

Morley Town Deal grants and general project progress

Date: 18 October 2023

Report of: Director of City Development

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report summarises the progress made on the Morley Town Deal since Executive Board approved the submission of the Morley Town Investment Plan (TIP) to government in December 2020. The TIP was subsequently approved in principle by government in March 2021, with total capital funding of £24.3m to invest in a range of identified projects that would be designed to deliver transformational regeneration of the town. Following a rigorous Business Case approval process funding has been released by government for six projects that are being taken forward for delivery before the end of the funding availability period in March 2026.

The six projects that are now moving forward into delivery are Greener and Connected, Station Gateway, Morley Town Hall, White Rose Innovation Hub, Heritage Investment Programme and Morley Learning and Skills Centre. Some of the projects involve the Council administering the Towns Fund grant allocation to third parties. This report outlines the high-level principles of these grant administration arrangements, including the financial, legal and governance assurances associated with these. The report also outlines general progress on the TIP including the consultation and engagement undertaken to date and seeks approval from Executive Board on the recommendations set out below.

Recommendations

Executive Board is asked to:

- a) Note the subsequent Town Investment Plan bid approval by Department of Levelling Up, Housing and Communities which sets the context for the forward delivery of the capital projects outlined in this report.
- b) Approve that the Director of City Development uses delegated powers to approve all project capital spend in consultation with the Executive Member for Sustainable Development and Infrastructure, and the Morley Town Deal Board.
- c) Approve that the Director of City Development uses delegated powers to authorise entering into appropriate contracts or grant agreements required for delivery of the Heritage Investment Programme, White Rose Innovation Hub and Morley Learning and Skills Centre, in consultation with the Executive Member for Sustainable Development and Infrastructure, and the Morley Town Deal Board.

What is this report about?

- 1 The report sets out the work that has been undertaken to support the development of the Morley Town Deal and the related Town Investment Plan (TIP) from overall concept to the government's final approval of business cases and into project delivery.
- 2 As identified in the approved Town Investment Plan a series of projects are now coming forward into design and delivery at pace. This report updates Executive Board on the principles and elements of these projects and seeks their approval on the delivery of the projects as detailed in the report and set out in the above recommendations.
- 3 Morley was selected by government as one of 100 towns across England to bid for funding of up to £25m from the Towns Fund programme.
- 4 In December 2020, in the Council's capacity as accountable body for the Town Deal, Executive Board approved the Town Deal Board's resulting vision for a TIP and the priority objectives of the funding programme. Executive Board also approved the necessary authority be delegated to the Director of City Development to approve the submission of the TIP to Government in January 2021, on behalf of the Morley Town Deal Board.
- 5 In March 2021, it was confirmed that the Leeds bid was successful, and £24.3m of capital funds were approved in principle (97% of the level of funding that was available) from the Towns Fund to deliver the Morley TIP.
- 6 Over the course of 2021 and 2022 substantial project development was undertaken across all projects, led by the Council, with the support and advice of the internal LCC Programme Board, Morley Town Deal Board and four Town Deal Board working groups, which included Ward Members and resident representatives.
- 7 Outline Business Cases and summary documents were developed for each of the six projects and submitted to an internal review and assurance panel before being approved by the Town Deal Board and submitted to Department for Levelling Up, Housing and Communities (DLUHC) for assessment at the end of July 2022. By 11th August 2022 it was confirmed that all the business cases had passed internal DLUHC checks and had secured all the funding allocated as part of the Town Deal, which needs to be spent by March 2026.
- 8 The final Town Deal projects are set out in more detail in the following sub-sections, with supporting information on the Benefit Cost Ratio (a key government measurement of value for public expenditure) and intended outputs and outcomes for each project included in Appendix A. A location plan of the projects across Morley is shown at Appendix B.

Project 1: Greener & Connected Morley

- 9 This project has £9.9m Town Deal grant funding allocated and requires £1.3m match funding making a total project value of £11.2m. The Greener and Connected project was developed from a 'Morley Public Realm Strategy', using the same approach of the 'Leeds: Our Spaces Strategy', identifying a series of challenges and opportunities that could be overcome through rethinking the places and spaces in Morley. The project consists of four main priority areas:-

Parks and greenspace improvements

- 10 Designs for the improvements to eight existing parks and greenspaces have been developed through a Service Level Agreement (SLA) with Groundwork Yorkshire and early design development is underway for the improvement and creation of three further pocket parks in

Morley. The schemes include improved footpaths, tree planting, play and exercise facility upgrades, signage, public art and seating.

- 11 Detailed consultation was carried out in October 2022 for the first two parks to be delivered (Hembrigg and Dartmouth). Both schemes have now been fully completed.
- 12 The second phase of parks consultation took place in February 2023 focused on Lewisham Park and Churwell Park. Early engagement with Bruntcliffe Academy took place in May to collate ideas and aspirations for Bruntcliffe Lane Pocket Park. A final phase of consultations, for Beryl Burton Pocket Park and the Botanical Garden in Dartmouth Park, was undertaken in July 2023.
- 13 It is anticipated that two parks schemes will be delivered per financial year and the pocket parks will be delivered by the end of 2024.
- 14 The total value of the parks projects is approx. £3.1m.

