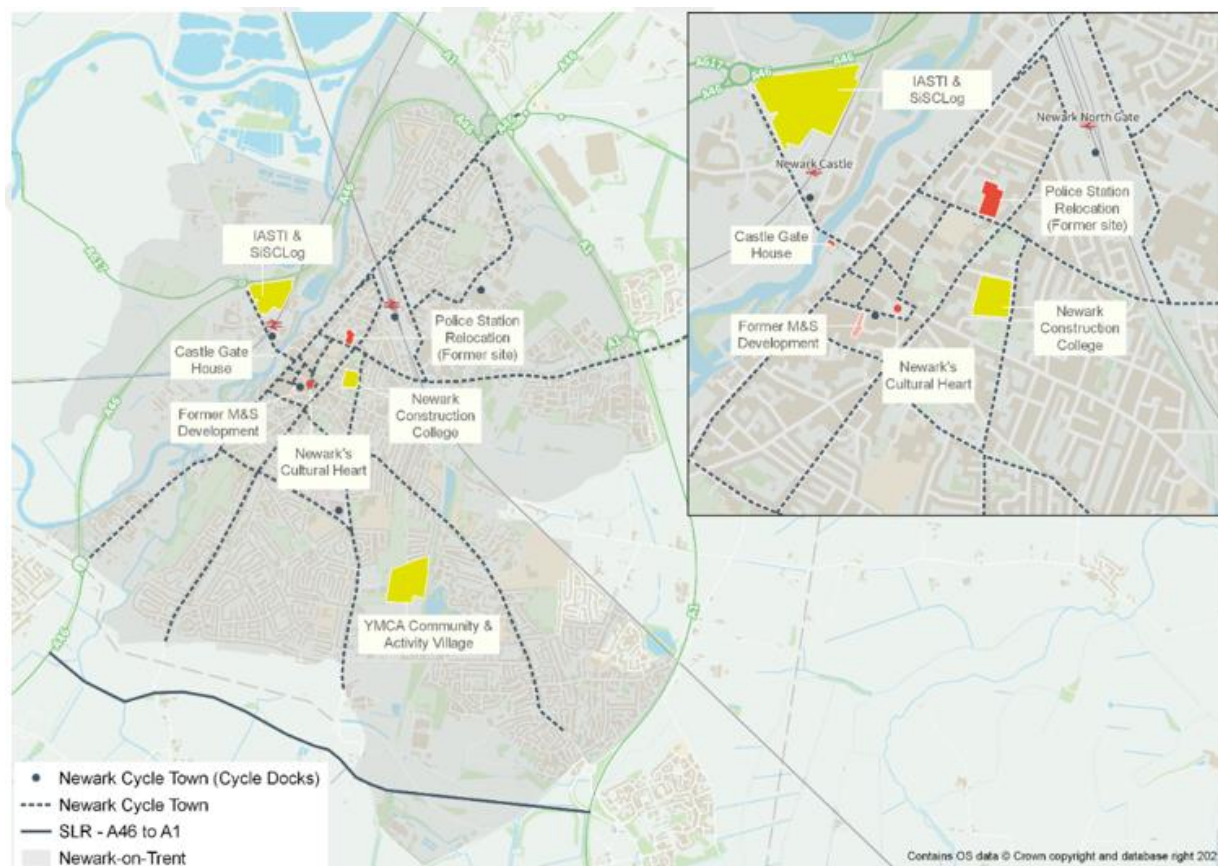


POLICY & FINANCE COMMITTEE
25 NOVEMBER 2021

NEWARK TOWNS FUND UPDATE

1.0 Purpose of Report

- 1.1 To update Members on the Newark Town Deal and identified Towns Fund Projects captured below.



2.0 Updates

Business Case Development

- 2.1 Members will recall from previous updates that work continues with Project Sponsors to deliver Business Cases for each of the Towns Fund projects. Since the last meeting the Full Business Case for the YMCA Community & Activity Village has been approved and submitted to government. It is expected that the full £2m Towns Fund grant will be drawn down in December 2021 for distribution to the YMCA in accordance with their Grant Funding Agreement milestones.
- 2.2 The Full Business Case (FBC) for the Stodman Street scheme has been received and Quod Consulting are undertaking an assurance review, in consultation with the Council's s151 Officer. The project proposes to create 29 high quality residential properties and 2 new retail/commercial units with the objective of increasing town centre vitality and supporting housing growth in the Town Centre. The Business Case has identified that the Benefit Cost Ratio (BCR) for this project is healthy. Subject to approval of the Council's s151 Officer, a summary Business Case will be submitted to government to secure the Towns Funding.

