

# Supplementary Agenda



<b>Meeting name</b>	<b>Meeting of the Cabinet</b>
<b>Date</b>	<b>Wednesday, 8 March 2023</b>
<b>Start time</b>	<b>4.30 pm</b>
<b>Venue</b>	<b>Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire. LE13 1GH</b>
<b>Other information</b>	<b>This meeting is open to the public</b>

<b>Meeting enquiries</b>	Democratic Services
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<b>No.</b>	<b>Item</b>	<b>Page No.</b>
9.	<p><b>LEVELLING UP FUND</b> The Portfolio Holder for Growth and Prosperity to provide an update on the successful Levelling Up Funding Programme, to identify governance requirements and implications and to seek approval to accept the money and commence the work for implementation.</p>	127 - 142

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## Cabinet

8 March 2023

**Report of:** Councillor Rob Bindloss - Portfolio Holder for Growth and Prosperity

## Levelling Up Fund Update

<b>Corporate Priority:</b>	Delivering sustainable and inclusive growth in Melton
<b>Relevant Ward Member(s):</b>	All
<b>Date of consultation with Ward Member(s):</b>	12 July 2022
<b>Exempt Information:</b>	No
<b>Key Decision:</b>	No
<b>Subject to call-in:</b>	No Not key decision

### 1 Summary

- 1.1 In August 2022, Rutland County Council submitted a joint bid on behalf of both Melton Borough Council (MBC) and Rutland County Council (RCC) for £22.95m from the second round of the Levelling Up Fund (LUF). The Department for Levelling Up, Housing & Communities (DLUHC) confirmed in January 2023 the bid had been successful.
- 1.2 This report provides an update on the successful Levelling Up Funding programme, and the key Melton specific projects within it. It also sets out governance requirements, obligations and implications and seeks approval to commence the work for implementation. Approval will subsequently be sought from Council to accept the money and add the capital funding requirement to the Council's Capital Programme.
- 1.3 The report also outlines the Council's approach to delivering the Stockyard project. A detailed report on the resource implications and project delivery requirements and timescales will be brought to cabinet in the summer of 2023.

### 2 Recommendation(s)

#### That Cabinet:

- 2.1 **Notes the successful outcome from the Levelling Up Fund (LUF) bid.**
- 2.2 **Notes that in line with prior approvals and the bid submission, that, subject to Rutland County Council (RCC) approval, RCC will be the 'Lead Authority' and**

**accountable body for the funding and endorse their acceptance of the required grant agreements with DHLUC.**

**2.3 Subject to council approval of recommendation 2.4:**

- 2.3.1 Approve entry into the necessary and relevant legal agreements with Rutland County Council to enable Melton Borough Council to access its share of the Levelling Up Fund.**
- 2.3.2 Approve entry into an agreement with SMB Group to enable delivery of the theatre project as set out within the bid.**
- 2.3.3 To delegate authority to the Director for Corporate Services, in consultation with Portfolio Holder for Growth and Prosperity, to develop, finalise and sign any associated legal documentation in relation to the agreements set out in 2.3.1 and 2.3.2**
- 2.3.4 To delegate authority to the Chief Executive, in consultation with the Leader of the Council, to agree any necessary amendments with DLUHC to enable the funding to be secured for Melton's projects, should Rutland County Council be unable to fulfil the accountable body role.**
- 2.3.5 Notes that regular updates on progress on the LUF programme will be provided to the LUF Executive Board**

**2.4 Recommends to Council:**

- 2.4.1 The acceptance of Melton's proportion of the LuF funding and approval to enter the capital scheme for the Stockyard project totalling £11.1m to the capital programme for 2023/24 to enable its delivery.**
- 2.4.2 The Approval to provide match funding of £1m through capital receipts, and if not possible, fund through borrowing.**
- 2.4.3 That authority be delegated to the Director for Corporate Services to update the capital programme with the spend profile across the relevant financial years for the Stockyard project once the detailed budget plan has been prepared.**

### **3 Reason for Recommendations**

- 3.1** In June 2022, the Cabinet approved the submission of a joint Levelling Up Fund bid with Rutland County Council. In January 2023, the Councils were advised the bid had been successful. The Councils now need to enter into the required agreements with the government and each other to enable the funding to be secured and the investment delivered.
- 3.2** Delivering sustainable and inclusive growth in Melton is a key priority in the Council's Corporate Strategy 2020-2024. The Levelling Up Funding bid is focussed on delivering the promise of Melton Mowbray being the 'Rural Capital of Food'. The interventions delivered through this grant funding will help regenerate the town centre, create a destination offer within the town, encourage inward investment, and create additional jobs in key economic sectors such as tourism and food production.
- 3.3** The projects to be delivered are part of the Town Centre Vision created by working extensively with local stakeholders and businesses and approved and adopted by the Council in 2022. These projects will contribute significantly to achieve the vision and objectives set out in this document.

