

<b>Regeneration and Property Committee</b>	
<b>Meeting Date</b>	8 <sup>th</sup> March 2023
<b>Report Title</b>	Levelling-Up Fund
<b>EMT Lead</b>	Emma Wiggins, Director of Regeneration and Neighbourhoods
<b>Head of Service</b>	Joanne Johnson, Head of Regeneration, Economic Development and Property
<b>Lead Officer</b>	Joanne Johnson, Head of Regeneration, Economic Development and Property
<b>Classification</b>	<b>Open</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. To agree the detail of the governance arrangements as introduced in the Levelling-Up Fund business case and in section 3 below.</li> <li>2. To agree that, subject to undertaking a due diligence exercise with Legal and Procurement, Swale Borough Council utilise the UK Leisure Framework to progress the delivery of the Beachfields and public realm projects to RIBA stage 4.</li> <li>3. To agree to utilise the UK Leisure Framework to identify and recommend a delivery contractor for the Beachfields and public realm projects, to be appointed following Committee approval.</li> <li>4. To agree in principle to the convening of an extraordinary meeting of the Committee to agree contract award, if procurement and commissioning timescales are not supported by Committee timescales and if the delay presented would impact on the timely delivery of the programme.</li> </ol>

## **1 Purpose of Report and Executive Summary**

- 1.1 This report summarises the aims and content of Swale Borough Council's successful *Sheerness Revival* Levelling-Up Fund bid and set out next steps.
- 1.2 It requests that Committee members agree the detail of the governance arrangements as introduced in the Levelling-Up Fund business case.
- 1.3 It recommends a procurement route for the principal delivery contracts, and an agreement in principle to convene extraordinary meetings of the Committee to agree contract award, if procurement and commissioning timescales are not supported by Committee timescales and if the delay presented would impact the timely delivery of the overall programme.

## 2 Background

2.1 The Levelling-Up Fund (LUF) is a UK-wide £4.8bn infrastructure fund, jointly managed by the Department for Levelling-Up, Housing and Communities (DLUHC), the Department of Transport and HM Treasury.

2.2 Bids to round 2 of LUF were invited in summer 2022. Swale Borough Council was advised that its bid for £20m was successful on 18<sup>th</sup> January 2023. This was a delay of some months compared to the original timescales for funding award.

2.3. *Sheerness Revival* is a programme of three complementary town centre regeneration projects:

**Beachfields regeneration:** the existing healthy living centre will be reconfigured, upgraded and expanded to provide enhanced health, wellbeing, community, leisure and visitor facilities. This will include a new café, soft play and Tag Active attraction. The GP facility will be expanded and relocated to the ground floor. Outside of the centre, adventure golf will complement the Council's investment in an outdoor gym, as well as public toilets. Placemaking and public realm interventions will revitalise and animate the route from the railway station approach to and around the new leisure centre entrance.

**Sheppey College extension:** the extension (on to surplus car park land) will deliver new further education and Junior College teaching facilities alongside additional adult and community learning space.

**Masters House workspace:** the conversion of the units to the rear of Masters House to creative workspace studios will support job creation and small business development, and complement new uses of the main house following the Council's £1.3m investment.

2.4. A draft of the reporting schedule and monitoring conditions which will form part of the grant agreement (Memorandum of Understanding - MoU) with central government has been received. Reporting to government will be formally on a six-monthly basis, with interim quarterly reports. We understand the final version of the MoU will be issued once government has completed subsidy control checks.

2.5. Guidance indicates that the route to securing a project extension (to reflect and mitigate the delay in funding announcement) is via a formal project adjustment process which can only be completed once the MoU is signed.

2.6. Next steps therefore include:

- Appointing the two delivery staff funded by the bid (interviews are scheduled for 9<sup>th</sup> and 13<sup>th</sup> March)
- Signing the MoU
- Submitting a project adjustment request for a project extension to compensate for the delay in funding award

- Development of a communications and engagement strategy, building on the extensive consultation undertaken during bid development
- Establishing the governance arrangements outlined in the bid
- Procurement of contractors to deliver the programme. This is expected to be a delivery contract for the Masters House workspace; design and delivery contracts for the leisure / health facilities and public realm, and related professional contracts. (EKC Group will be responsible for the procurement and delivery of the Sheppey College extension, and this will be governed by a mirror MoU).

### 3 Proposals

#### Governance

- 3.1 The governance model introduced in the *Sheerness Revival* business case is illustrated in Appendix 1.
- 3.2 The Regeneration and Property Committee is shown as one of the three pre-existing bodies which will provide strategic oversight and accountability for project delivery.
- 3.3 It is proposed that a Member Working Group is established to take on this function, comprised of one representative from each group and chaired by the Chair of the Committee.
- 3.4 The principal advantage of a Member Working Group is that it can be agile, to be convened quickly when required, and meeting schedules can be adapted to support LUF reporting timescales and other requirements.
- 3.5 It is proposed that the Member Working Group meets at least six-monthly (and more frequently initially) to:
- support the delivery team in monitoring progress against agreed output and outcome indicators (as set out in the MoU), spend against profile and progress against schedule
  - review progress against the agreed Communications and Engagement Plan (which the Working Group would also initially approve)
  - approve project adjustment requests which are considered to constitute a material change, and for which central government approval is required
- 3.6 A draft terms of reference for the proposed Member Working Group is set out in Appendix 2.

