

<b>REPORT TO:</b>	Full Council
<b>DATE:</b>	14 <sup>th</sup> December 2022
<b>SUBJECT:</b>	Request for Additional Capital Funding for Mablethorpe and Skegness Towns Funds Submissions
<b>PURPOSE:</b>	To secure additional funding from reserves for in house managed schemes so that the construction contracts for the projects can be entered into.
<b>KEY DECISION:</b>	Yes
<b>PORTFOLIO HOLDER:</b>	Councillor Craig Leyland, Leader of the Council
<b>REPORT OF:</b>	Adrian Sibley, Deputy Chief Executive for Delivery
<b>REPORT AUTHOR:</b>	Adrian Sibley, Deputy Chief Executive for Delivery
<b>WARD(S) AFFECTED:</b>	Sutton on Sea, Skegness Wards, Ingoldmells, Mablethorpe, Chapel St Leonards
<b>EXEMPT REPORT?</b>	No

#### **SUMMARY**

Following the successful approval of the Towns Investment Plans, the Government offered a Town Deal to the value of £23.9m for Mablethorpe and £24.5m for Skegness to fund 13 different schemes. Six of these projects are to be managed by the Council with capital cost of £35m. Now that the cost submissions have been received and reviewed with our respective contractors, there is a requirement to commit a further maximum amount of £3.5m to these projects from our reserves. This represents an uplift of around 10% and is largely due to inflationary pressures.

The funds would be set aside on a contingency basis and would be funded from the Growth Reserve and/or the returned Property Fund Debt.

#### **RECOMMENDATIONS**

To recommend that up to £3.5m be allocated from reserves to support the Towns Fund Projects. The final amounts will be subject to agreement with the Council's Section 151 Officer, The Lead Member for Finance, the Chief Executive, and the Leader of the Council.

## **REASONS FOR RECOMMENDATIONS**

The schemes have so far been part of an initial selection, scoping, design and now costing process. In order for the projects to be progressed to the delivery stage, approval needs to be given to adjust the Councils Capital Programme. Each project will form part of the Councils capital monitoring process going forward.

## **OTHER OPTIONS CONSIDERED**

Members could decide not to progress some or all of the schemes. This would represent a lost opportunity and is likely to be a false economy as much of the work, such as improvements to the Mablethorpe Leisure and Learning Centre will need to be undertaken in the future if we are to continue to provide the facilities.

Re-engineering of the schemes will continue going forward to ensure that costs are kept to a minimum. Alternative funding opportunities will also continue to be sought.

## **1. BACKGROUND**

- 1.1.** Members will be aware that The Government invited an initial 101 places in England to develop proposals for a Town Deal, forming part of the £3.6 billion Towns Fund announced by the Prime Minister in 2019. The Towns Fund is at the centre of Government's ambition to level up this country and make it a better place for everyone to live and work.
- 1.2.** The Council was invited to act as Lead Authority in the preparation of a Town Investment Plan for both Skegness and Mablethorpe as the basis for entering into a Town Deal with Government. A fundamental prerequisite of a Town Deal is strong governance arrangements, which are exercised through a Town Board.
- 1.3.** The Council is the accountable body and has taken responsibility for ensuring that decisions are made by the Town Deal Board in accordance with good governance principles. As the lead council, we have developed a delivery team, delivery arrangements and agreements to support the development of an evidenced based Town Investment Plan and engagement with stakeholders, businesses, and the local community.
- 1.4.** Following Full Council approval, Town Investment Plans for both Mablethorpe and Skegness were submitted to the Ministry for Housing, Communities and Local Government (MHCLG) in October 2020 (now the Department for Levelling Up, Housing and Communities). Each Investment Plan included proposals for up to £25 million to invest in regeneration, skills, and connectivity to secure transformational levels of economic growth.
- 1.5.** Both plans were successful and in March 2021 Mablethorpe and Skegness were awarded up to £23.9 million and £24.5 million respectively for a total of 13 separate projects. Seven of these projects are to be delivered by external partners and six are to be delivered internally. In all cases, the Council is the accountable body and responsible for receiving and

distributing the funding, whilst the Connected Coast Board was responsible for agreeing the schemes and the Business Cases.