Public realm improvements and healthy streets

- 15 These schemes include improvements to the Town Square, Queen Street and New Pavilion Junction in the town centre. They will provide a more attractive setting for businesses and opportunities for street cafes. The schemes will incorporate street trees, increased biodiversity with new species planting to attract insects, the incorporation of surface water drainage systems to manage surface run off more effectively, a reduction in highway space to the Town Hall frontage to improve the setting of the Town Hall Grade I Listed Building and provide more space for events. In addition improved signage and street furniture will be provided to make the spaces more legible and useable.
- 16 Following a competitive procurement process the architects and lead designers Reform and Civic Architects have been commissioned to provide concept and detailed designs. The procurement strategy for a contractor to deliver the works is currently being undertaken. The project cost is approx. £3.5m in total.
- 17 The healthy streets proposals are an opportunity for Morley to build on the 'Healthy Streets initiatives' being delivered in other areas of the city such as Holbeck and Armley. The objective is to promote walking and cycling to the town centre and create a larger network of attractive green streets with new planting areas, that prioritise people over cars, reducing vehicle speeds and reducing on street parking.
- 18 The designs and scheme costs are still at an early phase of development and consultation with local residents in specific areas of Morley is programmed in Autumn/Winter 2023.
- 19 Match funding for these schemes is also currently being explored which is essential for overall delivery.

Beryl Burton greenway

- 20 The Beryl Burton greenway consists of improvements to existing public rights of way that run from Morley train station through to the new White Rose station. There is scope for widening some pinch points to provide a safer route for walkers and pedal cyclists. Lighting along the route is also being explored and costed, including an ongoing maintenance budget.
- 21 This greenway has involved several third-party land negotiations and also directly links to the work of Network Rail at the new White Rose station.
- 22 The total project cost is approximately £1.1m including ongoing maintenance costs for the Council. WYCA and Munroe K have each confirmed a match funding contribution of £250k for the Greenway. The remainder will be funded through the Towns Fund grant.
- 23 The first phase of works that join up with the new White Rose station will be delivered through the SLA with Groundwork Yorkshire later in 2023 and further phases will be out to competition early in 2024.

Highway and junction improvements

- 24 These schemes consist of proposed junction improvements, footway widening, street trees and cycle connectivity improvements at Corporation Street, Albion/Commercial Street and South

Queen Street and the High Street. The approx. total scheme cost is £770k. Match funding and maintenance budgets will also be required for these schemes which is a risk that is being managed by Highways and Transportation. The design and delivery of Albion Street, Commercial Street and Corporation Street is being undertaken by the Highways and Transportation teams.

- 25 The proposal to improve the Corporation Street junction is to improve traffic flows in and around the town, supporting the TIP and providing a framework for the success of the other Greener and Connected projects.
- 26 Works to improve Albion Street and Commercial Street are subject to consultation feedback and approvals and these are anticipated to start on site late 2023.
- 27 Further projects at South Queen Street and High Street are being developed in conjunction with the public realm schemes in the town centre noted above and will be delivered in subsequent years as these are finalised.

Project 2: Morley Station Gateway

- 28 This project has £2.4m Town Deal grant funding and requires £253.5k match funding bringing in a total of £2,653,500. The Station Gateway project consists of interventions that will be centred along Station Road, Queen Street (via Morley Bottoms) and up to the Town Hall. The objectives are to enhance pedestrian and cyclist environments, create opportunities for street trees and planting to improve first impressions of Morley when arriving by train. The proposed junction interventions for Queen Street, South Queen Street and Fountain Street will create a new gateway at the southern end of the Queen Street pedestrianised street.
- 29 Following a competitive procurement process the architects and lead designers Reform and Civic Architects have been commissioned to provide concept and detailed designs. The procurement strategy for the contractor to deliver the works is currently being undertaken.
- 30 The team have secured £270k match funding from Network Rail as part of the first and last mile initiative to discuss opportunities for working collaboratively following the works to the new Morley and White Rose train stations.
- 31 Additional match funding for both Greener and Connected and Station Gateway schemes has been found from the UK Shared Prosperity Fund, Local Centres Programme, White Rose Forest Grants, S106 and Community Infrastructure Levy. Further opportunities are also being explored.

