in accordance with good governance
 - d. Ensuring transparency requirements are met
 - e. Developing agreed projects in detail and undertaking any necessary feasibility studies
 18. Other support available to the Hereford Towns Fund Board includes an observer from the government's Towns Hub consultancy team (put together to assist all 101 towns with their Towns Fund submission and ongoing process) and a representative from the Department for Business, Energy & Industrial Strategy (BEIS) Cities and Local Growth Unit as one of the sponsoring government departments.
 19. Cllr Hitchiner has been a long serving observer of the Hereford Towns Fund Board and has attended all of the Hereford Towns Fund Board Meetings.
 20. Terms of reference and other documentation for the Hereford Towns Fund Board can be viewed via this link: <https://www.herefordshire.gov.uk/business-1/towns-fund?documentId=921&categoryId=200145>

Phase One – Preparing a Town Investment Plan (TIP).

21. Government advises that TIP's should reflect local priorities and be co-designed with local businesses and communities. The TIP will be used as the basis for agreeing the Town Deal, including the specific projects which will be funded and the Heads of Terms.
22. Government views TIPs as long-term, strategic documents that provide the strategic case for Town Deals, with the evidential and analytical basis for the selection and design of the projects proposed in it. They should set out a vision for the town with broad ownership and a strategy that can set the direction for the economic turnaround of the town over a decade, including economic recovery from the current crisis. Whilst the TIP will align with other strategic documents such as the County Plan it is worth noting that the TIP is not a spatial strategy such as the Local Plan nor a overarching economic master plan for the city (although both such documents will need to take account of the TIP vision and objectives).

23. Government has provided comprehensive advice as to the drafting and content of TIP's – please see appendices 3 and 4 for the available guidance. The guidance sets out that TIPs should be clear, concise and accessible documents. The content should be split into two sections.
24. Section 1 outlines the context, strategy and process, should be no longer than 10,000 words and must be structured according to the three main TIP sections - Context Analysis, Strategy, Engagement and Delivery.
25. Section 2 provides details of prioritised projects proposed to receive Towns Fund funding and a spreadsheet supplied by government sets out the details to include.
26. The deadline for submission of the TIP is 29 January 2021. Government has allocated, and the council has received, £162,000 of revenue “capacity funding” to support the TIP production and the development of business cases post Heads of Terms.
27. In line with the government guidance the Hereford Towns Fund Board have approved allocation of the capacity funding to be spent on:
 - a. Consultancy advice to support the drafting of the TIP;
 - b. Communication support to provide the Board with a website and social media presence;
 - c. Graphic design expertise to produce the TIP document;
 - d. Project development support to ensure projects have the required information to provide the Board, the council and government with the required assurance regarding their delivery.
28. All of the above services have been procured in line with the council's contract procedure rules and recorded in record of officer decisions.
29. If the TIP is of the required standard and contains viable projects, government will offer a set of Heads of Terms. Heads of Terms are an agreement in principle for funding and will be in the form of a Memorandum of Understanding (MOU), signed by the Chair of the Town Deal Board, the Lead Council and by Ministers.
30. The Heads of Terms will include:
 - Allocated Towns Fund budget and financial profile
 - List of projects to receive funding and recommended assurance route for business cases
 - List of support agreed by other government departments [where applicable]
 - Key conditions and requirements
31. Once a town has agreed to the Heads of Terms, the Town Deal will be announced.

Phase Two – Development of Full Business Cases

32. Following the agreement of Heads of Terms, Hereford will have up to one year to develop agreed projects in detail, complete and assure comprehensive business cases, and submit a Summary Document to MHCLG to show that this has been completed in line with the agreed conditions and requirements in the Heads of Terms.
33. Towns with agreed Heads of Terms for a Town Deal will be required to produce a fully costed business case for each of the agreed projects, setting out the details of how each

will be delivered. They should be sufficiently detailed and robust to pass through local assurance mechanisms (or that of MHCLG, should they be utilised).

34. Once detailed business cases have been developed for each project, towns must submit a Town Deal Summary Document to government. Guidance on producing some of the documentation required of the Summary Document, including a Delivery Plan and a Monitoring and Evaluation Plan, will be provided by government in due course. Towns have a maximum of 12 months from the agreement of Heads of Terms to develop business cases and submit a Summary Document of sufficient quality to government.
35. Once towns have developed detailed business cases for their agreed projects and submitted the Summary Document, government will carry out a high-level assessment of the document before releasing funding, including confirming whether Heads of Terms criteria have been met.
36. When business cases have been formally approved, and the Summary Document has been signed off, year one of the project funding will be approved by MHCLG and released to the Lead Council.

