

Assurance for Towns Fund Project Business Case Summaries to DLUHC & Subsequent Delegation of Decision to enter Grant Agreements	
Cabinet Member for Strategic Planning and Commercial Strategy and Investments	
March 2022	
Deadline date: March 2022	
Cabinet portfolio holders:	Cllr Peter Hiller, Cabinet Member for Strategic Planning and Commercial Strategy and Investments
Responsible Director:	Adrian Chapman, Executive Director: Place and Economy
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: Yes Unique Key decision Reference from Forward Plan: KEY/18FEB22/04
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	There is an exempt appendix which is not for publication in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to the financial affairs of third parties. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so would disclose commercially sensitive information about the third-party partners, Nene Park Trust and Peterborough College.
Is this a project and if so has it been registered on Verto?	NO Project Number: NA
RECOMMENDATIONS	
<p>The Cabinet Member, is requested to:</p> <p>Following the endorsement of the Town Deal Board on the 14th March 2022 in respect of the business cases for the Lakeside Activity Centre and Green Technology Centre, delegate authority to the Monitoring Officer, Director of Resources (s151 officer) and the Executive Director Place and Economy to;</p> <ol style="list-style-type: none"> 1. Approve Town Deal Business Cases, as set out at Appendix 1 of this report, and submit them to Department for Levelling Up, Housing and Communities (DLUHC) for approval in line with our agreed Towns Fund programme. 2. To agree and enter into Grant Funding Agreements with third party delivery partners and, 3. Transfer the Towns Fund grant subject to funding conditions and approval from DLUHC. 	

1. PURPOSE OF THIS REPORT

- 1.1 The purpose of this report is to set out the necessary steps to secure funding, allocated to Peterborough City Council through the 2021 Peterborough Town Deal, in relation to two of the Town Deal projects. Submission of the business cases and subsequent funding provides investment which will create employment, attract further investment to Peterborough and support residents in gaining skills in key sectors thereby contributing to the levelling up agenda in Peterborough and addressing the skills deficit.
- 1.2 This decision is proposed in accordance with the delegations for the Cabinet Member for Strategic Planning and Commercial Strategy and Investments exercising delegated authority under paragraph 3.4.8 (a) of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (e).
- 1.3 The attached Appendix 2 is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to the financial affairs of third parties. The public interest test has been applied to the information contained within the exempt Appendix 2 and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so would disclose commercially sensitive information about the third-party partners, Nene Park Trust and Peterborough College.

2. TIMESCALE

2.1

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for relevant Cabinet Meeting	N/A
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3. BACKGROUND AND KEY ISSUES

3.1 In late 2020 Peterborough submitted a Town Investment Plan to government. The Heads of Terms offered to Peterborough as a result of the TIP were signed in January 2021. The HOT outlined that Government will provide up to a total of £22.9 million from the Towns Fund to enhance Peterborough city through economic growth and development and in return Peterborough would seek to secure the match funding set out in the TIP and deliver projects which resulted in agreed social, economic and environmental outcomes for the city.

A suite of projects were proposed and the Council has prioritised these projects within the funding envelope offered. Funding for individual projects is released by submission of business case summary documents which set out detailed project development and analysis against Her Majesty's Treasury 5 Case model, setting out the Strategic, Economic, Financial, Commercial and Management Cases for the project. The full business case is reviewed and assured at a local level and then submitted in summary to DLUHC

Upon DLUHC approval of the Towns Fund Business Cases, funding will be awarded to the Council for the projects within 3 months. The two projects are to be led by third party partners. These are:

- Nene Park Trust
 - Activity Centre Project – to promote activity and to improve health inequalities
- Peterborough College, managed by Inspire Education Group
 - Green Technology Project - to address the skills deficit in new emerging green technology

These projects are offered here as part of the local assurance process.

Grant Funding Agreements will be entered into for the two separate third party partners to release funding from the Towns Fund. These draft agreements will be conditional. It is requested that the Cabinet Member delegates the authority of the decision to enter into the grant agreement's and spend the Towns Fund money to the director at a later date to each of the third-party partners.