Project 3: Morley Town Hall

- 32 This project has £3.9m Town Deal grant funding allocated requires £457k match funding bringing in a total of £4.357m for the project envelope. Morley Town Hall is a Council-owned Grade I listed building retaining a large number of original features, including a traditional Victorian concert hall, a courtroom and holding cells. The hall regularly hosts events for the Leeds International Concert Season and is at the heart of community celebrations at Halloween, Bonfire Night, Christmas and throughout the year. It is a significant service hub for the town however several customer-facing functions have been relocated, most significantly the 'One Stop Centre', and the space has not been re-purposed which detracts from the activity within the building.
- 33 Public consultation has highlighted the underuse of the building as a concern and the appetite for a more accessible and attractive space for the community. The Town Hall is currently failing to attract the footfall needed to make the building's future operation sustainable. It is not fulfilling its potential as a Morley landmark, as a key Leeds event and performance space, in its offer to the local community, or as a Council asset.

- 34 As part of the project, a feasibility study has provided a series of proposals for upgrading the building, including a new entrance, the frontage of the building opened up, a new café/bar facility along with some workspace improvements. The grant funding available as part of the project will not deliver all the potential improvements identified and as such a comprehensive, phased plan for improvements to the Town Hall has been developed. This project is proposed to deliver phase 1 of the works.
- 35 Utilising the Council's Joint Venture partnership NPS has been procured to develop the project from RIBA stage 2 to completion on this project., The current focus of work is to carry out surveys, develop designs for consultation, develop costs, and ensure that the designs are in accordance with the building's Grade I listed status. The team is working to develop the scheme to the next design stage (RIBA Stage 3) and ensure that the outputs meet those contained in the approved business case. Planning and Listed Building Consent will be required for this scheme. The Council will apply for planning permission in April 2024 and works are expected to start on site later in 2024.
- 36 The project team is co-ordinating with the planned decarbonisation works taking place at the Town Hall in 2023/24 to avoid programme delays, issues or duplication of works, and to maximise the value of both investments. The Council is also reviewing opportunities for other heritage based grant funding that could supplement the available funds.
- 37 The Head of Arts, Events and Venues at Leeds City Council, who will manage the public facing services in the building, is engaged in developing proposals for a variety of events, performances and other activities which will help support the ongoing use and upkeep of the building. A robust operating model and business plan is currently being drafted in order for this asset to prove sustainable and an income generating source for Leeds City Council.

Project 4: Morley Learning and Skills Centre

- 38 As part of the Town Investment Plan bid development process the Council commissioned Mott Macdonald to undertake a socio-economic analysis which highlighted the challenges facing the town of Morley. Among the challenges revealed in this analysis was a lag in the level of qualifications among the adult population (aged 19+) in Morley, comparative to the wider city and other places. Through the engagement activities undertaken to support the development of the bid the Council was approached by Luminate Education Group, who had also identified a local skills need in Morley and who had longstanding ambitions to re-invest in the town if a suitable property could be identified and secured. In the interim the College was the delivery partner with Leeds City Council at the White Rose Learning Centre, which continued to provide some provision in the area until its closure. The Towns Fund provides the opportunity for Leeds City College to return to Morley.
- 39 The original scheme objectives were defined in a joint workshop held between Leeds City Council, Luminate Education Group and members of the Morley Town Deal Board. This project will address the need to deliver high quality, locally accessible adult training and education that will enable residents to develop the new skills required to access changing employment opportunities in the local economy. The development of a new skills facility will support both in-work and out-of-work residents, enabling local people to improve their own circumstances through enhanced employability or career progression, whilst contributing to higher local economic productivity. This project will make a key contribution to enhancing the local employment base, developing higher skills levels and a more relevant set of capabilities to meet the dynamic skills needs of modern employers.
- 40 Leeds City College, part of the Luminate Education Group, is the largest provider of education and training in Leeds with a historic link with Morley. Leeds City College previously had a presence in Morley and pulled out due to the unsuitability of the building, lack of capital funding

and the government's decision to reduce adult education budgets by 45%. Adult Education Budget funding which is allocated across the West Yorkshire colleges will be used to fund the courses on offer which will meet the recruitment and skills of local employers. The college has pledged to ring fence some of its existing £17m grant funding to support Morley residents with adult education.