- 3.4 The Stockyard site will be redeveloped for accommodating more food and drink production businesses and to improve the events infrastructure to enable Melton to expand existing and attract larger events such as food festivals all year around.
- 3.5 Improvements to the theatre will help hosting commercial productions to enhance the cultural offer for the town and also support the towns growing evening economy.
- 3.6 The demand responsive transport linking the key towns of Oakham and Melton will complete the offer by linking the towns and rural hinterlands to better enable access from more rural areas. This will help increase footfall and help attract new and repeat visitors.
- 3.7 Outcomes and outputs of this project will also contribute significantly towards achieving the objectives of the Council's Asset Development Programme.

## **4 Background**

- 4.1 The Levelling Up Fund is designed to invest in infrastructure that improves everyday life across the UK. The Government fund aims to support town centre and high street regeneration, local transport projects, and cultural and heritage assets.
- 4.2 In 2021 the Council submitted a bid to the first round of the LUF. Although this was unsuccessful, the Council received positive and constructive feedback from BEIS. This information was used in preparing the Round 2 bid.
- 4.3 A Vision for Melton Mowbray Town Centre was adopted by the Council in June 2022. This vision document went through extensive consultation with stakeholders, residents, businesses and community and voluntary sector organisations. The refreshed Vision underpins the projects included within the LUF bid.
- 4.4 Members of Parliament (MPs) had a formal role in the bidding process to reflect their valuable local perspective. At the time of developing the bid MPs were only able to provide formal priority support to one bid within their constituency area. Due to this, it was appropriate for Melton Borough Council and Rutland County Council to work on submitting a joint bid.
- 4.5 In June 2022 the Cabinet agreed to the submission of a joint bid with Rutland County Council to maximise the chances of success.
- 4.6 The joint funding bid sought £23m investment from the Government which will be used to support the following projects (total project cost):
- Rutland County Council:
    - a) Meditech facility in Oakham - £3.5m
    - b) Digital visitor experience at Rutland County Museum - £2m
    - c) Demand responsive transport service through Mobi-hub - £6.5m
  - Melton Borough Council: (total projects cost including both revenue and capital is £14.3m of which £12.1m is grant funding)
    - d) The Stockyard - £11.850m (£11.1m capital, £10.1m of which is capital grant funding and £1m Council funding and an additional £0.50m private sector investment and £0.25m revenue)
    - e) Campus theatre at SMB group - £2.475m (£2m of which is grant funding)
- 4.7 Total project cost is £26.3m of which £22.95m is proposed to be funded through LUF grant funding, with the remaining funding from local authorities and partner contributions.

## 5 Main Considerations

### 5.1 Melton proposition:

5.1.1 Melton's proposals within the joint bid focused on delivering the vision for the town centre, to strengthen its position as the 'Rural Capital of Food' and to maximise the potential of Melton Mowbray as a rural market town. To achieve this vision, it is proposed to deliver three distinct yet connected projects:

- i) **The Stockyard** - to be delivered by Melton Borough Council on the land south of the livestock market, within the long leasehold ownership of the Council to accommodate food and drinks production units and develop a multifunctional events space.
- ii) **The Theatre** - to be delivered by the SMB Group by enhancing their current theatre to allow for better commercial productions in town.
- iii) **Demand responsive transport connection** - to be delivered by Rutland County Council working in partnership with Melton Borough Council.

### 5.2 Governance arrangements:

5.2.1 The bid required a lead authority to formally submit the bid on behalf of all partners. Rutland County Council (RCC) agreed to be the accountable body for the whole bid when it was submitted to the Government in August 2022. This means RCC will play a lead role in programme management for the projects being delivered with the funding and will co-ordinate activities on behalf of the partners such as monitoring of benefits, reporting to the Government and adhering to subsidy control advice. Relevant legal agreements will then need to be agreed with the recipient partners before the money is distributed to ensure appropriate accountability and responsibility for constituent parts of the bid and to ensure all parties adhere to the terms of any requirements set out by government. By acting as the Lead Authority and accountable body, Rutland County Council will be required to enter into a Memorandum of Understanding and sign the grant agreement with DLUHC.