The governance timeline for 2022 comprises:

- 20 January – Towns Fund Board endorsement to Grant Funding and Overall Programme
- 14 March - Cabinet Policy Forum
- 14 March - Outline Business Cases assurance by Senior Responsible Officer & S151
- 28 March - Cabinet Member Decision Notice
- 15 April - Submission of Summary papers to DLUHC (appended)
- June – DLUHC approval to PCC of submission
- June – July Grant Agreements in place with PCC and third parties
- June / July – Towns Fund monies received by PCC

3.2 **Activity Centre Project**

An Outline Business Cases has been completed for the Activity Centre Project. The Lakeside Activity Centre at Nene Park represents a significant investment in health, wellbeing and recreation in one of Peterborough's most loved assets. The new Activity Centre building will provide an offering to families, young people and all visitors through an innovative purpose built activity offer keeping the community active year round and encouraging engagement with the outdoors through adventurous physical activity. As a centre for climbing excellence with Olympic standard facilities alongside an inclusive fun climbing offer and toddler play, the project provides pathways for development encouraging active lifestyles and aspiration to elite performance. The project also represents a significant investment in architectural quality and ambition for the city. The project leverages private sector finance, Towns Fund monies, and other grant funding. Project contributes to use of river corridor as a recreation route improving and encouraging pedestrian and cycle use of river corridor.

3.3 **Green Technology Project**

An Outline Business Case has been completed for the Green Technology Project. The Green Technology Project has been developed following a Strategic Business Case that identified a key gap in current education and skills provision. This project seeks to address gaps in Automotive Engineering and Construction. Investment in such skills is needed to support the city's ambitions as UK environment capital and to address the productivity targets of the Local Industrial Strategy. Peterborough College has recognised and is responding to this need and recognises the need for external grant funding to realise this ambition. Without external funding the centre would be both smaller and take longer to deliver. Therefore, the project will be delivered through Towns Fund and other funding streams including the DfE Further Education Capital Transformation Fund (FECTF), internal reserves, and further borrowing as necessary.

The build of the Green Technology Centre is subject to planning permission. A pre-planning application was submitted in February 2022, and a decision is expected mid-March with a Formal Planning application with decision expected June.

3.4 Grant Funding

In order to release funds the Council will enter into Grant Agreements with the two separate third party partners.

The draft grant agreements will be conditional and subject to:

- Approval of an acceptable 5 case business case by Accountable Body (AB) (Peterborough City Council s151 and the associated governance outlined in 3.1)
- Confirmation of other funding sources necessary to secure the project budget and deliver the project in full with no recourse to Towns Fund or accountable body for cost overruns.
- Satisfactory planning permission secured
- Clawback provisions in the event the project does not proceed for any reason.

Such Grant Agreements allow the Council as AB to have comfort in defraying grant to partner organisations and for the third party partner to have certainty on funding availability and manage the budget and cost control of the funds within the project accordingly.

Here is a summary table of the Towns Fund allocations split by project.

Project Name	Total Towns Fund ('000)	Towns Fund total capital ('000)	Towns Fund total revenue ('000) PMO at 3%
Activity Centre	1,500	1,455	45
Green Technology	2,000	1,940	60
Total	3,500	3,395	105

Therefore, it is proposed that for Nene Park, Activity Centre, £1,455k capital is allocated through a Grant Agreement and for Peterborough College, £1,940k capital is allocated through a Grant Agreement.

It is requested that the director will have delegated authority of the decision to spend the Towns Fund money through such Grant Agreements at a later date.

4. DETAILS OF DECISION REQUIRED

4.1 To note the endorsement of the Town Deal Board on the 14 March 2022 in respect of the business cases for the Lakeside Activity Centre and Green Technology Centre; and delegate authority to the Monitoring Officer, Director of Resources (s151 officer) and the Executive Director Place and Economy to;

1. Approve Town Deal Business Cases, as set out at Appendix 1 of this report, in the Council's capacity of Accountable Body and submit to the Ministry for Housing, Communities and Local Government (DLUHC) for their consideration and approval by the 15th April 2022 in line with our agreed Towns Fund programme.
2. To agree and enter into Grant Funding Agreements with third party delivery partners, Nene Park Trust and Peterborough College (The Inspire Group) for the Lakeside Activity Centre and Green Tech Centre projects respectively
3. Transfer Towns Fund grant subject to the discharge of relevant conditions and the approval and release of funding from DLUHC.