- 41 This project has £4.5m Town Deal capital grant funding allocated and also requires match funding from Leeds City College/Luminate Education Group for both the refurbishment works and its subsequent fit out to operate as a Learning and Skills Centre. The total project costs are still to be determined at the next stage of the design process but are currently forecast to be circa £5-£5.5m. Whilst the majority of the funding for the project will come from the Towns Fund, any future viability gaps will need to be addressed in association with Leeds City College/Luminate Education Group to achieve a budget compliant project.
- 42 Following an initial options appraisal, several sites were considered as potential locations for the centre. At the date of this report's preparation a third party owned town centre listed building, St Mary's in the Wood United Reformed Church on Commercial Street has been identified as being suitable for the proposed Learning and Skills Centre. The Council's offer to acquire the building has been accepted and it is envisaged that the building will be acquired in mid/late October 2023.
- 43 The City Council will be responsible for the refurbishment of the building, with the cost of its acquisition and refurbishment being funded from the Town Deal. Upon completion of the refurbishment works, it is proposed that the building will be offered on a long lease at a peppercorn to a tenant who will be responsible for delivery of the educational curriculum.
- 44 A design team is to be appointed for this capital build project. An indicative design/development programme is in preparation based on the assumption that the design team is appointed by the end of October 2023. Initial discussions have taken place regarding the procurement strategy to be pursued for the appointment of a contractor and, the potential to seek early expressions of interest for the proposed works. Planning and Listed Building consent will be required for this scheme It is envisaged that an application for Planning and Listed Building consent will be submitted in spring 2024, with works to start on site in autumn 2024.
- 45 Executive Board is asked to note the property acquisition and approve the Director of City Development to use delegated powers for entering into the appropriate contract for its purchase and any subsequent grant agreement with the tenant of the building to progress the design proposals for its refurbishment in consultation with the Executive Member for Sustainable Development and Infrastructure, and the Morley Town Deal Board.

Project 5: Heritage Investment Programme

- 46 This project has £1,787,206 Town Deal grant funding allocated and requires £287,500 match funding for a total project cost of £2,074,706. The Heritage Investment Programme was developed as an opportunity to support the vitality and viability of the high street with a focus on the historic town centre streetscape.
- 47 Drawing on learning from successful high street heritage-led regeneration schemes elsewhere in Leeds, the main focus is working with property owners and businesses along the main shopping frontages between Morley Bottoms and Tops to deliver a shopfront grant scheme (supported with a Shopfront Design Guide and Maintenance Guide), an extension to the Conservation Area with a revised Conservation Area Appraisal Management Plan (CAAMP), and a flexible fund to allow for bespoke heritage interventions on key buildings with the aim to develop the case for further external funding and partnership support for improvements.

- 48 The fund will be managed by the Council in its role as accountable body, working on behalf of the Town Deal Board to deliver a number of targeted interventions to uplift poor condition and vacant properties in Morley, reveal and celebrate heritage building features, assist in bringing forward viable new uses, diversify the mix of uses and types of occupiers in the centre, to help stitch together the core of the town and to make maximum regeneration impact alongside the other interventions. Work is ongoing to formally launch the grant scheme in Autumn 2023.
- 49 The Council will work closely with building owners applying for grant throughout the process, in order to ensure proposed schemes remain eligible. The costs of the scheme have been developed based on the provision of fixed grants at an average of £35,000 to 25 historic properties. The exact grant intervention rate is currently being finalised but is likely to average around 80% of eligible project costs based on criteria to be clearly set out, with property owners required to contribute the remaining match funds. It should be noted that each grant scheme will be unique in regards the fulfilment of relevant criteria, costs and the grant levels to be accessed.
- 50 Executive Board is asked to approve the Director of City Development to use delegated powers to authorise entering into appropriate contracts or grant agreements required in consultation with the Executive Member for Sustainable Development and Infrastructure, and the Morley Town Deal Board. Approval of decisions on individual shopfront improvement grants will be sub-delegated to the Chief Officer for Asset Management and Regeneration following consideration and advice by the officer Heritage Grants Board, chaired by the Chief Planning Officer, in line with similar heritage grants schemes in the city.
- 51 The Council will work closely with the Town Deal Board and local stakeholders to set out initial priorities for geographical targeting of grant support to places of greatest need/impact along the high street and to identify the best way to engage and encourage take-up of grants; some initial market testing for demand has already been undertaken to enable this. A review of the project will be carried out in or around March 2024 to evaluate the impact of initial project scope and to identify any opportunities or requirements to amend this to meet local needs and ensure delivery of outcomes within the Town Deal funding contract.
- 52 The £275,000 flexible fund element of the programme allows for further bespoke heritage interventions. Through this the fund will be able to invest in more complex heritage buildings by making them safe for public access or to refurbish for commercial use. Feasibility studies have been commissioned to explore options for the privately owned site of the burnt-out St Mary's in the Wood church. A long list of options for the flexible fund is being developed should the St Mary's site not be taken forward. Decisions on the flexible fund will be considered by the Council's Programme Board and approved by the Director of City Development under delegated powers, in consultation and under the advice of the Town Deal Board.
- 53 Further opportunities are also being explored for heritage based match funding to supplement this project.

Project 6: White Rose Innovation Hub

- 54 This project has £1.9m Town Deal grant funding allocated and requires match funding from the proposed operator. The current cost of the project is circa £5m. The White Rose Park is located approximately one mile north of Morley town centre and was established by the Town Deal Board as being part of the economic and social geography of the Town Deal boundary. It forms part of a wider employment area that incorporates the Millshaw industrial estate and White Rose Shopping Centre, and a new rail station will directly connect the Park to Leeds City Centre and to Morley station from late 2023. The Park employs over 5,300 people across 500,000 sq ft of office space and at the end of 2022 there were approx. 1,600 further education students on site.