5.2.2 Concurrently, Melton Borough Council will need to enter into an agreement with Rutland County Council to allow them to transfer appropriate accountability and responsibilities for those projects within Melton. Accordingly, Melton Borough Council will be required to enter into an MoU with Rutland County Council to receive its share of the funding and will be accountable for spending in accordance with the grant conditions. Subject to the appropriate legal agreements being in place, Melton Borough Council will receive £12.158m for the projects to be delivered within the Melton area, including the Stockyard development (£10.1m) and the refurbishment of the theatre by the SMB group college (£2m).

5.2.3 Similarly, the SMB Group will be required to enter an agreement with Melton Borough Council to receive their share of the grant funding.

5.2.4 The above arrangements are subject to Rutland County Council's securing the necessary approvals at their Council meeting on 27<sup>th</sup> March 2023. Recognising the interdependence between Melton and Rutland, delegated authority is sought to enable the Chief Executive and Leader of the Council to amend the proposed governance and accountable body arrangements should that be necessary to enable the funding to be secured. A further appraisal of risks and implications would be undertaken if this became necessary.

### 5.3 **Monitoring and reporting:**

- 5.3.1 The joint bid was developed through a collaborative approach and overseen by a joint board. It is proposed to formalise this arrangement by creating a LUF Executive Board to include the Leader, Portfolio Holder and Chief Officers from both Councils. It will be chaired by the Leader of Rutland County Council. The Board will oversee compliance with the grant agreement, reporting to the Government on progress and monitoring the outcomes and benefits as identified in the bid document. Rutland County Council will appoint a LUF programme manager to oversee the compliance and delivery across the whole programme and all projects across both local authority areas. This will be funded through the grant.
- 5.3.2 Melton Borough Council will be directly responsible for delivering the Stockyard project on the south side of the Livestock market. A dedicated project manager with proven experience of delivering large scale capital projects will be appointed to drive the delivery of this project. Internal governance arrangements will be set up in accordance with the approved project management toolkit to monitor the progress of delivery of the Stockyard project. The Cabinet will be kept updated with the progress on biannual basis.
- 5.3.3 Provision has been provided in the internal audit plan for 2023/24, to be considered by the Audit and Standards Committee on 28<sup>th</sup> March 2023. The scope of the audit will be considered further and a discussion is due to take place at the Audit and Standards Committee on 28<sup>th</sup> March to consider the role that committee can take in maintaining oversight of relevant aspects of the project. It is envisaged that the Internal Audit team will have a role in supporting and reviewing the Council's project assurance methodology to ensure relevant controls, processes and procedures are in place from the beginning of the delivery of this complex and ambitious project. They can then assist if required in providing ongoing assurance on the operation of those controls. Audit arrangements will be included in the agreed arrangements between MBC and the SMB group to maintain an oversight of the delivery and spend in accordance with the legal documentation.
- 5.3.4 DLUHC will provide the Accountable Body, presumed at this stage to be Rutland County Council, with the Assurance and Performance Management Framework setting out the LUF assurance processes. This has not yet been received, but will be managed by Melton Borough Council for the projects in Melton. Reporting lines will be established through the LUF Executive Board and managed through a joint officer working group to ensure compliance in line with this framework. These assurance requirements will be submitted to DLUHC via RCC being the accountable body for the project.

### 5.4 **The Stockyard project:**

- 5.4.1 The Stockyard project refers to the development of part of the existing site to the west and south of the current livestock market buildings. The site is located on the edge of the town centre and is within the Melton Mowbray Business Improvement District area.
- 5.4.2 The site is held under part of a 999 year lease from Melton Mowbray Town Estate. The southern part of the proposed development is currently leased to the livestock market operator, Gillstream, with current term up to 2027.
- 5.4.3 Investment from the Levelling Up Fund has been secured to deliver a range of activities, namely:
- A destination anchor building on the site for food production, café, communal space for education, networking and visitor facilities.

- New build Production Hub, flexibly designed, to accommodate a range of production activity types.
- Small, pre-fabricated production units with shared facilities and frontage to the multifunctional event square for retail and leisure uses.
- Conversion of under-used, dilapidated buildings and sheds into food production units where the production activity is part of a visitor attraction.
- Creation of a flexible, multi-purpose events space with increased capacity for utilities and car parking to accommodate larger number of people on a more regular basis.
- Improved infrastructure with additional toilets, lighting, signage and power supply to facilitate safe and accessible events and festivals that attract national and international recognition.