5 CONSULTATION

5.1 This document has been produced in collaboration with colleagues across the Place and Economy Directorate and its partners.

The Towns Fund Programme has a governance structure including a Towns Fund Board and internal Boards that advise and contribute to the programme. These Boards are held on a regular basis.

Communications and stakeholder engagement have taken place internally and externally for the programme.

Stakeholders include: planning department, strategic finance, property, legal services, Towns Fund Board, Visitor Attractions, Skills and Enterprise Board, Ward Councillors and residents.

Consultation and engagement has occurred through different means:

- Towns Fund website section created, with specific pages on each project
- E-newsletter launched which is published quarterly
- Meetings held with key stakeholder groups in private and public sector to talk about Towns Fund aims and objectives and give details on projects and how they interlink
- Board meeting agenda and minutes published online

5.2 **Activity Centre Project**

Project initiated following wide ranging Nene Park Master Plan consultation activities in 2016 including engagement with local community, professionals and advisors from the city and Councillors.

Public consultation event held in Autumn 2018 including full proposal plans, models and opportunities to review with project team members – response informed design changes and final proposals.

Further exhibition of plans held in November 2018 prior to planning submission and an exhibition of the final plans was held in March 2019 following submission.

Several meetings held with Ward Councillors throughout planning process.

Successful Planning Submission subject to significant scrutiny from validation in March 2019 to approval in March 2021.

As the projects begins to move forward to the implementation engagement and informational communications are very important to project success and are detailed within the Communications and Engagement Plan of the Outline Business Case.

5.3 Green Technology Centre Project

A range of engagement activities have taken place to gauge stakeholder and wider public support for the Green Technology project.

- Wider engagement linked to major consultation activities for the following programmes include:
 - City Development Programme
 - Culture Strategy
 - Major Survey 2019-202
 - COVID19 Engagement
- BID (Business Improvement District) - A preparatory survey of city centre businesses in early 2020 with 141 respondents (around 40% retail / 84% SMEs).
- Stakeholder engagement up to July 2020 including:
 - Research work on graduates/SMEs
 - 533 respondents to Facebook
 - Cohesion Programme Progress Report
 - Research to establish Creative Hub
 - 623 respondents to “what makes you proud of Peterborough”.
- Direct engagement with 20 businesses and institutions in Peterborough with an interest in development of the Green Technology Centre, undertaken as part of the development of the Strategic Outline Business Case.

Further plans are detailed within the Communications and Engagement Plan of the Outline Business Case.

6. ANTICIPATED OUTCOMES

6.1 Activity Centre

The project will deliver a number of outcomes including:

- Perception of place by residents.
- Inclusive fitness, health and wellbeing offer in city with poor health outcomes and no comparable facilities
- Award winning building with significant civic value and place making impact
- Links with Embankment Masterplan and Flag Fen development as river valley visitor attraction critical mass and identity

Green Technology Centre

The project will deliver a number of outcomes including:

- Delivery of core vocational and FE qualifications meeting the needs of the local labour market
- Provision of a high-quality learning space
- Therefore, an increase in:
 - Apprenticeships created in priority sectors
 - Learners supported within priority sectors
 - Learners securing jobs in priority sectors
 - Growth in new and existing FT course offer for school leavers
 - New commercial training opportunities and employer focussed training and development
 - Number of jobs created
 - Number of businesses assisted to improve performance

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 **The following options were considered and rejected:**

To do nothing. This option was considered and rejected because the Council would lose £3.5m investment into Peterborough and the benefits expected to be delivered through the schemes would not be realised.

7.2 **Activity Centre** project team have considered potential sites and various business offers and models through 2017/18 including a review of the current recreational offers in the city and region, ability of options to attract a broad and diverse demographic that would contribute most holistically to the city and a sustainable business model. Therefore, options considered included a mixed offer of play and fun climbing progressing to Olympic standard climbing. Options rejected included more play focussed and basic climbing offers as whilst these offered commerciality failed to offer as much impact on the city from a wellbeing and aspirational pathway perspective. Do nothing and do minimum options were also considered and rejected based on not delivering positive externalities, Nene Park Trust spending objectives and failing to align with city wide strategies.