- 55 The White Rose Innovation Hub project will provide a physical space for innovation activity within the park, through the development of a purpose-built new innovation hub. The project will construct 1,400 sqm of new office floorspace, supporting 100 enterprises to innovate and develop new products and services, and supporting 25 new enterprises.
- 56 The evidence base developed to inform the TIP demonstrated a structural vulnerability in the local economy, with high dependence on low-skilled sectors of employment. Alongside the targeted intervention to support adult skills levels through the Morley Learning and Skills Centre, this project will support the long-term diversification of the economy. It will create new economic and employment opportunities both through sector growth and inward investment.
- 57 The project is led by the owner and operator of the White Rose Park, Munroe K, and the grant agreement, which is currently being developed between Leeds City Council and the operator, will contract Munroe K to deliver agreed outputs to milestone dates. The Council will be the grant administrator for the project on the Town Deal Board's behalf and will contract the ownership of risk to the private sector recipient as is usual in grant terms.
- 58 The new Innovation Hub will provide business space, maker space, co-working space and a programme of innovation activity and events to support the growth of the innovation economy regionally and at a local level. The space will be inclusive and accessible, open to local businesses, entrepreneurs and people to access. Munroe K are currently progressing discussions with the University of Leeds to link future innovation activity at the White Rose Park to the cluster of innovation businesses at Nexus and to the wider University of Leeds research and innovation activities.
- 59 The proposed grant funding for the White Rose Innovation Hub sits within the context of the wider work the city is undertaking to support the innovation economy including the adoption of a new Supplementary Planning Document for the City Centre West: Leeds Innovation Arc, and programmes to back diverse innovators and entrepreneurs with the potential to develop high growth businesses.
- 60 Executive Board is asked to approve the Director of City Development to use delegated powers to authorise entering into appropriate contracts or grant agreements required in consultation with the Executive Member for Sustainable Development and Infrastructure, and the Morley Town Deal Board.
- 61 A financial appraisal and costings plan has been undertaken to assess the viability of the proposal within the broader investment plans for the Park. Whilst the majority of the funding for the project will come from Munroe K, this appraisal shows a viability gap for the proposal which will need to be addressed in order for this project to be investable and sustainable. The scheme being promoted is led by the private sector, and the management of risk will largely be held by Munroe K.
- 62 The scheme will be monitored over time and agreements will have appropriate claw back provisions. This will ensure that public funding can be recovered if the project proves to be more profitable, and the actual viability gap much narrower, than predicted.
- 63 Planning consent will be required for this new build scheme. The site owner Munroe K will apply for planning permission in September 2023 with works expected to start in Spring 2024 with a 12 month delivery programme.

What impact will this proposal have?

- 64 This investment programme has the potential to create positive equality, diversity, cohesion and integration impacts. An EDCI screening was initially undertaken as part of the development of the TIP and to assess potential impacts from proposed projects. This assessment has been

reviewed and updated through the process of finalising the projects and is attached at Appendix C.

- 65 An Inclusive Design Panel has been established across the programme proactively seeking volunteers from across the Equality Act 2010 protected characteristics within the Morley district. The Inclusive Design Panel will provide commentary, opinion, and input on proposed changes to buildings, streets, parks, and public spaces; provide advice and information in relation to Inclusive Design Standards, as well as real-life experience of the accessibility and inclusivity in Morley; and help develop suitable solutions to access and inclusion issues.
- 66 In recruiting to the Morley Town Deal Board efforts were made to ensure that opportunities on this group were accessible to all residents and representatives of Morley and reflected the governance requirements set out by government. Positions on the Board were promoted through social media channels, and through networks including the Council's equalities networks and groups. Board recruitment has been considered by the Morley Town Deal Board and new members were elected to the Board in January 2022, and this saw the introduction of increased diversity and representativeness of the group.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 67 The six projects that will deliver the TIP comprise a major unprecedented single programme of investment in the town of Morley. The TIP has a key theme of 'connection' as part of its vision, which has driven its strategic objectives. Each of the projects will have impact in its own right but they will have strong interactions with the potential to have a transformational regenerative impact on the economy, environment, accessibility and heritage of the town, and ultimately for the benefits of its residents and businesses. The Morley Town Deal programme will deliver substantially against the Best City Ambition, with particular benefits at a local level in Morley, and wider impacts across South Leeds, the wider district and region.
- 68 A key objective of the Morley Town Deal will also be to improve local economic resilience, supporting ongoing recovery from the pandemic. Projects and interventions will focus on supporting the creation of employment opportunities and improving the accessibility of employment for the local community and supporting the Inclusive Growth strategy.
- 69 Through the Leeds Innovation Partnership there is a vision for innovation-led growth in the city. This vision sets out a shared ambition to 'stimulate innovation which drives and delivers measurable impact towards a healthier, greener and more inclusive future for Leeds and the world'. This vision forms a Big Idea in the city's Inclusive Growth Strategy 2023-2030. The focus for the Morley Town Deal and specifically the White Rose Innovation Hub project will be on supporting growth in the smart cities sector, supporting Leeds and other cities to develop and adopt technologies and services which will support the innovation vision.
- 70 In terms of supporting zero carbon and health and wellbeing objectives, Morley currently has lower green space provision than many other parts of the city and has among the lowest tree canopy coverage. These deficits have an impact on health and wellbeing and on local air quality and the city's carbon emissions. The Morley Town Deal will address this challenge through the provision of new and high-quality greenspace, tree planting and encouraging modal shift. The projects will also have positive impacts on biodiversity and carbon emissions and will uplift the quality of the local environment for residents and visitors to the town.