Hereford Town Investment Plan

37. To assist in the drafting and submission of the Hereford TIP the Hereford Towns Fund Board approved the appointment of consultancy support, which was procured in line with the council's contract procedure rules utilising funding from within the £162k capacity funding.
38. Assisted by the council commercial services team the Hereford Towns Fund Board progressed a compliant mini competition procurement process to select the consultancy team. The purpose of this commission was to produce a final version Town Investment Plan for Hereford by 29 January 2021 which the Hereford Towns Fund Board and the council consider both complies with all of the government's guidance and requirements and is of the necessary quality to agree a Heads of Terms offer with government.
39. At the conclusion of this procurement process Rose Regeneration were appointed due to their strong submission which included awareness of the local issues and extensive previous regeneration strategy experience including working on five other Towns Fund submissions.
40. Government guidance on the production of a TIP has been issued to all towns within the programme. Rose Regeneration have followed this guidance in the Hereford TIP submission. The guidance splits the TIP into two elements:
41. TIP Section 1 – states the document must be structured according to the three main sections - Context analysis, Strategy, Engagement and delivery. These sections should cover the content set out in the guidance, the table below sets out the specific requirement from the guidance and identifies whether this is included within the Hereford TIP.

Requirement	Agreed by Board
Context analysis	
Map of agreed town boundary and related context	Yes. Agreed with government in 2019.
The main challenges facing the town	Yes. Agreed by Board at 4 th September 2020 meeting.
Evidence of need, relevant to proposed projects	Yes. Significant evidence of need has been identified through underlying evidence and community engagement. Relevance of need and demand to individual projects has been confirmed by and to the Board at meeting of 13 January 2021.
The town's assets and strengths	Yes. Agreed by Board at 4 th September 2020 meeting.
Key opportunities for the town	Yes. Agreed by Board at 4 th September 2020 meeting.
Strategy	
Town vision, and headline outcomes and/or targets for 2030 or beyond	Yes. Vision and objectives agreed by Board at meeting of 6 th November 2020.
Short summary of all projects, including the total Towns Fund funding requested	Yes. Now included in the TIP. Information has been included on the project description, rationale, and funding situation.
Strategic plan, including: <ul style="list-style-type: none"> • Underlying evidence • Analysis and rationale • Objectives, targets, and priority areas for the short, medium and long term Spatial strategy, including the recognition of the distribution of impact across town geography and demographics. 	Yes. Evidence base overview and Transformation Plan agreed by Board at meeting of 27 th November 2020. Theory of change agreed by Board at meeting of 22 nd December 2020. Spatial strategy and demonstration of project distribution confirmed to Board at meeting of 13 January 2021.
Mapping of all strategies, partnerships, programmes and investments relevant to the vision and strategy, and how they will be aligned (including the accelerated capital funding, Covid-19 recovery and clean growth).	Yes. Agreed by Board at meeting of 16 th October 2020.
Engagement and delivery	

Clear evidence of buy-in from local businesses and communities, description of who has been engaged throughout the development of this plan, and how this engagement will continue	Yes. Board signed off engagement plan at 25 th September 2020 meeting. Engagement with significant number of local groups, over 100 conversations held including six sector specific workshops. Check and Challenge session with government Towns Hub highlighted that community engagement had been “10 out of 10”.
Demonstration of commitments from private-sector players, and ambitions for private-sector investment going forwards (clearly showing the total private-sector funding leveraged to date).	Yes. Included in the TIP and discussed with the Hereford Towns Fund board on the 13 January 2021.
High-level plan of business case development and appraisal for each project including the identification of the Accountable Body	Yes. Included in the TIP and discussed with the Hereford Towns Fund board on the 13 January 2021. Mace undertaking further project development work to be included within the final TIP.
High-level delivery plan with justification of deliverability	Yes. Included in the TIP and discussed with the Hereford Towns Fund board on the 13 January 2021.