5.4.4 It is expected the Stockyard investment will deliver the following economic benefits:

- 183 jobs created
- Up to 20,000sqft of new employment space
- 100,000 sqft of an updated and refurbished outdoor event space
- Up to 16 new food production units
- An additional £9.2m GVA to the local economy.
- 7000 weekly market visitors

5.4.5 As part of the mobilisation of the project, the Council is working with partners to reassess these figures and expected outputs to submit back to government. This may lead to a change in the figures given.

5.4.6 The project will accelerate the organic growth, which is already taking place at the Stockyard, which has already seen three producers locating to the site.

5.4.7 The Council will be responsible directly for delivering the works on the Stockyard (south cattle market site). The bid was based on a detailed masterplan developed for the entire south side of the livestock market which was split into 2 phases for delivery. The first phase of the delivery which is the basis of the bid is costed at £11.85m, of which £10.1m is proposed to be funded through LUF grant. The costs associated to the proposals will now need to be reviewed in the context of inflation and rising construction costs since the bid was originally submitted, particularly given the delay from government in confirming the funding. The needs for any identified potential businesses will also need to be considered as part of the design to avoid expensive amendments at a later date. Following the review of costs the masterplan may need to be altered to inform pre application and full application planning discussions. This work will be undertaken over the coming months and an update provided to Cabinet in the summer 2023.

## 5.5 **Resource implications:**

5.5.1 In accordance with the fund criteria, at least 10% match funding is required to support the Stockyard project. As part of the bid, the Council previously agreed to provide capital match funding of £1m. It is intended to use capital receipts for the match funding, but this is contingent on completing the sale for cattle market north. The Council is in the process of exchanging the contract with a preferred bidder identified through an open marketing process for sale. However, if this isn't achieved options will need to be explored to identify how this funding could be provided which could have impact on revenue.



- 5.5.2 A further sum of £250k is to be provided to cover staff time to deliver marketing and promotion, evaluation and monitoring, events and tourism and business support activities at the later stages of the project. This could be met through existing staff resources as well as UKSPF interventions.
- 5.5.3 Where additional resources to deliver this project are required these will be met through the capital grant via capitalised salaries.
- 5.5.4 The Council will require a range of variety of skill sets and expertise to deliver the LUF projects. These will be engaged at relevant stages of the project utilising the grant funding, for example,
- Project management
  - Architectural design, utilities planning and design, structural design.
  - Planning, highways, transport, ecology,
  - Cost consultancy, quantity surveying, value engineering
  - Construction management, site supervision, CDM
  - Procurement of external experts and contractors
  - Procurement of operator partners, commercial contract negotiations
  - Identifying and attracting occupying businesses, marketing, promotion
  - Legal and commercial support for leases, licencing and contracts
  - Financial support for reporting and monitoring financial obligations and compliance to grant conditions
  - Internal and external audit assurance
- 5.5.5 This will create pressure on all Council teams and additional external support will be sought from relevant sources at appropriate stages.
- 5.5.6 Melton Borough Council will be seeking to appoint a Capital Project Manager to oversee the work required in the delivery of the Stockyard project and its associated build programme.
- 5.5.7 During the planning stage of the project, a cashflow for the site to highlight and identify any costs and income generated over a period of time will be prepare. Further assessments regarding ongoing delivery approach of the site will be considered and bought to cabinet at a later date. This will include options around procurement of a operational and management partner.
- 5.5.8 Any future operator for the stockyard site and occupying businesses will contribute significant private sector investment into the development.
- 5.5.9 The Private sector match (£500k) currently included in the bid has been earmarked for existing projects in accordance with current lease agreements and has been included in the bid to leverage the public sector investment. This Match funding will not fetter the Council's decision-making capacity or ability to determine future occupants within the stockyard development. Any investment in the site must adhere to strict subsidy control legislation which will be monitored via the LuF Exec Board.
- 5.6 **Contractual Agreements and Risk Sharing**
- 5.6.1 Subject to their own decision-making processes, Rutland County Council will be the accountable body to the government for this funding. Whilst this means that any condition

and risks regarding accountability for the programme and MOU with government ultimately rest with them, it is both necessary and appropriate that conditions and risks relating to the Melton elements of the proposal will, where appropriate, be passported to Melton via a back-to-back contractual agreement.

5.6.2 The following is an initial assessment of the legal and financial risks based on the initial assessment of the MOU. These will continue to be refined and developed as discussions with DLUHC continue.

