



FULL COUNCIL

Wednesday 24 March 2021

TOWNS FUND – LOWESTOFT

EXECUTIVE SUMMARY

1. In 2019, Lowestoft was identified as one of 100 UK towns to benefit from the Government's £3.6 billion Towns Fund initiative and was invited to develop a proposal for a Towns Deal. In November 2020, East Suffolk Council (ESC) facilitated the development of the Lowestoft Town Investment Plan, which sets out town's regeneration ambitions, opportunities and challenges over the next ten years was submitted to the Ministry for Housing, Communities and Local Government (MHCLG). Within the Town Investment Plan was a bid for £24.9m from the Towns Fund to deliver five transformational regeneration projects. In March 2021 ESC were informed that they had been successful in securing the full amount requested and this would subsequently form a Towns Deal with Government.
2. The Towns Deal requires that a local Place Board oversee the development and delivery of the Town Investment Plan and Towns Deal (the Lowestoft Place Board consisting of local and regional stakeholders was established to undertake this role), with ESC as the accountable body and responsible for the management and delivery of the projects for which funding has been provided. A Heads of Terms in respect of this funding has been developed by government and this requires the approval of the ESC Chief Executive and Chair of Lowestoft Place Board to allow progress to be to the business case development phase.
3. The Towns Deal for Lowestoft sets out 5 priority projects identified in the Town Investment Plan. These projects will now enter business case development phase, which may take up to 12 months to complete. Once the business cases have been approved, Government will release the money in accordance with an agreed spending profile over the agreed project delivery phase.
4. This report is seeking approval from Full Council for ESC to accept £24.9m from the Towns Fund subject to the successful completion of project business cases and to revise the Capital Programme to incorporate these Towns Fund Projects

- The report also seeks approval for growth in the Council's General Fund Revenue budget to
5. ensure that there are adequate staff resources across the authority to deliver the Towns Fund and Town Investment Plan programmes.

Is the report Open or Exempt?	Open
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Wards Affected:	Carlton and Whitton, Gunton and St Margarets, Harbour and Normanston, Kirkley and Pakefield, Oulton Broad
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Cabinet Member:	Councillor Craig Rivett Deputy Leader and Cabinet Member with responsibility for Economic Development
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Supporting Officer:	Paul Wood Head of Economic Development and Regeneration 01394 444249 paul.wood@eastsoffolk.gov.uk Karen Staples Regeneration and Growth Manager 01502 523214 karen.staples@eastsoffolk.gov.uk
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1 INTRODUCTION

- 1.1 In September 2019, Lowestoft was selected as 1 of 101 towns to be a part of the Government's Towns Fund programme, which provided the town with the opportunity to bid for up to £25 million through a 5-year Town Deal. A Town Investment Plan for Lowestoft, developed in partnership with the Lowestoft Place Board (consisting of local and regional stakeholders including organisations such as Lowestoft Town Council, New Anglia LEP, ABP and Scottish Power Renewables – see Appendix 3 for full list of stakeholders), setting out the strategic case for investing in transformative projects in Lowestoft over the next 10 years was submitted to Government in October 2020. Within the Town Investment Plan, a financial request (Town Deal) was detailed, totalling £24.9m across 5 key capital projects.

2 THE TOWNS FUND

- 2.1 The Towns Fund is central to the Government's 'levelling up' agenda and involves the promotion of inclusive economic growth to build stronger and more resilient local economies and communities in areas of the country which have not benefitted from economic growth in recent decades. In addition, the fund is seen as contributing to the economic and social recovery following the Covid 19 pandemic.
- 2.2 The overarching aim of the Towns Fund is to drive the sustainable economic regeneration of towns to deliver long term economic growth. This will be done through:

Urban regeneration - Ensuring towns are thriving places for people to live and work, including by:

- Increasing density in town centres.
- Strengthening local economic assets including local cultural assets.
- Site acquisition, preparation, remediation, and/or development.
- Making full use of planning tools to bring strategic direction and change.

Skills and enterprise infrastructure

- Driving private sector investment and small business development.
- Ensuring towns have the space to support skills and small business development.