What consultation and engagement has taken place?

Wards affected: Morley North & Morley South wards

Have ward members been consulted? Yes No

- 71 In putting together the initial Town Investment Plan the Council moved quickly to support the formation of a Town Deal Board comprising local stakeholders and residents, with a private sector chair as set out by the government's guidelines. The Morley Town Deal Board is an informal strategic partnership, established as an Outside Body to the Council. It has clear, agreed Terms of Reference, protocols and governance arrangements to support the development and delivery of the TIP and oversees the development and delivery of the above projects.
- 72 The Council is the accountable body for the TIP and has three formal Member nominations to the Town Deal Board, confirmed through Member Management Committee – one from each of the Morley North and South wards and one for the Executive Member for Sustainable Development and Infrastructure. An internal Council programme board has been established to provide clear internal governance relating to the Council's assurance and management of its accountable body functions, chaired by the Director of City Development.
- 73 The Town Deal also has regular engagement with the Morley Town Council team to ensure that this programme fits with wider ambitions for the town – the Town Council has a formal nomination for a seat on the Town Deal Board.
- 74 A public online consultation exercise was undertaken in Morley throughout 2020 (during Covid pandemic) to inform the development of the TIP bid for Towns Fund monies, which then determined the final projects for delivery.
- 75 Public consultation has subsequently been undertaken both online and face to face for the Greener and Connected and Station Gateway projects which are the first into design and delivery. Further consultation on these schemes is planned for 2023 and into 2024. For the Heritage Investment Programme a four-week public consultation process was undertaken in relation to the CAAMP in Spring 2023. For Morley Town Hall, White Rose Innovation Hub and the Morley Learning and Skills Centre consultation periods will follow the respective RIBA design stages expected early in 2024. As well as any statutory consultations as part of the planning approval process.
- 76 The in-person consultation events are also complimented by the dedicated Morley Town Deal Commonplace platform <https://morleytowndeal.commonplace.is> which is continually promoted through Council communications channels, stakeholder networks and the Town Deal Board.
- 77 Morley Town Deal has also partnered with the Ahead Partnership on a 'Growing Talent Morley' programme (contract for 2-3 years) to provide employability support to schools, colleges and employers across Morley for the period of the programme. This includes a grant contribution matched with private sector funding with a number of key local employers and stakeholders committing to co-fund the programme. To date Ahead Partnership have leveraged in over £100k of private sector funding. This will provide a mechanism through which businesses that are invested in the future of the town can work together to deliver the wider aspirations of the Towns Fund programme. Please see Appendix D for the end of Year 1 outputs and outcomes.

What are the resource implications?

- 78 As part of the Town Deal bid originally submitted to government in 2020, financial profiles were approved for each of the projects setting out the actual and forecast spend for each project. Over the last three years and due to inflationary pressures, delays to projects and other financial factors these have changed and been reprofiled (see table below). The reprofiles have

been discussed with the Towns Fund Area Lead/Deputy Area Lead and have been submitted to DLUHC as part of the latest financial and monitoring information in June 2023.

- 79 Grant funding received from the Towns Fund to date totals £4.56m which is made up of a 5% contribution of £1.2m, for initial development funding and a further payment of £3.34m in 2022/23 per the original profile. The actual spend on the overall programme 31st August is £1.59m with a further £2.64m expected to be spent by the end of March 2024 (including the purchase of the building for the Learning and Skills Centre) with a further £20m for the coming 2 years to March 2026, as profiled in the table below.
- 80 Works that are currently underway on projects have all had approval to spend through the administrative decision-making process. Executive Board is asked to approve that the Director of City Development will use delegated powers to approve future project capital spend in consultation with the Executive Member for Sustainable Development and Infrastructure, and the Morley Town Deal Board.
- 81 With consideration for the inflationary pressures, and legacy issues such as backlog maintenance works which have been identified within Morley Town Hall for example, should revenue be required in addition to Towns Fund capital this will be costed within project plans and a source of revenue funding identified and secured to fund this cost.
- 82 However, it should be noted that the wider budget pressures faced by the Council will undoubtedly constrain the opportunities that may be realisable through this fund, both in terms of potential for Council co-investment and for resourcing or revenue support to the bid.
- 83 Executive Board is asked to note that the projects do not represent further revenue budget commitments and as such there will be no Council commitment to additional ongoing revenue for projects unless this can be funded through alternative sources, or through sustainable income generation in relation to the developed projects.
- 84 All projects require an element of match funding which has been identified earlier under each project heading. Any viability gaps and pressures are being regularly monitored and reviewed and also discussed with the DLUHC regional representatives.
- 85 DLUHC has recently changed the Project Adjustment Request (PAR) process for Towns Fund grants. This provides the Local Authority grant recipient with more flexibility to change project outputs, outcomes and funding allocations if less than 30% of the original profile, through delegated powers of the Town Deal Board. If changes are above 30% then this needs to go to DLUHC for approval.