42. The Hereford Towns Fund Board have collectively produced a vision and objectives for the TIP which they believe captures the spirit and opportunity within Hereford and meets the government expectations and ethos of the Towns Fund. This vision and its objectives are described below:

Vision: “Hereford aspires to be one of the greenest & fairest city in the country, with fantastic opportunities and quality of life for people of all ages. Deeply rooted in our unique rural heritage, we're blossoming into a richly creative, digital, connected & highly-skilled place to live, work, study and visit.”

Objectives:

- Greenest. Hereford is a green and sustainable city, working towards zero carbon as it grows.
- Fairest. Hereford is levelling up with opportunities for all, fair wages, and social and economic regeneration that improves lives of all residents.
- Creative. Hereford is a city where innovation and creativity flourish across all sectors.
- Digital. Hereford is digitally smart and ambitious city that always embraces emerging technologies.
- Connected: Hereford is an integrated city; its people, places and projects always connect to each other.

- Highly skilled. Hereford is a city of learning and skills for all ages; a place where highly skilled people and businesses always thrive and come together to ensure these skills are shared.
 - Heritage. Hereford's individuality always shines through. With our rich history, unique landmarks and assets and our rural legacy, there is no other city in the country like Hereford.
43. These objectives have been used in defining the local assessment criteria used in the project prioritisation process and the projects included within the final TIP submission will collectively assist in the achievement of the set objectives.
 44. The draft TIP Section 1 is included at appendix 2. This represents an advanced draft of the document which will be signed off by the Hereford Towns Fund Board on the 25th January 2021. It is expected that only minor text or layout changes will be made following this approval prior to submission by the 29th January 2021.
 45. TIP Section 2 - This section of the TIP should contain key details of the projects proposed to receive Towns Fund investment. A spreadsheet setting out the details to include has been supplied by government and has been completed by each project submission.
 46. On the 17th November 2020 a "Direction of Travel" workshop was held with the Towns Hub (government consultants supporting all 101 Towns Fund submissions), Rose Regeneration, the Board Chair and supporting officers. The purpose of this session was to review the process to date and give some insight of what was progressing well and what needed further development.
 47. The feedback from this session was largely positive with particular praise for the level of community engagement achieved and the aspiration to an inclusive city through the vision and objectives. The feedback did highlight several points that would need more consideration including that the TIP would need to stand out from the other 100 submissions, that the TIP would need to explore matched and aligned funding, and that the TIP should seek to address project risk as far as possible at this strategic level prior to detailed Business Case development.
 48. A further Check and Challenge session was held on the 12th January 2021 again with the Towns Hub. They commented that "*significant progress has been made on the development of the documentation and projects against the Government criteria and guidance for the Towns Fund, with no major challenges or gaps identified. We noted that the level of engagement and robustness of the project gathering and selection process were particularly strong. We have suggested some refinement of structure and detail...*". This feedback should give cabinet confidence that whilst the TIP is currently at draft stage and more work is required prior to submission, the document drafting is progressing well and there are no major obstacles identified.

Project Selection Process

49. Projects included within the TIP have undergone a rigorous assessment process led by Rose Regeneration and overseen by a working group of the Hereford Towns Fund Board. The steps in the process were as follows:

Step 1 Initial call for project ideas promoted via Rose Regeneration engagements, sector workshops, media and social media campaign, public survey.

- Step 2 Projects responding to the call for project ideas completed a template capturing the basic project details – scope, financial ask, partners, timescales, outputs etc.
- Step 3 Using the government’s project prioritisation tool the 28 returned project templates were “scored” against a set of local and national criteria by Rose Regeneration and a technical sub group of the Hereford Towns Fund Board. This resulted in a “moderated” score for each application and an outline priority ranking which was recommended to the Hereford Towns Fund Board.
- Step 4 The full Hereford Towns Fund Board met to discuss the recommendations of the Technical Sub Group and agree which projects should be taken forward to a long list stage. This resulted in 19 projects from the original 28 being invited to the next, long list, stage.
- Step 5 The 19 long listed projects completed the government supplied TIP2 proforma which requests an additional level of project detail principally around the conformity with the government specified outcomes and outputs, alignment with the local and national criteria, and the overall strategic direction of the TIP document.
- Step 6 Using the government project prioritisation tool the returned TIP2 templates were “scored” by the Technical Sub Group with input from the full Hereford Towns Fund Board against the same set of local and national criteria as in step three.
- Step 7 The results of the Technical Sub Group scoring were presented to the full Hereford Towns Fund Board for discussion and approval. This resulted in a “Core List” of 11 projects which are included within the final TIP submission.
50. To support the development of projects within the final submission, project technical advice was commissioned by the Hereford Towns Fund Board to provide a range of supporting evidence such as architects plans and drawings, risk assessments, cost analysis, viability and dependency analysis. This work has strengthened the project submissions and been undertaken alongside the project proposers and their own knowledge of the project submissions.
51. To provide additional assurance on this selection process and the suitability of the projects, the council commissioned, in line with the council’s Contract Procedure Rules, Independent Technical Advisor support to review and add value to the process. The consultants conducting this review produced a report for the S151 officer, the recommendations and findings of which were shared with the Hereford Towns Fund Board for consideration in the final project selection. The addition project development work identified in para 50 above will support projects to address the findings of the Independent Technical Advisor report.