Connectivity

- Improving local transport connectivity within the towns that complement regional, national networks and existing schemes such as the Gull Wing bridge
- Supporting the delivery of improved digital connectivity.

- 2.3 The Towns Fund involves a two-stage process, with a decision gateway at the end of each. The first stage was the development and submission of a Town Investment Plan. This details all the regeneration projects for Lowestoft, as part of an overarching strategy, which can be delivered over a 10-year period (subject to securing further funding), with a more detailed section focusing on those projects, which would form a Town Deal funding request of up to £25m, to be delivered over a 5-year period. The Town Investment Plan was submitted to Government on the 31 October 2020.
- 2.4 Projects within the Lowestoft Town Investment Plan have been assessed to identify those which are both transformative and deliverable within the 5-year timeframe set by Government. Each project within the Town Investment Plan was considered against the Towns Fund Intervention

Framework but also taking into consideration the impact Covid-19 has had on the town / town centre and the delivery / eligibility requirements in terms of timescales. Projects were scored using a robust prioritisation methodology and were ultimately approved by the Lowestoft Place Board.

2.5 This process led to 5 capital projects being selected to form part of the financial request to Government through a 5-year Town Deal. The projects are:

- **Cultural Quarter**
This project will redevelop an existing town centre car park (Battery Green) and retail units to provide a landmark building to deliver cultural / leisure activity, set within high-quality public realm with improved connectivity to the clean energy sector employment hub.
- **Historic Quarter**
A conservation-led approach to bring forward benefits beyond the scope of the current Heritage Action Zone, through improvements to the built environment (Lowestoft town hall / Lowestoft scores) to create a strong sense of place, improving community confidence, and adding to the visitor destination offer to enable economic growth.
- **Station Quarter**
Redevelop this key gateway site through a number of interventions including public realm enhancement, redevelopment of the former post office building and the old railway building which has been vacant for 50 years.
- **Seafront Vision**
A programme of seafront improvement projects on Lowestoft south beach. The programme will complement previous investments across a series of projects which will set the foundations for future growth. The south beach masterplan, which is currently being developed will be used to prioritise which projects will be taken forward.
- **Improvements to port gateway**
This project will create a high-quality gateway to the port, improvements to quay wall, storage units and public realm. This will help improve perceptions of the town and stimulate future inward investment, safeguard, and create new high skilled jobs, and support growth opportunities from within the town.

2.6 The Town Investment Plan has been through a robust assessment and moderation process led by MHCLG, which resulted in the confirmation of a Town's Fund financial offer of £24.9m. This was detailed within the Heads of Terms document received from MHCLG on 3 March 2021.

3 HEADS OF TERMS PROCESS AND AGREEMENT

3.1 The Heads of Terms document (see Appendix A) sets out the agreed offer for Lowestoft, 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 Lowestoft's Town Investment Plan and project proposals. It sets out the joint expectations of ESC and MHCLG as the projects enter the business case development phase.

3.2 The Heads of Terms provides the assurance of funding from Government; however, this may be withdrawn if the business case of any of the projects is deemed unviable. This is a very unlikely scenario since these projects have all been subject to a robust assessment process before being submitted. However, in the unlikely event of a project being found to be unviable it is possible to

put forward an alternative project featured within the Town Investment Plan to be considered for funding.

- 3.3 To progress to the business case phase, the Heads of Terms must be approved by ESC and sent back to Government by 24 March 2021. Within two months of accepting the offer set out in the Heads of Terms, ESC is required to confirm, in writing, details of the projects being taken forward and a plan for addressing any key conditions relating to those projects and the overall Town Investment Plan.
- 3.4 Once the Heads of Terms are agreed between both parties, the 5 projects selected for Towns Deal funding will progress to a 12-month (maximum) business plan development stage. MHCLG will then provide the agreed funding up to the maximum amount of £24.9m for those projects, provided that all the conditions set out in the Heads of Terms are met. To support the business plan development stage, further capacity funding of £110k, to cover the business case development costs, has been applied for from MHCLG. ESC expects to hear shortly if this request has been successful.
- 3.5 ESC and the Lowestoft Place Board will work with government to demonstrate the feasibility, viability and value for money of their projects by developing and submitting a Town Deal Summary Document within 12 months of the agreeing the Heads of Terms (at the end of the business plan development stage). This will include:
- A list of agreed projects.
 - Details of business case assurance processes followed for each project.
 - An update on actions taken in relation to the Heads of Terms key conditions and requirements.
 - A delivery plan.
 - A monitoring and evaluation plan.
 - Confirmation of funding arrangements and financial profiles for each project
 - Undertaking public sector equalities duty analysis
 - Approvals from the Lowestoft Place Board and ESC
- 3.6 ESC will also act as the accountable body for the Towns Deal and will be responsible for receiving and accounting for the Towns Fund allocation.