Capital Funding and Cashflow

Morley Town Deal 2021/26	Scheme actual 21/22	Scheme actual 22/23	Scheme forecast 23/24	Scheme forecast 24/25	Scheme forecast 25/26	Grant secured funding
1 Greener & Connected Morley	£286,700	£704,553	£1,480,700	£4,900,000	£2,528,004	£9,900,000
2 Morley Station Gateway	£15,300	£20,135	£204,845	£2,159,700	£0	£2,400,000
3 Morley Town Hall	£50,700	£99,710	£300,000	£1,000,000	£2,449,604	£3,900,000
Skills College	£15,900	£84,940	£523,637	£1,000,000	£2,875,500	£4,500,000
Heritage Investment Fund	£4,800	£53,560	£160,690	£1,481,000	£0	£1,700,000
6 White Rose Innovation Hub	£24,600	£3,997	£200,000	£671,360	£1,000,000	£1,900,000
Totals	£398,000	£966,896	£2,869,871	£11,212,060	£8,853,108	£24,300,000

What are the key risks and how are they being managed?

86 Primary risks through this programme relate to the delivery of the project outputs and the potential revenue implications for the Council as lead accountable body for the Morley Town Deal programme. It will be critical to ensure that risks and liabilities to the Council are minimised, particularly where this may have an ongoing budget or maintenance implication for the authority. A programme risk register is continually reviewed and updated and each project also has a detailed risk register. Key risks also need to be reported to the Towns Fund team as part of the monitoring and performance returns every six months.

87 The top programme risks are outlined below:

- **Cost inflation of wider supply chain and potential economic downturn leads to delays and cost increases.** – mitigating measures include early engagement with suppliers to understand timeframes and difficulties with supply chain. Also identifying where procurement packages could be joint together (for example, Greener and Connected and Station Gateway designs and delivery). Inflation has also been included in cost forecasting as well as risk/contingency budgets across each of the projects.
- **Risk relating to the inability to secure required match funding, particularly where this impacts on the deliverability of schemes** - Match funding is being explored at a project level and if identified match is unavailable, the team will seek to source alternative funding, move funding between project, or projects will be rescoped to be delivered within the available cost envelope.
- That the development of the proposed Morley Learning and Skills Centre requires the Council to acquire the freehold interest in the building identified as being suitable for the Skills Centre before concluding an Agreement for Lease and Lease with the proposed tenant of the building who will be responsible for delivering the educational curriculum. The

risk cannot be completely mitigated, though should the project not proceed for any reason, the Council will own an asset that it can sell on the open market.

What are the legal implications?

- 88 Following the successful Town Deal being agreed in April 2021 the Heads of Terms were signed by the Chair of the Morley Town Deal Board, Chief Executive of Leeds City Council and the Secretary of State for MHCLG (now DLUHC). The Heads of Terms acts as a Memorandum of Understanding for the future development and delivery of Morley's Town Investment Plan and project proposals.
- 89 No specific legal issues have been identified for the Greener and Connected, Station Gateway and Town Hall projects because works will be predominantly carried out to Council owned assets and adopted Highway and will benefit the public at large.
- 90 For the Morley Learning and Skills Centre project, the Council will need to enter into appropriate contracts with the owner of the site to acquire the building, with the proposed tenant for the lease of the building and a grant funding agreement with the tenant for the cost of preparing design development proposals for its refurbishment.
- 91 The Morley Learning and Skills Centre is being set up for education purposes which is not economic activity for the purposes of Subsidy Control and so the Subsidy Control regime will not apply to the peppercorn lease and grant funding provided to the operator for this project. The peppercorn lease is still a less than best disposal by the Council, which would require Secretary of State consent under Section 123 of the Local Government Act 1972. The General Disposal Consent (England) 2003 permits the Council to make a less than best disposal without specific Secretary of State consent where the Council considers the disposal will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area and provided the undervalue is less than £2m. A valuation of the lease is still to be carried out so the undervalue is not yet known, however the provision of a new Learning and Skills Centre is otherwise considered to clearly fit within this scope of the General Disposal Consent. If the undervalue is over £2m then an application for Secretary of State consent will need to be made.
- 92 The Heritage Investment Fund programme will involve grant funding to various commercial property owners and therefore will be caught by the Subsidy Control regime in most cases. Clear eligibility criteria and funding terms and conditions have been established for any grant applied for under the HIF programme, so the programme is being treated as a subsidy scheme for the purposes of the Subsidy Control regime. A full subsidy assessment has been carried out against the HIF programme and it is considered that the programme complies with the Subsidy Control principles; in particular, the conservation works the programme seeks to fund have wider public benefit and are very unlikely to be carried out without public funding, and the limits on amount and use of the funding will mean grants are proportionate and unlikely to lead to any distortion of competition. A full copy of the subsidy assessment is attached as Appendix E. As a subsidy scheme, details of the HIF programme will have to be published on the national Subsidy Control database once it is finalised and approved by the Director of City Development (pursuant to recommendation B of this report). After publication, if any organisation or member of the public has any objection to the creation of the subsidy scheme, they will have one month from the date of publication to make an application for judicial review. After that time any objections to the scheme will be statute barred from judicial review.
- 93 Applicants for funding under the HIF programme will be required to enter into appropriate grant agreements before any funding is provided.
- 94 For the White Rose Innovation Hub, it is confirmed that the Subsidy Control regime will apply to this project. However, it is not yet possible to carry out a complete subsidy control assessment