Selected projects

52. Following the process described above 11 projects were selected by the Board for inclusion within the final TIP submission. These projects are:

PROJECTS AND PROPOSER	DESCRIPTION	TOWNS FUND ASK	TOTAL PROJECT VALUE
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Hereford Museum - Herefordshire Council	The project will establish a new, modern visitor attraction at the heart of the city centre. It will build on Herefordshire's significant cultural heritage, supporting the growth of the cultural sector and also boosting the visitor economy in the city. This will be achieved by transforming the existing Museum, Library and Art Gallery, maintaining the existing Victorian Gothic facade of the building while delivering a modern museum experience	£ 5,000,000	£ 10,000,000
Soil from the City – Pedicargo	Soil from the City is an ambitious and achievable project, planning to divert commercial and municipal food waste from landfill and turn it into a resource to benefit the city.	£ 1,000,000	£ 1,500,000
Powerhouse Cultural Space – Powerhouse	The redeveloped space will stimulate creative, heritage and visitor economies, and connect community through live experiences and cultural programming, contributing to a renewed and reshaped city centre in a way that drives footfall and economic growth, through tourism and community engagement.	£ 300,000	£ 300,000
Skills Foundry – consortium bid led by NMiTE	The Hereford Skills Foundry is a collaboration between Belmont Wanderers CIC, Growing Local CIC, Rural Media, Hereford College of Arts and NMiTE, who share a common vision to improve the future health, wellbeing and employment skill set of the people of Hereford.	£ 7,820,000	£ 9,845,000
Maylord Orchards Redevelopment – Herefordshire Council	Repurposed mixed-use development, learning resource centre, community re-use café	£ 3,000,000	£ 3,000,000
Holmer Extreme Sports Hub – Halo Leisure and Hereford Skate Park	The project will include a new traffic free cycle track and expand the existing skate park facility which will create a both an active area for local residents but also a destination facility for wider visitors as a destination venue.	£ 1,150,000	£ 1,959,000
Encore Music and Skills Hub – Encore	The community of Hereford needs a music hub - where anyone and everyone can meet, enjoy a drink, and participate in musical activities whilst learning new skills. Other towns and cities have a music hub – why not Hereford? A Music and Skills Hub will consolidate, extensively develop and bring community music provision to the heart of Hereford (Maylords)	£ 200,000	£ 300,000
Castle Green Pavilion – Friends of Castle Green	Providing café facilities, a multifunctional and flexible community meeting space, a gallery celebrating local arts and heritage and a revitalised home for the Youth Canoe Club. The once-forgotten Pavilion will become a new and much needed thriving and sustainable community hub	£ 1,560,000	£ 1,560,000
Greening the City and Enhancing the Visitor Economy –	The project will significantly improve the appearance and attractiveness of the city through the commencement of a range of interrelated greening, public realm, and cycling/ walking and digital	£ 1,500,000	£ 1,500,000