Risk and requirements	Mitigation/ risk management
<p>There is a legal risk that DLUHC may decide not to pay out the Grant if there is a policy change or there are concerns over the deliverability/success of a particular component.</p>	<p>As part of signing and sending back the MOU the project partners will need to update project programmes, milestones, costs and ultimately outputs and outcomes based on exiting information, considering the current national context. This process will ensure all parties are content with the outputs that need to be delivered and the timescales within which they are being secured. This will be managed through the LuF Executive Board.</p>
<p>The release of each Grant payment will be dependent on the Accountable Body's Section 151 Officer signing a Statement of Grant Usage and corresponding quarterly monitoring return. Due to this Melton will largely be reliant on Rutland meeting these requirements for relevant funding to be released.</p>	<p>Any back-to-back agreement between Melton and Rutland will include reference to any compensatory requirements should projects be delayed, or additional costs incurred to either party not adhering to monitoring or reporting requirements that lead to funding not being released. This will work both ways. To manage this process the LuF Executive Board will consider requirements for each six-monthly submission and agree processes and procedures for dealing with the sharing of information to ensure the statement of grant usage can be submitted on time and in line with DLUHC requirements</p>
<p>Grant is paid in six monthly tranches, (currently assumed in advance, rather than arrears), but this needs to be clarified with DLUHC</p>	<p>Payments that are 6 monthly and in advance reduce risk exposure in terms of cashflow for the project. The agreed processes for drawing down funding from Rutland (once received) should provide a seamless process to ensure continued payment to contractors and minimal risk to the council.</p>
<p>The Council will likely need to make binding spending commitments further than six months ahead, e.g. when entering into a building contract in relation to the developments that it is delivering directly.</p>	<p>The Council can seek to include break clauses in relevant contracts (such as the Back-to-Back Agreement with Rutland and subsequent back-to-back with the college) to allow it to terminate contracts if DLUHC reduces or withdraws the funding to the accountable body.</p> <p>Any contracts signed with third party contractors for delivery of the project, aside from the deliver partner back to back agreements, will need to be on commercial terms. Due to this, in some instances, it may not be possible to include break clauses. This is likely to be the case in any construction or development contracts, leaving the residual risk with MBC.</p>

<p>The Council has agreed to use the Grant for capital expenditure only but it is possible that once the Project is underway, some expenditure is more properly classified as revenue</p>	<p>The Council will need to establish spending controls and oversight to ensure that the Grant is only used for eligible capital purposes and to manage any impact of this through the back-to-back agreement and in consultation with DLUHC and Rutland.</p>
<p>The Council is responsible for paying any cost overruns or funding gaps in funding expected from third party funders. If the Project costs are more than budgeted or if match-funding is not secured as expected, the Council will be responsible for paying the additional costs to complete the Project.</p>	<p>It is expected that Melton will only be responsible for this in relation to the stockyard project. The costs of the project are currently being reviewed to assess the impact of inflation and where necessary will be value engineered to ensure the expected project costs fit within the existing budget. Any fundamental changes to the project scope and expectations arising from this exercise will be reported to Cabinet for consideration as part of a later report.</p> <p>Any liabilities relating to the college will be passed onto them via the back-to-back agreement between the Council and SMB college.</p> <p>This risk will be managed through appropriate governance and project management by both the council and the accountable body (RCC). Within the programme there is also the ability to submit a request to change the spending profile which can mitigate this risk further. A process will need to be agreed by which MBC can make those request via RCC as the accountable body.</p>
<p>Through the project and beyond its completion there will be significant obligations in regards to monitoring, reporting and assurance</p>	<p>This responsibility will largely be held by the accountable body. It is envisaged the MBC will take on proportionate responsibility for those projects being delivered within Melton. This will be managed through the back-to-back agreement in the first instance but also on a day-to-day basis through the officer working group.</p>
<p>Subsidy control requirements – if the implementation of any project within this programme is found to be non-compliant with the subsidy control regime there will be a requirement to repay any non-lawful expenditure that is considered to be a subsidy</p>	<p>This poses a risk to both MBC and RCC and should any one project be deemed to not comply with subsidy control requirements is anticipated that the legal agreements will ascribe responsibility to the appropriate council. The Back-to-Back agreement will cover this and will look to contain binding obligations to ensure either council is not unfairly punished due to the fault of the other.</p> <p>To mitigate this risk further the council is in the process of securing detailed subsidy control advice for all the Melton projects to provide this assurance around compliance and then submitting this to DLUHC for further comment.</p>

- 5.7 A detailed risk log will be developed for the project and this will continue to be updated and overseen through the project governance structures set out above.