4 RESOURCE REQUIREMENTS

- 4.1 The Economic Regeneration Team will manage the delivery of the Towns Fund projects over the next 5 years and the wider Lowestoft Investment Plan over the next 10 years. This will include the management of the Lowestoft Place Board which will provide strategic oversight of both the Towns Fund projects and wider TIP. To deliver these significant and long-term programmes it is crucial that the appropriate staff resources is in place. It is therefore proposed that the current fixed-term roles within the Economic Regeneration Team are reviewed and where appropriate extended to cover the delivery of these programmes. This report is therefore seeking approval for growth in Council's General Fund Revenue to cover the staff costs associated with delivering these growth programmes.
- 4.2 The delivery of a regeneration and development programme of this size will also result in an increased workload for other internal teams across ESC. Over recent months discussions have

been held with the Corporate Management Team and individual teams to ensure that appropriate resources are available to support the delivery of this key programme for Lowestoft. This work is ongoing, and at this stage, additional resource requirements have been identified in respect of the Assets Team and Finance.

- 4.3 As a significant amount of the funding will be focussed on development and regeneration of assets within the town two key areas have been identified as needing strengthening, namely development surveying and capital project management capacity. The additional cost of this increased capacity should largely be accounted for as part of the capital build costs within the £24.9m Towns Fund, but an allowance has been made in the revenue budget growth identified in this report in respect of costs that may not be able to be capitalised.
- 4.4 Development of business cases, accounting, monitoring, and administering Towns Fund funding arrangements will also entail significant additional input from Financial Services, particularly in the early years of these projects. Section 6.1 sets out the request for additional resources to cover the additional capacity required to deliver this programme.
- 4.5 At this point in the development stage of the 5 priority projects there is no match funding requirement. However, the detailed costs of each project will be available once the business cases are fully developed over the next 12 months and at this point the need for match funding may be identified. In light of this, discussions with other potential funding bodies (e.g. the Arts Council, Heritage Lottery Fund, LEP, etc) have already begun. However, if a gap in match funding is identified there may be a need for ESC to consider additional capital funding from its own resources.

5 HOW DOES THIS RELATE TO THE EAST SUFFOLK STRATEGIC PLAN?

- 5.1 There is an urgent need to invest in enhancing Lowestoft to enable people to engage with their community and feel a sense of pride about the place within which they live. The projects within the Town Investment Plan are focussed on reshaping Lowestoft so that it has a new purpose, one that is based upon community needs, health and wellbeing; as well as providing a more sustainable economy with high value employment opportunities and ensuring economic growth is inclusive. There is an urgent need to show that Lowestoft is not a “forgotten” town.
- 5.2 The Towns Fund projects will directly contribute to the delivery of the five themes of the East Suffolk Strategic Plan (2020-2024):

Growing Our Economy: The Town Investment Plan aims to build a strong, sustainable and inclusive economy for Lowestoft based on existing strengths in the marine sector but also the growing offshore wind, cultural and digital sectors.

Remaining Financially Stable: The Towns Fund projects are making the best use of available external funding opportunities to deliver the Council’s ambitions. The economic growth that this investment will enable will also increase the District’s business rates base and Council revenues.

Enabling Our Communities: Projects within the Town Investment Plan aim to provide the right environment for everyone to lead healthy, active, safe and fulfilling lives and enable community pride. The local community have been consulted widely on these projects and their delivery will represent their ambitions for the town being realised. The plan has also been developed in close liaison with Business In The Community (BITC) who have selected Lowestoft to be part of their placemaking programme. In addition to their valuable support on the Place Board they are also engaged in important work to link business with local level community projects.