Herefordshire Council	connectivity projects significantly enhancing Hereford as a place to visit, learn, live, work and invest.		
River Wye Infrastructure – consortium bid led by Left Bank and Rugby Club	Lighting and power points for this pathway and improved lighting alongside Bishops Meadow and King George’s playing fields with power points to be used for community events, pop up cafes and markets. Accent lighting on beauty spots (trees etc) both northside and southside of the river and up lighting for old bridge A ramp leading onto great western way for connect the south and northside pathways for cyclists and the disabled	£ 1,500,000	£ 1,610,000
Electric buses – Hereford City Council	An electric bus service connecting transport hubs to retail centres, tourist attractions and health facilities. Service can be embedded in a wider campaign to encourage sustainable travel to and within the city. Service to have a bespoke identity from information at the bus stop, driver training and care of passengers which will become the hallmark of the city, operating at high frequency every day.	£ 1,800,000	£ 1,800,000
Meadow Arts	A new gateway programme of contemporary public art commissions to animate the site of Station Approach’s Hereford College of Art’s students’ accommodation building. This bold new project will act as a vibrant statement of intent, signaling the city’s commitment to creativity and innovation. Significant commissioned artworks from high calibre artists will be generated, produced and installed on and around the building, potentially reaching into the town itself. This original approach to public art will contribute to Hereford’s identity as a cultural destination.	£ 90,000	£ 160,000
Total		£ 24,920,000	£ 33,534,000

53. Of the above eleven selected projects, three are Herefordshire Council led initiatives. In addition to completing the government proformas, the council led projects have completed outline business cases and Equality Impact Assessments.

Accountable Body Status

54. The government’s Towns Fund guidance states that “*All Town Deals will need to have an Accountable Body which will be a council through which funding will flow. The Lead Council for the Town Deal (the Unitary Authority, Metropolitan Council, District Council or Borough Council for the town) will determine the appropriate Council to act as the Accountable Body (the Lead Council may take on this role or nominate an upper tier Authority where more suitable).*”

55. The government guidance explains further that: “*Lead Councils (the Unitary Authority, District Council or Borough Council for the town) should, by default, act as are the Accountable Body through which funding will flow. Lead councils have a seat on the board and take responsibility for ensuring that decisions are made by the board in accordance with good governance.*”
56. The council is the unitary authority for Herefordshire, therefore the council is automatically considered to be the Lead Council for the Town Deal and as there is no upper tier authority in Herefordshire the council is similarly expected, by default as explained in the guidance above, to act as the accountable body.
57. If the council does not agree that it is the accountable body for the Town Deal, it is considered likely that the Hereford Towns Fund Board would seek to negotiate with government an acceptable alternative public body. It is considered that this option would have significant local and national reputational impact.
58. Should the Hereford Town Deal Board and council be offered Heads of Terms by government, the council as the accountable body would be expected to ensure effective delivery of the Town Deal funding offer which could be up to £25m.
59. The risk to the council of being the accountable body for any Town Deal can be broadly quantified at this stage and potential risk mitigation measures identified. As the Town Deal progresses there will be greater clarity over the risk exposure and mitigation as the exact offer from government and allocation to specific projects will be contained in the Heads of Terms offer.
60. The published government guidance does not contain significant detail over the specific role or responsibilities of being an accountable body. However guidance issued on 16 December 2020 does state that “The accountable body (as identified in the Town Investment Plan) will be accountable for implementing the Town Deal.”
61. The guidance goes on to say “Once the funds are allocated to a specific purpose, following the local or central approval of a five-case business case, it is the responsibility of the accountable body to spend these funds for the purpose they were given.”
62. Whilst there are no details beyond these statements it is probable that the council as accountable body will be responsible for the overall financial management, monitoring and risk associated with the delivery of the Town Deal.
63. The government guidance issued in December 2020 states that accountable bodies should have “*clear agreements*” with other delivery bodies for the allocation of any Towns Fund monies with all grant payments from the Towns fund being made to the accountable body.
64. Additionally the December 2020 guidance states that during Stage Two (Business Case development) of the Towns Fund process “*Business cases should be developed to meet the assurance requirements of the accountable body.*”
65. It should also be recognised that the council is currently the lead delivery body for projects included within the TIP with a total funding ask of £9.5m. This reduces the exposure to projects delivered by external partners to a maximum of £15.42m with the potential for this to be reduced depending on the scale of the financial offer from government.

66. The council as accountable body will be able to ensure that projects have a robust business case that meets its own assurance requirements and has the ability to put in place agreements with delivery partners that transfer delivery and financial risk to them.
67. This is a practice that government and local delivery partners have used in other circumstances, a local example being the role Shropshire Council plays as accountable body for the Marches Local Enterprise Partnership where Shropshire Council has legal agreements in place with local delivery partners, such as the council, for the funding of Growth Deal and other regeneration funding routed through the LEP.
68. For the above reasons the report recommends that the council agrees to act as the Accountable Body for any agreed Hereford Town Deal.