7.3 **Green Technology Centre** project team have considered different options following the Strategic Outline Business Case. These have included refurbishing the existing space but this was rejected as the outcomes were not as high as a new build options. The needs of local employers, providing first class learning experience and supporting the strategic aims of growth and quality, as well as the financial analysis were all compromised. Business as Usual with no investment in green skills provision, however, over the medium to longer term the curriculum offer does not respond to emerging needs by investing in new equipment within the existing facilities. Therefore, this was rejected.

8. **IMPLICATIONS**

8.1 **Financial implications**

8.1.1 The financial implications of this Cabinet Member Decision Notice are set out in the main body of the report.

The funding passed to the projects is fully covered by Towns Fund Grant in line with the capital programme, and there are no additional costs to Peterborough City Council arising from this report.

8.2 **Legal Implications**

8.2.1 The Council will enter into a grant agreement with the partners which will set out the conditions of the funding.

An assessment of the grant funding to be awarded to the third parties has been undertaken to establish whether the funding could constitute a subsidy under the Trade and Cooperation Agreement agreed with the EU on 30 December 2020. The financial support to be provided by the Council does not constitute a subsidy.

8.2.2 Activity Centre

Planning permission was granted for the Activity Centre in March 2021. The final implementation of works will be subject to a Schedule Monument Consent from Historic England who have been involved in discussions in relation to the scheme since its inception.

8.2.3 Green Technology Centre

The build is subject to planning permission. Pre-planning application was submitted in February, and a decision is expected mid-March with a Formal Planning application with decision expected June.

8.3 **Equalities Implications**

An Equality Impact Assessment has been carried out for each project.

8.4 **Carbon Impact Assessment**

8.4.1 Activity Centre

The construction strategy focuses on minimising embodied carbon by using timber in the majority of the structure and internal finishes. The energy strategy relies upon a highly efficient building envelope to minimise energy use complemented by renewable energy, heat recovery and cooling ventilation supported by structural characteristics. Where more carbon intensive materials are used efforts have been made to minimise the environmental impact, for example using low solvent rapeseed oil finish for the metal cladding. The project has significant tree planting directly included in addition to further localised mitigation which will be carried out.

8.4.2 Green Technology Centre

The Green Technology Centre is designed to be built to reflect the 'green' focus of the course content delivered by the facility. Designed with sustainability principles at its core. There are many design features that contributed to the green credentials and the monitoring of these designs and energy usage in the future. An example of these features includes:

- Photovoltaic panels: large enough to support achievement of net zero carbon status.
- Solar shading: via building overhang and vertical fins to reduce overheating and the need for mechanical cooling.
- LED lighting: throughout the building to maximise luminosity for minimal energy use
- Low-G glazing: to minimize solar gains, reduce overheating and therefore the need for mechanical cooling.
- Exposed concrete soffits: to absorb excess solar gains and reduce energy use for mechanical cooling.
- Demand controlled ventilation: to reduce ventilation requirements in areas with low/no occupancy.
- Air source heat pumps: used for heating and hot water generation and any cooling requirements.

These design features will ensure a low carbon facility as a minimum (with aspirations to achieve net zero carbon), helping to reduce Peterborough College's carbon emissions and contribute towards decarbonization strategies for buildings and facilities.

8.5 **DECLARATION / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED**

None

9. **BACKGROUND DOCUMENTS**

9.1 Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Peterborough Town Investment Plan

10. **APPENDICES**

10.1

Summary Tables

The Appendices have the details to be submitted to DLUHC. Part 1 of these reports is exempt and part 2 is for the public annex.

Appendix 1:

Tables to be submitted to DLUHC by 15 April for Towns Fund submission

- Project Summary Table Annex C 2022 Activity Centre FINAL
 - Part 2 is in the Public Annex
- Project Summary Table Annex C 2022 Green Technology FINAL
 - Part 2 is in the Public Annex

Appendix 2:

Tables to be submitted to DLUHC by 15 April for Towns Fund submission

- Project Summary Table Annex C 2022 Activity Centre FINAL
 - Part 1 is Exempt
- Project Summary Table Annex C 2022 Green Technology FINAL
 - Part 1 is Exempt