## **6 Options Considered**

- 6.1 Not accepting the funding. This option is not recommended as this would have significant ramification for key agendas relating to multiple priorities within the council relating to asset development, supporting our local economy, and providing opportunity for our residents. By rejecting this funding, the council would not be able to have as big an impact on supporting and driving growth into our town as we could with it. The programme of works once complete are expected to positively impact the town by creating significant local employment opportunities, a space that encourages and supports innovation and growth in key sectors as well as a multifunction and central event space that would significantly increase the number of visitors and money coming into the area throughout the year. Indirectly the proposal will also have a significant impact on the wider borough by having a year-round attraction that delivers upon our rural capital of food branding. This will be done through offering experiences that visitors can become immersed in whether they be food and drink making courses, specific events and social activities, educational experiences that give a better understanding of the vital part livestock markets play in our food chain and the farm to fork ethos. All these benefits, and many more, that this project is expected to deliver would fail to be realised which would be to the detriment of Melton's local businesses and economy.

## **7 Consultation**

- 7.1 Significant consultation has been undertaken in relation to the town centre vision which underpins the LUF bid. Consultation on the vision includes:
- a) Public consultation to inform vision development for the town and identify key projects for delivery
  - b) Consultation with the Scrutiny Committee
  - c) 2 workshops with partners to discuss key priorities for the town
  - d) 2 UKSPF workshops that discussed priorities and themes relating to town centre development, tourism and developing pride in place
  - e) Series of engagement in developing the Melton Destination management plan which all point towards delivering upon our rural capital of food 'offer'
- 7.2 Letters of support have been received from a range of partners and local stakeholders in support of the Levelling Up Fund bid. These were added to bid submission.
- 7.3 Local stakeholders have been kept informed at all stages of development of the bid and its outcome through Melton Place Board.

## **8 Next Steps – Implementation and Communication**

- 8.1 Below are key timescales and milestones:
- All members briefing 21<sup>st</sup> March 2023
  - Melton Borough Council meeting – 23<sup>rd</sup> March 2023
  - Rutland Council County meeting – 27<sup>th</sup> March 2023

- Establish project governance arrangements for the LUF programme with partners and gain agreement to enable programme to proceed. This will include detailed discussion around back to back agreements between partners – April – May 2023
- Establish a resource plan and commence implementation to support the project and programme delivery – April-June 2023
- Mobilise the Stockyard project delivery – March to June 2023
- Update the Cabinet on progress and next steps – August 2023

## 9 Financial Implications

9.1 The Council need to ensure the associated funding is in spent in accordance with the grant conditions to ensure all relevant spending can be claimed back against the grant. The finance team will be working closely with the project officers to monitor spend and project compliance.

9.2 The Stockyard project in total is £11.850m which is broken down as follows:

- Capital project MBC (£11.1m)
- Revenue spend post capital project MBC (£0.250m)
- On site private sector investment in existing facilities (£0.500m)

9.3 The MBC elements totalling £11.350m will be funded through a mix of capital grant, revenue contributions and capital receipts as summarised in the table below:

PROJECT FUNDING SUMMARY		FUNDING SOURCES		
	MBC programme	LUF Grant	MBC Capital Receipt	MBC Revenue
<b>Capital</b>	£11.100m	£10.100m	£1.000m	£0.000m
<b>Revenue</b>	£0.250m	£0.000m	£0.000m	£0.250m
<b>Total project cost</b>	<b>£11.350m</b>	<b>£10.100m</b>	<b>£1.000m</b>	<b>£0.250m</b>

9.4 The £11.1m capital element will need to be added to the capital programme through approval by Council. The intention is to use the forthcoming capital receipt for the Council's Match Funding contribution, however, should this not be possible this would have to be funded through borrowing which at current interest rates would amount to £36k per annum based on a 50 year loan.

9.5 Within the overall capital programme a management allowance has been included. Using this funding a resource plan will be developed to outline the resource requirements to support project management.

9.6 Further work needs to be undertaken to prepare a profile of spend on the project programme which will also include a more detailed budget plan with up to date costings for delivery. It is therefore recommended members approve the addition of the overall scheme of £11.1m to the capital programme with delegation to the Director for Corporate Services to update the capital programme with the spend profile once prepared.