#### Procurement

- 3.7. The *Sheerness Revival* business case sets out that three procurement routes are available for the delivery phase: restricted tender, open tender, or use of a framework. It notes that the main drivers in choosing a preferred route are

mitigating exposure to risk, and ensuring, as far as reasonably possible, delivery to budget.

- 3.8. Officers have investigated the routes available. The [UK Leisure Framework](#), operated by Alliance, is recommended. The framework route offers the advantage of accelerated access to a pre-approved expert supply chain. This is beneficial given the accelerated pace of delivery central government – and local stakeholders – expect and would welcome. Within the framework, various delivery options such as direct appointment or competitive approaches remain available.
- 3.9. Alliance have delivered over £250m of investment in local authority leisure projects across indoor and outdoor, new build and remodelling projects.
- 3.10. There would be a 0.22% access charge to use the framework, based on construction value. This would be approximately £25,000

## **4. Alternative Options**

### **Governance**

- 4.1 No member oversight of the programme. This would run counter to the arrangements outlined in the business case, and which are required by the MoU. Oversight is also set out in the Council's Constitution as a key function of committees (2.3.1.2). As such this option is not recommended.
- 4.2 Set the oversight function at full Committee level. This is not recommended as Committee meeting cycles and government reporting schedules are highly unlikely to coincide, and this may lead to programme and / or reporting delays.

### **Procurement**

- 4.3. Utilise the restricted or open tender procurement routes. Whilst the business case suggests these routes should be considered, the guiding selection principle of securing timely and cost effective delivery rules out the restricted tender route, and this is suggested in the business case. Following officer review, the open tender process is also not recommended, as it is likely to be slower, and more complex and time consuming than use of a framework. Whilst there is a cost to access the framework, the benefits in terms of time savings and more ready access to holistic expertise are considered to outweigh the cost.
- 4.4. Utilise an alternative framework. Whilst other suitable frameworks could be accessed, the UK Leisure Framework is recommended as the most bespoke to the project requirements, with specialisms in public sector, externally-funded leisure refurbishment projects.

- 4.5. Award contracts only at scheduled Committee meetings. This is not recommended, since (as with section 4.2) contract award timescales may not always align with scheduled Committee dates, and it is acutely important – for the funder, stakeholders and end users – that the programme is delivered as swiftly as possible. This approach may lead to programme and / or reporting delays.
- 4.6. Delegate contract award decisions to the Head of Regeneration, Economic Development and Property, in consultation with the Member Working Group and Head of Legal Services. This would reduce the administration burden of convening extraordinary meetings, and potentially further accelerate contract award. (Note that the constitution currently requires all contract awards above the value of £120,000 inclusive of VAT to be approved by Committee).

## 5 Consultation Undertaken or Proposed

- 5.1 Extensive consultation was undertaken in early 2022 on the content of the LUF bid. This is summarised in the 16<sup>th</sup> March 2022 Cabinet report.
- 5.2 The overarching governance arrangements as set out in the business case were discussed and agreed at officer level and with project partners on the basis of past experience and best practice. The business case was signed off by the Leader and S151 Officer.

## 6 Implications

Issue	Implications
Corporate Plan	<p>Effective governance arrangements support Priority 4 of the Corporate Plan – Renewing local democracy and making the council fit for the future.</p> <p>This in turn will promote effective LUF delivery and respond to Priority 3 – Tackling deprivation and creating equal opportunities for everyone.</p>
Financial, Resource and Property	<p>The £20m LUF investment is complimented by over £2m match funding (in kind and cash) from Swale Borough Council and £400k from EKC Group. Effective management and oversight arrangements (as set out in the project business case) will be key to securing maximum impact from this investment.</p> <p>The bid makes provision for two full time staff members to support delivery, including servicing governance arrangements and leading procurement. There will be requests for specialist support from other Council departments (e.g. Legal) which will need to be covered from existing resource.</p>

Legal, Statutory and Procurement	<p>The governance arrangements form part of the project business case and by consequence part of the Memorandum of Understanding with government. The draft agreement states that ‘the Council will provide upon request evidence of a constituted LUF delivery board or that a pre-existing board has formally adopted LUF governance within its Terms of Reference. Integration into the full governance arrangements of the Council should be evident’.</p> <p>The Council’s Contract Standing Orders set out that all contracts above £120,000 inclusive of VAT require Committee approval for award of contract.</p> <p>The Public Services (Social Value) Act 2012 states that all service contracts above the relevant UK threshold should consider social value. The Council’s Commissioning and Procurement policy states that consideration of social value should also be made in relation to contracts below the relevant UK threshold and above £25,000.</p>
Crime and Disorder	None identified.
Environment and Climate/Ecological Emergency	The business case was required to demonstrate how the programme aligns to and supports net zero ambitions.
Health and Wellbeing	None identified.
Safeguarding of Children, Young People and Vulnerable Adults	None identified.
Risk Management and Health and Safety	A risk register was appended to the project business case and will be regularly reviewed and updated during delivery.
Equality and Diversity	None identified.
Privacy and Data Protection	None identified.

## 7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- **Appendix 1** – Illustrated Governance Model

- **Appendix 2** – Draft Terms of Reference for the proposed Member Working Group

## **8 Background Papers**

- Report to Swale Borough Council Cabinet - *Levelling-Up Fund Business Case Development* 16<sup>th</sup> March 2022
- Sheerness Revival Business Case - [here](#) (appendices available upon request from [joannejohnson@swale.gov.uk](mailto:joannejohnson@swale.gov.uk))