Community impact

69. The TIP has been developed by the Hereford Towns Fund Board. The Board membership follows the published government guidance and is a cross sector public / private partnership. In developing the TIP and determining project submissions, the Board have been guided by the local evidence base, published strategy documents, and community engagement. This has included evidence and priorities from outside of the council's County Plan 2020-2024.
70. It is considered however that securing up to £24,920,000 through the Town Investment Plan will have a significant positive impact on the ability to deliver on the ambitions contained within the County Plan 2020 - 2024. Projects contained within the Town Investment Plan will contribute to both the Environment and Economy ambitions within the County Plan. Specifically the TIP submission includes projects that will meet the following success measures:
 71. Environment:
 - Increase flood resilience and reduce levels of phosphate pollution in the county's rivers
 - 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
 - Improve energy efficiency of homes and build standards for new housing
 72. Economy:
 - Increase the average workplace earnings in Herefordshire
 - Grow jobs and keep unemployment rates low in all areas of the county
 - Improve educational attainment and widen further and higher education opportunities
 - Increase the number of short distance trips being done by sustainable modes of travel – walking, cycling, public transport
 - Increase local wealth creation (measured by the Gross Values Added per head of population).
73. At the full business case stage of securing a Town Deal officers will work with projects to understand the potential contribution projects can make to enhancing social value for

example working with people not in employment, education or training (NEETS) or those with disabilities, addressing health inequalities, or those that are digitally excluded.

Environmental Impact

74. 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.
75. The government guidance on the programme states "All interventions should be designed to help generate local economic growth whilst taking into account the principle of clean growth". During the project selection process detailed above, one of the seven locally selected criteria is "Contributes towards making Hereford zero-carbon and nature-rich". Projects have been assessed and scored against this criteria and whilst the scores will differ from one project to another depending on their scope, they have all received a score of 3 (satisfactory evidence of meeting the criteria) or more.
76. Similarly the vision for the TIP states: "*Hereford aspires to be one of the greenest & fairest city in the country, with fantastic opportunities and quality of life for people of all ages. Deeply rooted in our unique rural heritage, we're blossoming into a richly creative, digital, connected & highly-skilled place to live, work, study and visit.*"
77. During the later stages of the Towns Fund process and the development of Business Cases the full extent of the environmental impact will become more defined and projects will seek to minimise any adverse environmental impact and will actively pursue opportunities to improve and enhance environmental performance.

Equality duty

78. 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.
79. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. During the Business Case development phase of securing a Town Deal all the project promoters will be made aware of their contractual requirements in regards to equality legislation.

80. The Heads of Terms document for Hereford will incorporate a statement of commitment to the Public Sector Equality Duty, and proportionate consideration of equality issues will be given to all projects supported by the Town Deal Fund.
81. All of the council led projects have completed an Equality Impact Assessment and confirmed that, as a minimum, there is no detrimental impact on any of the protected characteristics.

Resource implications

82. The TIP submission stage of the Town Deal process sets out Hereford's response to government's offer to participate in the programme and bid for up to £25m. TIP's are an unusual process being both a strategy document and a bidding document. Previous government economic development initiatives have largely requested that councils, Local Enterprise Partnerships, and others set out a strategy to regenerate an area and, once approved, invite bids for funding towards projects that deliver the strategy. The Marches Local Enterprise Partnership Strategic Economic Plan and Growth Deal process is a good example of this two-stage approach.
83. The TIP provides strategy and projects in one submission document and projects included within the TIP will be considered by government against how well they contribute towards the TIP delivery. The guidance for the Towns Fund clearly sets out the two stages of the process; 1 – the initial bid submission, the TIP; and 2 – the development of full business cases and negotiation of a Town Deal.
84. At the TIP stage of the process there are no specific financial obligations or commitments, however there is an expectation that projects submitted will be taken forward to the business case stage if the government agrees to their inclusion in the Heads of Terms offer.
85. Government has allocated, and the council has received, £162,000 of revenue "capacity funding" to support the TIP production and the development of business cases post Heads of Terms. The Hereford Towns Fund Board have used funding from within the £162,000 capacity funding provided by government, to support the development and submission of the TIP. Council officer resource has been met from within existing revenue budgets and is quantified at an estimated contribution of between £40,000 and £45,000.
86. The table below demonstrates where the Hereford Towns Fund Board have determined this capacity funding should be allocated.