of the project until receipt of a more detailed formal application from Munroe K. Munroe K are still in the process of finalising the detailed proposals for the project and project officer are holding ongoing discussions with them to make clear what information is required for the assessment. It is unlikely that any public grant funding can be used to fund costs associated with the more commercial elements of the proposals, and public funding can only be provided if it is necessary to make the project happen, so financial evidence is still required that Munroe K will not be able to proceed without public funding.

95 Munroe K will be required to enter into a grant agreement before any funding is provided for the Innovation Hub. As well as stipulating what the grant funding can be spent on, the grant agreement will set out the desired public policy outputs for the project and a timescale for which the project must continue to operate, which is appropriate for the public investment. The project will require ongoing monitoring of both the outputs and the financial operation of the Innovation Hub to ensure compliance with Subsidy Control and with the grant agreement. The grant agreement will include claw-back provisions to recover public funding if the Innovation Hub generates profits disproportionate to Munroe K's investment input, or the grant agreement is not complied with. As additional protection for this public investment the Council will obtain a legal charge over the Innovation Hub.

Options, timescales and measuring success

What other options were considered?

96 The Towns Fund is part of a national government emphasis on the importance to the national economy of towns and smaller communities and builds upon previous funding announcements focused on supporting these places under the 'levelling up' policy agenda. If Towns Funding had not been secured for Morley then the investment it would have received for the ambitions set out in the TIP would have been minimal as part of ongoing maintenance revenue budgets or on an ad hoc opportunistic basis and not to the scale of Town Deal capital investment.

How will success be measured?

97 A programme wide monitoring and evaluation plan has been developed and will be reported on to the Towns Fund team every six months as part of the ongoing governance and assurance checks. Each project has agreed outputs and outcome indicators which have been reported to DLUHC as part of the Business Case process. If these outputs and outcomes subsequently change a project adjustment request must be implemented and approved by DLUHC.

98 All the project outputs and outcomes have been baselined in a data exercise and will then be reported to DLUHC as part of the ongoing monitoring and evaluation process. Satisfaction surveys, data monitoring, footfall counters are all being utilised as part of this process. Mott Macdonald have been commissioned to support with the ongoing monitoring and evaluation work across the programme. A public annual satisfaction survey has recently been undertaken for the first year to provide a benchmark and baseline, this will then be repeated every year to 2026.

99 In order to demonstrate success to DLUHC and stakeholders, the projects will need to remain within the agreed cost envelopes, be delivered to programme and achieve the agreed outputs and outcomes.

What is the timetable and who will be responsible for implementation?

100 The Senior Responsible Officer responsible for delivery and implementation is the Director of City Development. All of the projects need to be contractually committed and delivered in the

Towns Fund timescales and before March 2026 in order to receive the full grant allocation. Where projects and timescales are potentially delayed due to the risks highlighted above the Council and its partners will put in mitigating measures to ensure no grant allocation is lost.

101 Delivery, project management and the ongoing reporting, monitoring and evaluation of the Towns Fund programme (required every six months until March 2026) requires significant officer resource which has been allocated from the Asset Management and Regeneration service. Teams from across the Council are also involved in design and delivery including Climate and Greenspaces, Highways and Transportation as well as external design and delivery partners that have been commissioned.

Appendices

- Appendix A – Project summaries, outputs and outcomes
- Appendix B – Location map of projects
- Appendix C – EDCI
- Appendix D – Growing Talent Morley outputs from Year 1
- Appendix E- Heritage Investment subsidy assessment

Background papers

None.