Delivering Digital Transformation: projects within the plan will provide improved access to digital connectivity such as the new ultrafast broadband network which will be of significant benefit to businesses and communities within the town.

Caring for our Environment: projects within the plan are focused on investing in offshore renewable energy, ensuring resilience to climate change, greening of the town centre and improving sustainable transport.

6 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 6.1 To deliver the Towns Fund projects and the wider Town Investment Plan it is vital that appropriate resources are in place for the duration of these programmes. The currently estimated financial implications of these resourcing requirements on the General Fund Budget are shown below. To reduce the impact on the core budget a contribution of £100k pa will be made from Enterprise Zone income. Further resourcing requirements may need to be considered by Cabinet as the development of business cases progresses.

Towns Fund – General Fund Budget Implications				
	2021/22	2022/23	2023/24	2024/25
	£	£	£	£
Economic Regeneration	286,700	282,900	326,100	344,900
Asset Management	68,500	68,500	68,500	68,500
Financial Services	28,500	59,300	31,100	0
Total	383,700	410,600	425,600	413,300
Less: EZ Contribution	(100,000)	(100,000)	(100,000)	(100,000)
Net Increase in Revenue Budget	283,700	310,600	325,600	313,300

- 6.2 Towns Deal funding needs to be spent as agreed within the parameters set by Government. The grant funding will be managed through ESC's standard accountancy procedures and monitoring of expenditure will be managed by ESC's Funding Manager.
- 6.3 ESC will be the accountable body for the grant funding and therefore will own and manage the risks associated with the delivery of the projects. Robust project management and financial processes will be applied to ensure the projects are delivered to the agreed specification and on time.
- 6.4 Acceptance of the Towns Fund funding requires the Council to revise its previously approved Capital Programme. The revised Capital Programme for Economic Development and Regeneration reflecting the Towns Fund projects is attached as Appendix B. The programme shows the initial projected phasing of the projects. Taking into account the need to develop agreed business cases over the next 12 months, the bulk of capital expenditure is anticipated to commence from 2022/23 onwards. As referred to earlier in this report, additional match funding could potentially need to be considered from the Council's own capital resources should any gaps in match funding be identified. The revised Capital Programme includes an additional £500k in funding from the Council in respect of the Station Quarter.

- 6.5 A governance structure has already been established in the form of the multi-stakeholder (see Appendix C) Lowestoft Place Board, which was created to oversee the development and delivery of the TIP. Regular progress reports will be provided to this Board on the progress of the Towns Fund projects as they are a key deliverable within the TIP. ESC is represented on the Place Board by the Deputy Leader and Cabinet member for Economic Development. Appropriate governance will also be established at the individual project level to ensure robust management in project delivery.

7 OTHER KEY ISSUES

- 7.1 This report has been prepared having considered the results of an Equality Impact Assessment (Ref EQIA314733167). The EIA result was positive for disability since all the projects within the plan will involve public realm enhancements and buildings designed to be accessible to all groups, specifically the seafront vision project which will implement a boardwalk project designed to improve access for people with disabilities. For all other protected characteristics, the assessment was neutral.
- 7.2 Overall, the Town Investment Plan will drive economic growth and enhance the local environment for all members of the community and therefore will act as a significantly positive initiative for the town.