- 2.3 In addition to the Towns Fund the Council has successfully bid for £284k grant for the Stodman Street project to cover the costs of some asbestos removal and demolition. It is formally requested that Members welcome this grant and place this within the associated budget for the capital program.
- 2.4 The Outline Business Case (OBC) for the IASTI has now been formally submitted and is awaiting approval from Quod consulting in consultation with the Council's s151 Officer. This business case seeks approval for £10.6 million from the Newark Town Deal to support the delivery of an International Air and Space Training Institute facility in Newark. The IASTI-Newark will blend education with practical experience in partnership with the civil and military aviation industry. The project responds to skills shortages in the aviation and space sectors, who have struggled to attract, educate and retain qualified individuals needed to meet projected growth in these sectors. The project is led by Lincoln College Group (LCG) and is supported by industry. The OBC has identified an appropriate Benefit Cost Ratio (BCR). The IASTI programme will achieve the following outcomes:
- Air & Space Engineering: Training of a maximum of 15 new Level 3 Engineers in 2021/2022, 25 in 2022/2023 and 28 in 2023/2024.
 - Pre-Training of up to 20 new Level 3 Pilots in September 2021 with continuation onto the new practice-based degree from September 2023.
 - Training of a maximum of 20 new Aviation Ground staff in 2022/2023 and 28 in 2023/2024.
- 2.5 Business Cases for all of the other Towns Fund projects continue to be developed, in accordance with the following timetable:

Project	Project Sponsor	Expected sign-off
Newark Construction College	Lincoln College Group	Complete
Community & Activity Village	YMCA	Complete
32 Stodman Street	NSDC	FBC Pending Approval
IASTI®	Lincoln College Group	OBC Pending Approval
20 Minute Town	NSDC	November 2021
SiScLog (Newark Gateway site)	University of Lincoln/NSDC	January 2022
Castle Gatehouse	NSDC	March 2022
Cultural Heart of Newark	NSDC	March 2022
Newark Southern Link Road	Urban&Civic	Secured via the Newark Constituency Levelling Up Fund

- 2.6 The Assurance Framework has been updated (**Appendix A**) following additional guidance from the Government in October 2021. The proposed changes are highlighted in yellow. This update aligns the Assurance Framework with the guidance to allow Summary Documents to be submitted on the basis of a Strategic Outline Business Case or Outline Business Case with agreement by the 151 Officer. This allows the flexibility for projects later in the programme timetable and completing by 2025 the additional time to complete a Full Business Case with an updated financial profile and procurement methodology.

Program and Delivery Manager Recruitment

- 2.7 Members will recall previous support for the creation of a Town Investment Program Manager in order to oversee the delivery of the Towns Fund program and individual projects. The recruitment process is concluded with the post-holder starting with the Council on 17 November 2021.

Newark Southern Link Road

- 2.8 Members will recall that the SLR, which did form part of the initial Towns Fund Heads of Terms with Government was subject to the Newark Constituency Area Levelling Up Fund bid submitted to Government in June 2021 in partnership with Nottinghamshire County Council and Urban&Civic.
- 2.9 In the Autumn Budget on 27 October 2021 we received confirmation that the LUF bid was successful for the full £20m ask. It is now necessary to move at pace to accelerate the final design and delivery of the whole road given the LUF requirement for defrayal of grant to commence in 2022/22 and be fully spent by March 2024. This will involve working closely with National Highways (formerly Highways England), D2N2 (a grant funder alongside NSDC), Homes England (a loan funder), and Nottinghamshire County Council. In the case of the latter additional support and contributions will be sought. It remains the expectation that the SLR will be delivered in c2 years from now.

Newark Police Station

- 2.10 Members will have seen that following a review the Police & Crime Commissioner has elected not to proceed with the proposed relocation of the current station to Castle House. This project will not now be carried forward with the £1m towns fund grant being recycled, subject to Board, s151 Officer and Government approval into the remaining project(s) identified within the Newark Towns Deal.

Towns Fund Assurance

- 2.11 The current Towns Fund Assurance Framework (June 2021) has underpinned Quod Consulting's and the Council's s151 Officers assessment of Business Case development to date. Since it's adopting the government has published a number of qualifications and amendments to how Towns Funding can be drawn down, including an ability to draw down funding following an Outline Business Case (OBC) approval. Officers are keen to ensure the Assurance Framework remains up-to-date and therefore are seeking authority to adopt a revised Framework, which will be circulated in advance of the meeting.

3.0 Equalities Implications

- 3.1 Each TIP project is required to specifically address equalities and access implications as they are developed. This will be captured through the scheme and Business Case submissions.

4.0 Digital Implications

4.1 There are digital implications within many of the TIP plans and projects identified, with the need to ensure appropriate digital infrastructure, skills and future innovative and creative employment opportunities being key to many objectives. Each project will be required to identify this as they progress.

