



Department for
Communities and
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Dear Mark,

I am writing to follow up on the growth deal negotiation process and respond to your request to set out some of the concerns we have raised about your proposed project to invest in the redevelopment of Stevenage Railway Station.

Firstly, it is important to say that we felt that Hertfordshire submitted a robust bid for Growth Deal 3 and this is reflected in your final funding allocation. Your bid made a strong case for investing in the regeneration of Stevenage; however, our assessment process raised some concerns regarding proposals to invest in Stevenage Railway Station. In particular, our assessment highlighted concerns about the security of funding for the project and the governance structures that would oversee its delivery:

Security of funding – The Network Rail funding identified within your bid is still subject to the periodic review process for Control Period 6. This process is unlikely to conclude before Winter 2018, until which point we have to treat his funding as unconfirmed. Concerns were also raised about the private sector funding contribution identified from Legal and General, with conflicting messages in correspondence from the company raising concerns about their commitment to the project.

Delivery Capacity – The regeneration of Stevenage Station is a large and complex project, with significant risks associated with cost or time overruns which could have wider impacts on the transport network. We are not sufficiently reassured that either the LEP or the Stevenage First Partnership has the capacity in place to deliver this project.

Governance – We agree that creating a new, independent body to lead the regeneration of the town offers considerable advantages, both in terms of greater transparency and creating delivery capacity. Consequently we will make any Local Growth Fund allocation to the regeneration of Stevenage conditional on the creation of a suitably robust governance structure to oversee it. This structure must be approved by DCLG Ministers and comply with the following conditions:

- The organisation is not a continuation of the existing Stevenage First group, but an independent new structure. This body must have an independent chair, recruited in consultation with Government, through an open, competitive process.
- The new structure includes stronger political representation, including the local MP.
- The new structure includes a stronger business voice, with representation from local employers.

I would also like to take the opportunity to reiterate our thanks to your team and colleagues at Stevenage Borough Council, who have taken a swift and highly professional approach to responding to the concerns outlined above and developing an alternative proposal, allowing us to include a package of investment in Stevenage as part of the current deal . We will continue to work with you to develop these as we move forward to implementing the deal.

Best wishes,

Kris Krasnowski