- 1.6. For the six internally managed schemes, the Capital cost of the schemes is around £35m.
- 1.7. The funding and hence the ability to take forward projects was subject to Full Business Cases being submitted for each individual project by the end of March 2022 which was within a year of the award. The Council also approved the schemes in December 2021, including its own contributions to them.
- 1.8. Since government approval of the Business Cases, offices have engaged with contractors to agree final build costs. Now that the final costings have been received it is clear that in some areas costs have continued to rise due to inflationary pressures. In addition, the due diligence and other preliminary works have highlighted other costs that would not have been previously known.
- 1.9. As a result, there is a requirement to commit a further £3.5m to these schemes and this cost will need to be met from Council reserves.

#### **4. CONCLUSION**

- 4.1 The 13 projects that make up the two Towns Funds deals for Mablethorpe and Skegness will lever in £48.4m of government funding along with £32.77m of match funding. The projects will deliver enhanced and new facilities for skills, employment and improve the general well-being of residents and visitors. They go to the heart of the Government's levelling up agenda and deliver investment into regeneration, skills, and connectivity to secure transformational levels of economic growth.
- 4.2 Following the successful application for the funds we have now gone through a procurement process, and it is clear that inflationary pressures have led to an increase in construction costs. A further £3.5m of funding is therefore required if we are to deliver these schemes.

#### **EXPECTED BENEFITS TO THE PARTNERSHIP**

The recommendations will support the aims and ambitions in terms of increased growth, prosperity, and well-being.

#### **IMPLICATIONS**

##### **SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP**

Future projects will be driven forward by the delivery directorate of the Partnership.

##### **CORPORATE PRIORITIES**

The objective of the Fund is to drive the economic regeneration of towns to deliver long term economic and productivity growth, therefore the alignment of the delivery team is reflective of the Council's strategy for economic development and growth.

## **STAFFING**

The delivery of Town Funds schemes will be a demanding piece of work that will require dedicated and specialist support. As the lead council, we have established a delivery team that will facilitate all arrangements and agreements to support this work and the delivery of the projects.

## **CONSTITUTIONAL AND LEGAL IMPLICATIONS**

Procurement procedures have been followed for delivery of services and goods. Robust contracts will also be required for the transfer of financial risk.

## **DATA PROTECTION**

None

## **FINANCIAL**

The financial implications are significant and have been detailed in the report. The 13 projects will lever in £48.4m of government funding along with £32.77m of match funding.

## **RISK MANAGEMENT**

The most significant risk is that expenditure is maintained within budget. Regular budget monitoring will be in place and overseen by the Project sponsor and Major Projects Board. Regular reports will also be taken to the Executive Board, Audit and Governance and Overview.

## **STAKEHOLDER / CONSULTATION / TIMESCALES**

Significant consultation has taken place in respect of the projects selected.

## **REPUTATION**

The successful delivery of these projects will be critical in terms of our reputation both with partners, the Government, and the public.

## **CONTRACTS**

Full procurement procedures and subsequent contracts have been followed for delivery of services and goods. Robust contracts will also be required for the transfer of financial risk.

## **CRIME AND DISORDER**

None

## **EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

None

## **HEALTH AND WELL BEING**

Several of the projects specifically target health and well-being as outcomes.

## **CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

Investment from this fund should be aligned with the government's clean growth objectives where possible, while ensuring that projects deliver good value for money, and as a minimum must not conflict with the UK's legal commitment to cut greenhouse gas emissions to net zero by 2050.

**ACRONYMS**

None

**APPENDICES**

None

**BACKGROUND PAPERS**

None

<b>CHRONOLOGICAL HISTORY OF THIS REPORT</b>	
<b>Name of body</b>	<b>Date</b>
Executive Board	November 2022
Full Council	December 2022

<b>REPORT APPROVAL</b>	
Report author:	Adrian Sibley, Deputy Chief Executive for Programme Delivery, Adrian.sibley@e-lindsey.gov.uk
Signed off by:	As above
Approved for publication:	Councillor Craig Leyland, Leader of the Council