8 CONSULTATION

- 8.1 Stakeholder and Community engagement is an integral part of the Towns Deal Process. Throughout the development of the Town Investment Plan a framework for stakeholder engagement was established (see Appendix D – Stakeholder Engagement Strategy) and this involved significant consultation throughout the plan's development through the Place Board, the Ambassador Programme and placemaking work.
- 8.2 As part of the development of the Town Investment Plan, the Regeneration Team undertook an intensive stakeholder engagement process, which included workshops, engagement events and over 30 one to one sessions with public, private and third sector organisations and presentations to business and community groups, providing a wide range of opportunities for participatory engagement into the Investment Plan. In addition, the community were invited to put forward their ideas for future projects in Lowestoft using the 'Mytowns' website created by Government to engage local communities.
- 8.3 The importance of strong engagement with Lowestoft Town Council in delivering a successful Town Investment Plan has been recognised and that is why they are a key member of the Lowestoft Place Board and were heavily engaged during the plan development phase. Furthermore, the Town Investment Plan has been a regular agenda item on the ESC/ LTC quarterly liaison meetings.
- 8.4 A condition of acceptance of Towns Fund award is that this stakeholder engagement activity continues through the five-year project business case development and delivery period. This is welcomed since comprehensive and meaningful engagement/ consultation is very much in line with ESC's approach to strategy development and delivery. The Stakeholder Engagement Strategy (Appendix D) sets out how future engagement through the project development and implementation phase will take place. To ensure this commitment to engagement the Economic Regeneration team has implemented a programme of placemaking work that sits alongside the Town Investment Plan. This work involves the creation of a network of Ambassadors with a

group of “lead ambassadors” to help communicate information about the Town Investment Plan and positive information about the development of Lowestoft to both the local community and visitors.

- 8.5 This placemaking engagement approach work has received national recognition through the nomination for the IESE Public Sector Transformation Award for Innovation in Economic Regeneration and Asset Management. A case study highlighting this approach has also been submitted to the LGA to demonstrate the value of this engagement in developing a successful place strategy.
- 8.6 Council has been identified as a key stakeholder group to be kept informed on the implementation of the Towns Fund projects and it is proposed that updates are provided to Council in line with the six-monthly monitoring submissions that will be provided to MHCLG.

9 OTHER OPTIONS CONSIDERED

- 9.1 Prior to the development of the Town Investment Plan, ESC had developed a comprehensive regeneration delivery plan for Lowestoft. This was being delivered incrementally based on successfully bidding for external funding for individual projects. ESC could have decided not to pursue the Towns Fund invitation and carried on delivering the regeneration of Lowestoft in this fashion however, the Towns Fund and Town Investment Plan provides a huge opportunity to deliver a series of transformational regeneration projects simultaneously and thereby having a much greater positive impact on the town than the previous approach.
- 9.2 The Town Investment Plan contains a range of capital projects to deliver regeneration and development for the town over the next 10 years. As a result, the Place Board had several options around which projects should be put forward for Towns Deal funding. The projects chosen were based on a range of criteria and a methodology that assessed how developed they were and the deliverability within the 5-year framework of the funding. Whilst the focus of activity over the next 5 years will be the delivery of the Towns Fund projects the economic regeneration team will also continue to develop and secure funding for the remaining projects within the plan.

10 REASON FOR RECOMMENDATION

- 10.1 Acceptance of the Towns Fund award and the Heads of Terms will provide the initial funding to deliver the priority regeneration projects within the Lowestoft TIP. The significant scale and scope of these projects will have a transformative effect on the town in terms of repurposing and revitalising the high street and wider Lowestoft area. It will also be a major contributor to substantial employment and economic growth in the coming years supporting the regeneration of Lowestoft and the wider East Suffolk post Covid economic recovery.

RECOMMENDATIONS

1. That it be agreed to accept the Towns Fund grant of the £24.9m external funding from Government as set out in the Heads of Terms attached as Appendix A.
2. That delegated authority be provided to the Cabinet to oversee and approve the development of businesses cases for each of the Towns Fund projects.
3. That the growth in the Council's General Fund budget shown in paragraph 6.1 be approved.
4. That the revised Economic Development and Regeneration Capital Programme attached as Appendix B, including a net addition to the Capital Programme of £500k, be approved.

APPENDICES

Appendix A	Towns Fund Heads of Terms
Appendix B	Revised Economic Development and Regeneration Capital Programme 2021/22 – 2024/25
Appendix C	Lowestoft Place Board membership
Appendix D	Lowestoft Town Investment Plan – Stakeholder Engagement Strategy

BACKGROUND PAPERS

Please note that copies of background papers have not been published on the Council's website www.eastsuffolk.gov.uk but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From
09/03/2021	Equality Impact Assessment EQIA314733167	Democratic Services