

Title of report: Town Deal Heads of Terms

Decision maker: Cabinet Member for Finance, Corporate Services & Planning

Decision date: Friday, 18th June 2021

Report by: Portfolio Manager for Economy and Place

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 11 (Cases of Special Urgency) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

Wards affected

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

Purpose

The purpose of the report is to seek authorisation and delegation to sign the Heads of Terms that has been received by the Towns Investment Partnership Board and Herefordshire Council.

Recommendation(s)

- a) **The Towns Fund Partnership Board Chairman and the council's Chief Executive, following consultation with the council's Section 151 Officer, receive delegated authority to sign the Heads of Terms received from the Ministry of Housing Communities and Local Government (MHCLG) on 8 June 2021 accepting the funding allocation of £22.4million and return to MHCLG no later than 29 June 2021**

Alternative options

1. Do nothing – the council does not sign the Heads of Terms document meaning the programme of funding is not accepted. This is not recommended as Hereford's Town Investment Plan will not receive the funding allocated to enable successful delivery of the programme.

Key considerations

2. In late 2019 Hereford was included, along with another 101 towns across England, within the government's Towns Fund programme.
3. At the geographic heart of Herefordshire, Hereford is the sub-regional driver for over 192,000 people. With a unique heritage, and a striking rural identity, alongside a thriving artisan food and drink culture, Hereford is an attractive town both to visit and in which to live.
4. This is an opportunity to come together to drive long-term economic and productivity growth in Hereford, particularly as we meet the challenges presented by Covid-19.
5. The Hereford Towns Fund Board and the council submitted a Town Investment Plan at the end of January 2020 to government seeking £25million and on 8 June 2021 it was announced that the Hereford Towns Fund Programme had been allocated £22.4million.
6. There is a requirement for the Towns Fund Partnership Board and the council to accept the Heads of Terms jointly so that the Town Investment Plan can continue to the next stage which is to complete Annex A which are individual project templates and submit those to MHCLG no later than 29 August 2021. Completed project confirmation templates need to be signed by the council's Chief Executive or S151 Officer as well as the Towns Fund Board chair.
7. There will then be a further 10 months to complete the full business cases for each project which will be required for submission in June 2022 to MHCLG.
8. The Towns Fund bid was originally £25million and the amount allocated is £22.4million. Annex A will need to set out how the programme has reduced from the original £25million request in line with the £22.4million allocation offered. The Towns Fund Board have commissioned an independent company to complete this process on behalf of all the project submissions.
9. MHCLG have noted that the council acting in the Accountable Body role must have its own assurance processes in place to assure the project submissions prior to sending

Annex A to MHCLG. The council proposes to commission independent assurance to complete this process.

10. The council has requested that outline business cases (OBC) are completed to provide a framework to assure the projects are still viable following the early process of business case development for the funding bid. The information will continue to be used in the full business case stage for those projects that continue on to complete the full greenbook business case.
11. Appendix A lays out the Heads of Terms offer to Hereford, under the Towns Fund. This is not a contractually binding document and the offer is subject to various conditions being met. The Heads of Terms will act as a Memorandum of Understanding for the future development and delivery of Hereford's Town Investment Plan and project proposals. It sets out joint expectations as Hereford enters the business case development phase
12. Bring a further report back to the Cabinet member for Finance, Corporate Services and Planning in August 2021 to authorise the submission of Annex A to MHCLG

Community Impact

13. The Towns Investment Plan is an exciting plan that presents strong links to economic recovery in Hereford post the COVID-19 pandemic. The successful delivery of the programme will drive long-term economic and productivity growth in Hereford, particularly as we start to address the challenges presented by Covid-19.
14. There are several projects that are included in the following areas. The outcomes of the projects are summarised in Appendix A.
 - Creating the Hereford Skills Foundry Composite
 - Delivering the Access Greening Composite
 - Developing the Cultural Assets Composite
 - Delivering Electric Buses
 - Developing the Holmer Extreme Sports Hub
 - Implementing the Marches Experience

Environmental Impact

15. The Towns Investment Plan has included several projects that will significantly impact the environment and address the climate and ecological emergency in a positive way should they be successful in delivery.

The areas mentioned in section 10 will have a number of positive outcomes that will contribute towards a positive environmental impact in Hereford Town.

Equality duty

16. 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.
17. After the Heads of Term have been signed, during the full business case stage, there will be a requirement to undertake a programme-wide impact assessment and a, relevant project-level impact assessment to meet the Public Sector Equalities Duty as well as to carry out relevant Environmental Impact Assessments

Resource implications

18. At this point in the decision making process there are no direct financial implications to the council other than to undertake the accountable body role.
19. The capacity funding received from MHLCG to fund the resources to progress the Towns Fund programme through the stages is being used to allocate £10,000 to pay for the function of the Accountable Body role which is being undertaken by the Council.
20. Where the council has put forward its own projects which are included in the programme, the projects will follow the council's own governance processes to secure capital funding where required, submitting full business cases to full council in the routine governance cycle.
21. The individual project full business cases will detail the scheme specific resource implications and the potential delivery risks, these are required for submission to MHCLG in June 2022.

Legal implications

22. The Heads of Terms are not contractually binding but set out the expectations of the council and the Towns Fund Board. The council has the power to enter into the Head of Terms 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).
23. As the Accountable Body the council will be responsible for ensuring that the projects identified on the Heads of Terms meet the necessary assurance requirements which

include both those set out in the Heads of Terms as well as the council's locally set assurance measures.

24. In its role as Accountable Body the council will be required to have regard to its general duties relating to the use of public money and expenditure.

Risk management

25. Risks associated with accepting the Heads of Terms are minimal. The council has established a process to monitor the schemes as the Accountable Body and has successfully provided Accountable Body status in previous schemes. However as individual full business cases are developed the risk of each scheme, for example delivering expected benefits, securing match funding, not overrunning in time or cost will require individual risk mitigation and monitoring by the council as the Accountable Body.

Consultees

The following consultation has taken place around the current proposed decision

Date	Consultees	Comments
June 2021	Political Groups Consultation	Comments have been received around the unknown affordability of the council projects at this point in the process where match funding is required
16 June 2021	Cabinet Member Briefing	Following a briefing with the cabinet member she is happy to continue on with the process of signing the HOT

Appendices

Appendix A – Heads of Terms Documentation

Background papers

None Identified

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

MHCLG: Ministry of Housing, Communities and Local Government

HOT: Head of Terms