Revenue cost of project	2019/20	2020/21	2021/22	Future Years	Total
	£000	£	£000	£000	£
<i>Town Investment Plan drafting</i>		86,100			86,100
<i>Project development support</i>		19,756			19,756
<i>Communications and social media</i>		2,700			2,700

<i>Graphic Design and Town Investment Plan document presentation</i>		12,000			12,000
Business Case development			41,444		41,444
TOTAL		120,556	41,444		162,000

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
<i>Towns Fund Capacity Funding (grant)</i>		120,556	41,444		162
TOTAL		120,556	41,444		162

87. Business Cases have been completed for the council projects included within the TIP.
88. At the Heads of Terms stage the council, Hereford Towns Fund Board, and government will agree the scale of the financial offer to Hereford, and the projects that will be invited to progress to the Business Case stage. This decision demonstrates the robust nature of the project selection process and the work that is being undertaken to ensure project submissions can provide a level of assurance to government. If the council agree to become, on agreement of recommendation (b) the accountable body for the Town Deal, the council will be expected to be a signatory to the Heads of Terms document. It is expected that a further decision will be required at this stage to agree to sign the Heads of Terms.

Legal implications

89. The council has been granted £162,000 by Ministry of Housing, Communities & Local Government (MHCLG) under s31 of the Local Government Act 2003 in support of the development of the Town Investment Plan. Legal Services have not been provided with any documentation associated with this grant and it appears that MHCLG has not associated any criteria with these monies save that it must be spent in the development of the Town Investment Plan. There do not appear to be any rights of clawback associated with these monies.
90. 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.
91. The council is expected to act as the accountable body for the Town Deal Funds awarded to the projects identified on the Town Improvement Plan. The allocated monies and any conditions associated with it will be set out in the Heads of Terms that will be offered to the Hereford Town Deal Board and the council by MHCLG after consideration of the submitted Town Investment Plan.

92. Town Fund guidance suggests that as the accountable body the council will be responsible for ensuring the delivery of the Town Fund identified projects and also ensuring that all associated business cases are developed in accordance with the council's assurance requirements. The guidance suggests that this could require sign off of the business cases by the s151 Officer and the Cabinet. As accountable body the council will be responsible for ensuring that the allocated funds are used for the purposes for which they were allocated.
93. There does not appear to be any formal legal status given to the council being the accountable body for the Town Deal Fund. However, the council's general duties relating to the use of public money and expenditure would apply.
94. Although there is a clear expectation that the council will fulfil the role of accountable body for the Town Deal, the council does not have a duty to enter into these arrangements but it has the power to do so under Section 1 of the Localism Act 2011 which confers upon the council a power to do anything that individuals generally may do (the general power of competence).

Risk management

95.

Risk / opportunity	Mitigation
Opportunity to secure up to £25m through the Towns Fund process.	Submission of the TIP by the 29 January 2021 is a requirement of the bidding process set out by government. Acceptance of the TIP by government will lead to negotiations over the Heads of Terms for projects and the scale of the funding award.
Reputation risk if the council does not agree to be the accountable body.	The council have been engaged with the Towns Fund process for a number of months and have played an active role on the Hereford Towns Fund Board. It is considered that there is no other local authority in Herefordshire who could act as accountable body for the Hereford Town Deal.
The TIP is of insufficient quality to secure government funding through the Towns Fund process.	Consultants have been engaged who have been involved in five previous TIPs and bring considerable experience in drafting regeneration strategies. The Hereford Towns Fund Board have overseen all elements of the drafting process. Two challenge sessions have been held with the Towns Hub (government consultants supporting the Town Deal process) and the recommendations / feedback has been incorporated within the final TIP submission.

Consultees

96. A small number of comments were received from Members during the Member consultation. There have been positive comments received regarding the difference the projects will make to the city.
97. A detailed response was received from one Member that gave detailed feedback on each of the submitted projects. This response is principally an appraisal of the project proposals sharing the Members opinions of each project. This represents a view independent of the Hereford Towns Fund Board and the project selection process. Where appropriate these views will be shared with projects for consideration in any business case development at the later phase of the Towns Fund development.

Appendices

Appendix 1 – Membership of the Hereford Towns Fund Board

Appendix 2 – Draft Hereford Town Investment Plan

Appendix 3 - Ministry of Housing, Communities and Local Government Towns Fund Guidance.

Appendix 4 – Ministry of Housing, Communities and Local Government TIP template guidance.

Background papers

None Identified