9.7 Towards the later stages of the project there will be a requirement for revenue expenditure towards costs associated with marketing, promotion and subsequent operation of the site

totalling £250k. This cost could be met in kind through staff time or generated through additional commercial rental income from the new food production units. This will be considered as part of subsequent reports to Cabinet.

**Financial Implications reviewed by: Director for Corporate Services**

## **10 Legal and Governance Implications**

- 10.1 Section 1 of the Localism Act 2011 gives the council the power to do anything that individuals may generally do and section 111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- 10.2 Subject to Rutland County Council's approval on 27 March 2023, RCC will be the accountable body and will be required to agree and sign the Memorandum of Understanding and grant agreement in accordance with the terms and conditions. A separate back to back contractual agreement will then be signed by Melton Borough Council in order to take on the responsibilities with regards to Melton Borough Council's portion of the bid. This agreement will set out the terms of the grant and the conditions for spending, including timescales and conditions for recovering funds that are not spent. Funds will need to be spent in accordance with the bid and any funding agreement. The council will be expected to provide evidence to demonstrate how the funding has been spent along with complying with the monitoring and assurances process through the LUF Executive Board.
- 10.3 Relevant legal agreements will also be agreed with the recipient partners in the bid before the money is handed over to ensure they retain responsibility for their proportion of the bid and adhere to the terms of any agreements set out by government.
- 10.4 Appropriate governance arrangements for the delivery of the levelling up projects will need to be established to align to government guidance and the Council's decision-making arrangements as set out in the Constitution.
- 10.5 Works, goods and services must be procured in accordance with the Council's contract procedure rules.
- 10.6 Subsidy control advice has been sought to ensure the aspects of this bid are compliant with recent subsidy control guidelines. All relevant internal processes are being followed in terms of governance.
- 10.7 Legal Services will be engaged at the earliest opportunity to review all agreements in relation to the levelling up fund round 2 to ensure there is clarity around any obligations and conditions placed upon the grant and ensure we are able to minimise any risk incurred, this will include assurance that clawback provisions are passed down to third party recipients when administering grant funding where appropriate.

**Legal Implications reviewed by: Deputy Monitoring Officer**

## **11 Equality and Safeguarding Implications**

- 11.1 An Equalities Impact Assessment was completed during the submission stage for the LuF round 2. Once the project enters the next planning phase this will be updated to reflect the current circumstances due to the time that has elapsed between original completion and award of grant and due to the changing nature of the project.

## **12 Community Safety Implications**

- 12.1 The proposals that have been created have considered public safety during its design. Design standards have been adhered to in relation to the public realm, lighting, foot and traffic flow and interplay between moving vehicles and footfall. Consideration has also been given to security elements such as out of hours access and appropriate access for emergency vehicles should they be needed.
- 12.2 Community safety implications will continue to inform the development of the proposals as they are worked upon over time and we will ensure we continue to adhere to best practice for this during the development.

## **13 Environmental and Climate Change Implications**

- 13.1 Efficient use of the available space, resources and infrastructure is at the core of this design proposal - each element contributing to the wider sustainability agenda.
- 13.2 New buildings are proposed only in strategic locations to improve the visibility and boundary of the site. Substantial redevelopment of existing buildings will re-purpose them to the contemporary needs, extending the life-span of the existing structures, while improving their currently poor building physics and energy performance.
- 13.3 The new proposed buildings for the Stockyard intend to use sustainable construction methods and materials where possible. It is proposed to install photovoltaic panels on the South-facing roof of the Producers Hub.
- 13.4 Recycling will be promoted throughout the site with suitable waste containers provided for visitors and businesses alike so that the recyclable waste streams can be segregated effectively.
- 13.5 The site will champion reduced packaging and sustainable practices.
- 13.6 Some of the education signage and interpretations panels within the anchor building will look to include information around sustainable farming and food production practices.

## **14 Other Implications (where significant)**

- 14.1 Procurement: there will be significant procurement implications in how this project is managed from start to finish. Procurement will be heavily involved within the project team to advise on appropriate routes to market to ensure we continue to adhere to our internal and national procedures relating to this.
- 14.2 Planning – there will be a significant requirement on planning through the mobilisation of the project. The development has been designed in accordance with relevant local planning policies and has also been subject to a pre-app session to inform its development. It will be subject to full planning being submitted once designs have been finalised and agreed.