5.0 Financial Implications - FIN21-22/109

Newark Southern Link Road

5.1 The capital programme currently has a budget of £12.000m allocated. This is illustrated in the table below.

	Actuals Prior Years	2021-22	2022-23	Total Budgets
Budgets/Actuals	1,000,000	2,000,000	9,000,000	12,000,000
Funding Grants				
LEP	1,000,000		6,000,000	7,000,000
NSDC				
Growth Point			2,114,779	2,114,779
NSDC RCCO		2,000,000	500,000	2,500,000
NSDC Borrowing			385,221	385,221
Total Funding	1,000,000	2,000,000	9,000,000	12,000,000

5.2 NSDC has made a funding commitment of £5.000m towards the project. With the other additional funding of £7.000m coming from the LEP. To date £1.000m has been incurred in terms of costs in design works with Urban and Civic.

5.3 In addition to this NSDC and NCC had a successful bid of £20m approved for Levelling Up Funding on the 27th October 2021. This will be added to the capital programme at the next P&F following updates on profiling of budget. The grant has to be spent by March 2024.

5.4 This means that the project will have a total envelope of £31.0m remaining for the project. Total costs are currently estimated at £70.9m leaving £39.9m to be made up by Urban and Civic (private contribution). Discussions to secure the £39.9m are at an advanced stage, we are currently awaiting confirmation.

5.5 The financial implications for Southern Link Road are included within the report to Economic Development 'Highways Update'. It confirms the current budget remaining of £11m (NSDC £5m and LEP £6m) plus the additional £20m gained through LUP. With the total costs estimated at £70.9m this leaves a balance to be attained of £39.9m. This is to be made up by Urban and Civic (private contribution). Discussions to secure the £39.9m are at an advanced stage, we are currently awaiting confirmation of. Once the situation is resolved in respect of the balancing figure of £39.9m both this and LUP funding of £20m will be proposed to be added to the capital programme.

Towns Fund

- 5.6 The Stodman Street project has also had a successful application from the Brownfield Land Release Fund for £284k. Please see table below showing the Stodman street budgets included within the capital programme (including the additional £284k Brownfield land grant).

Current Budgets	Amount	Funding	Amount
Spend prior to 21/22	207,475.62	Primary Fund	284,000.00
Budget 21-22	2,076,524.38	Towns Fund	2,000,000.00
Budget 21-22	284,000.00	Brownfield Land	284,000.00
Budget 22-23	6,500,000.00	Borrowing	6,500,000.00
Total budget	9,068,000.00	Total Funding	9,068,000.00

- 5.7 Projects relating to the Towns Fund programme will be added to the capital programme in their entirety once the Business cases have been approved and approval granted at Policy & Finance.

6.0 Community Plan – Alignment to Objectives

- 6.1 The Newark Town Deal and TIP is a direct intervention of such scope and breadth that it significantly contributes to delivering all of the Council's Community Plan objectives.

7.0 RECOMMENDATIONS that:

- (a) Members welcome and note the update provided;**
- (b) Members approve, subject to the recommendation(s) of the Council's sS151 Officer and Quod Consulting, the Full Business Case (FBC) for 32 Stodman Street which seeks £2 million of Towns Fund Grant;**
- (c) Members approve, subject to the recommendation(s) of the Council's sS151 Officer and Quod Consulting, the OBC for the International Air & Space Technology Institute (IASTI);**
- (d) subject to (b) and (c) above to confirm to the Newark Towns Fund Board that the Full Business Case (OBC) for 32 Stodman Street and Outline Business Case (OBC) for the IASTI meets the requirements of the Newark Towns Fund Assurance Framework (June 2021);**
- (e) subject to (b-d) delegated authority be given to the Director – Planning & Growth, in consultation with the Business Manager – Law & Information Governance, to enter into a Grant Funding Contract with the Lincoln College Group to provide Towns Fund Grant in accordance with the approved Outline Business Case for the International Air and Space Training Institute (IASTI) Newark;**
- (f) delegated authority be given to the Council's s151 Officer to approve a final Full Business Case (FBC) for the IASTI (Newark), subject to approval from the Newark Towns Board;**

- (g) subject to (a-f) above, to approve £0.284m being added to the Council's Capital Programme for 32 Stodman Street (£0.284m Brownfield Land Release Fund) and up to £10.6m, in accordance with assured Outline and Full Business Cases, for delivery of the IASTI Newark; and**
- (h) to adopt, subject to Newark Towns Board approval, a revised Towns Fund Assurance Framework (Nov 2021), as detailed in Appendix A to the report.**

Reason for Recommendations

To continue the development the Newark Towns Strategy and Investment Plan.

Background Papers

Newark Town Investment Plan (July 2020)

Newark Towns Fund Assurance Framework (June 2021)

For further information please contact Matt Lamb on Ext. 5842

Matt Lamb

Director – Planning & Growth