

Public Document Pack

NEWARK TOWN FUNDS BOARD - FRIDAY, 26TH NOVEMBER, 2021

I now enclose, for consideration the following late report that was unavailable when the Agenda was circulated.

Agenda Item No. 9

Town Funding Update - Redistribution of Towns Fund Options (Pages 1 - 2)

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NEWARK TOWNS BOARD

26 NOVEMBER 2021

TOWN FUNDING UPDATE - REDISTRIBUTION OF TOWNS FUND OPTIONS

1.0 Purpose of Report

1.1 To outline the options identified for the redistribution of the unallocated Town Fund resource and recommend the preferred option.

2.0 Background and Updates

2.1 Further to the announcement from the PCC in September that the relocation of the Police Station project will no longer go ahead, the £1m of Towns Fund money that was earmarked for this project is currently unallocated.

2.2 Newark & Sherwood District Council have been contacted by the Cities and Local Growth Unit of Central Government asking for an account of how this £1m of Towns Fund is intended to be used.

2.3 The following options have been identified for redistribution of this resource:

- **OPTION A** – Inform the Government that we will not seek to draw down £1m of funds
- **OPTION B** – Seek to redistribute the resource to another Towns Deal project(s) where it has been identified that higher costs due to inflation will be fatal to a project
- **OPTION C** – Seek to reallocate the resource to expand the scope of a current Towns Deal project to increase its benefits

2.4 It should be noted that the commencement of a wholly new project, including any outside of the 10 priority projects in the Towns Deal and associated Town Investment Plan, is not recommended. This would fall outside of the scope of the agreed Towns Deal Heads of Terms and would still require Central Government sign-off and completion of Green Book business case(s) by the end of March 2022. This is not therefore listed as a viable option.

2.5 **Option A** - Newark Town Board developed a Town Investment Plan with nearly 30 projects within which 10 priority projects have been identified and translated into the Newark Towns Deal. This level of funding remains important for the Town, its businesses, and its residents in order to deliver genuine transformative change. Whilst it remains the case that public grant will not and should not be spend for the sake of spend if a Towns Fund project genuinely needs top-up funding to delivery or enhance outputs this should remain the preference. For this reason Option A is not recommended.

2.6 **Option B** is the preferred option. It has come to light that the Castle Gatehouse project is predicting cost increases due to inflation that could prove fatal to the project, because of spend in later years of the programme. This has been identified through detailed costing work undertaken by the project manager for the Castle Gatehouse scheme. It is suggested that NSDC work with all project sponsors to identify if any of the other projects which include capital spend in later years can demonstrate that the higher costs they will face due to inflation could be fatal to the project. Where this work has already been done, as in the case of the Castle Gatehouse project, it is recommended that money from the £1m is allocated to the project to ensure that it will still happen. In other projects, we must defer this discussion of spend until January 2022.

2.7 **Option C** - If some of the £1m is left after the recommendations in Option B have been carried out, it is recommended to follow Option C. Redistribution of the resource would enable an enhancement of the ambition and scope of existing projects, such as the Newark Cultural Heart project, to maximise the benefits to the town and residents.

2.8 Finally, it is important to note the caveat that the decision of the Towns Fund Board is subject to approval by Central Government before it can be implemented.

3.0 RECOMMENDATIONS that:

- (a) the Board agrees to follow Option B in the first instance and redistribute the resource to other Towns Fund projects to ensure that they come forward where it has been identified that higher costs could prove fatal to the project; and**
- (b) the Board agrees that any residual resource after pursuing Option B be reallocated to expand the scope and ambition of current projects in the Towns Fund programme.**

Next Steps:

- Following approval by the Town Board to follow the recommendations as outlined in 3.0, the accountable body will contact central government to inform them of the Board's decision and ask about the formal process for requesting this reallocation of the resource.
- NSDC will then complete the necessary steps in this process and inform the Town Board of the outcome.

Background Papers

None

For further information, please contact Frances Davies (frances.davies@newark-sherwooddc.gov.uk)

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