## 15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Rutland County Council decide on 27 <sup>th</sup> March to not accept the grant funding or not to be the accountable body for the whole programme	Low	Critical	Medium Risk
2	The work programme, governance and financial management do not comply with the grant conditions	Low	Critical	Medium Risk
3	Members do not have oversight of governance and delivery	Low	Critical	Medium Risk
4	Compliance not achieved to the Council's financial procedure rules, contract procedure rules, internal project management processes	Low	Critical	Medium Risk
5	Communication with stakeholders not maintained throughout the delivery	Low	Critical	Medium Risk
6	The Council fails to provide adequate assurance to the accountable body resulting in lack of payment from DLUHC of proportion of LUF grant.	Low	Critical	Medium Risk
7	Delays to the delivery or overspend on budgets	Low	Critical	Medium Risk
8	The scheme results in ongoing revenue costs to operate which impacts negatively on the councils financial position	Low	Critical	Medium Risk
9	The project impacts on cashflow for the council resulting in reduced investment income or the need for temporary borrowing until grant is paid	Low	Critical	Medium Risk
10	Insufficient capacity within the council to manage the significant project which leads to delays in delivery and underperformance of project	Significant	Critical	Medium Risk
11	When the project costs are reviewed it is no longer affordable due to inflationary impact on construction sector	significant	Critical	Medium Risk
12	Partners are unable to agree detail or content of risk sharing agreements that are required to be in place before delivery begins	Low	Critical	Medium Risk
13	Partners do not adhere to delivery requirements placed upon them through back to back agreements	Low	Critical	Medium Risk
14	Potential risk of exit costs related to temporary staff recruiter to support the programme	Low	Critical	Medium Risk
15	The Stockyard development, once finalised, is not attractive to the market and incurs an ongoing revenue cost to the council.	Significant	Critical	Medium Risk



		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
<b>Likelihood</b>	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant			10,11, 15	
	3 Low			1,2,3,4, 5,6,7,8, 9,12, 13,14	
	2 Very Low				
	1 Almost impossible				

<b>Risk No</b>	<b>Mitigation</b>
<b>1</b>	In the event of such a situation, the Council will work with the Government departments and Rutland County Council to assess options for Melton Borough Council to accept Melton's share of money and be accountable for the same.
<b>2</b>	Legal advice will be sought to assess the grant conditions and highlight any areas of potential of non-compliance at the outset and put a plan in place to achieve compliance.
<b>3</b>	An engagement plan for members will be developed to ensure oversight throughout the delivery period. Members of cabinet also sit on the overarching LuF Executive Board to enable effective member led decision making and raise awareness
<b>4</b>	Internal audit team will be engaged from the outset of the project to ensure compliance in all areas
<b>5</b>	A detailed communication plan will be prepared as part of the project and programme documentation and will be monitored as part of the project governance arrangements
<b>6</b>	The governance arrangements will include oversight of project delivery for The SMB Group's project. The MoU/ agreement with them will include conditions for providing assurance for the same.
<b>7</b>	Project and programme governance arrangements will be established at the outset and jointly with RCC to ensure the projects are delivered on time and budget. A detailed risk log will be developed and monitored through the governance arrangement.
<b>8,9,10,11</b>	A resourcing plan is being pulled together to look at the resource requirements of the programme moving forward, this will be approved by the LuF Executive Board. Where possible resource will be secured utilising project spend to enable more

	effective management of the project. Where specific expertise is required these will be identified with partners and bought in as and when required to perform specific tasks and functions
<b>12,13</b>	Back to back agreements will contain appropriate clauses that identify how issues around non-compliance or non-delivery are dealt with and who takes responsibility once these issues have been raised and escalated. The back to back agreements are currently being discussed by parties and the Council will be securing external legal advice to ensure its best interests are being met.
<b>14</b>	Will be mitigated by utilising agency staff or consultancy expertise for delivery of specific task related to the project
<b>15</b>	Discussions with partners, agents and potential occupants will be ongoing throughout the development of the project to ensure that what is delivered is going to be attractive to the market. A promotional campaign for the development will be delivered to ensure the Council is able effectively communicate the benefits and opportunities of this development to the wider sector to increase interest

## 16 Background Papers

- 16.1 [Link to the summary of LUF bid](#)
- 16.2 [Link to the summary of The Stockyard proposal](#)
- 16.3 [Link to the Town Centre Vision](#)
- 16.4 [Cabinet Report June 2023](#)
- 16.5 [Delegated Decision - Submission of Levelling up fund Round 2 bid July 2023](#)
- 16.6 [Equalities Impact Assessment](#)

## 17 Appendices

- 17.1 None

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