

**TOWNS FUND BOARD
Notes and Action Points
Friday 3 March, 8.30 – 10.15 am, held via Zoom**

Chair:	Abigail Appleton	AA	Principal, Hereford College of Arts
Board Present:	Ellie Chowns	EC	Cabinet Member, Environment and Economy, HC
	Judith Faux	JF	Trustee, HVOSS
	Kath Hey	KH	Councillor, Hereford City Council
	Frank Myers	FM	Herefordshire Business Board / Marches LEP
	James Newby	JNe	Chief Officer, NMITE
	Jesse Norman	JNo	MP for Hereford and South Herefordshire
	Ruth Parry	RP	Director Operations & Marketing, Simple Design Works Ltd
	Lauren Rogers	LR	Project Manager, Rural Media Company
	Paul Stevens	PS	Hereford Business Improvement District (HBID)
	Julian Vaughan	JV	Green Dragon Hotel, Hereford
Other Attendees:	Ivan Annibal	IA	Rose Regeneration (RR)
	Christian Dangerfield	CD	Rose Regeneration (RR)
	Joni Hughes	JH	Portfolio Manager, Capital Development, HC
	Andrew Lovegrove	AL	Chief Finance Officer, Herefordshire Council
Apologies:	Grace Joiner	GJ	Youth Board Member
	Paul Walker	PW	Chief Executive, Herefordshire Council
Invited Guest:	Phil Crossland	PC	Herefordshire Council (Item 8. only)
Notes:	Jan Bailey	JB	Herefordshire Business Board

ITEM	NOTES	ACTION																
1.	Welcome and Apologies The Chair welcomed everyone to the meeting. Apologies are as noted above.																	
2.	Conflicts of Interest There were no new conflicts of interest. The Chair reminded all Board members to complete and return the previously circulated Declaration of Interests Form to RR. IA will recirculate.	All/IA																
3.	Minutes of the last meeting (held 3 February 2023) The Minutes of the meeting held on 3 February 2023 were approved as a correct record.																	
4.	Matters Arising From the meeting held on 3 February: <table border="1" data-bbox="220 1780 1300 2056"> <thead> <tr> <th>Minute No</th> <th>Action</th> <th>Responsibility</th> <th>Update</th> </tr> </thead> <tbody> <tr> <td>5.2</td> <td>Remove the word 'minor' from the description of those projects needing more work</td> <td>RR</td> <td>Actioned</td> </tr> <tr> <td>5.3</td> <td>Organise presentations of PIDs to PDG</td> <td>RR</td> <td>Actioned/ongoing</td> </tr> <tr> <td>5.4</td> <td>Organise all project workshop once all PIDs have been completed/presented</td> <td>RR</td> <td>Ongoing/later date</td> </tr> </tbody> </table>	Minute No	Action	Responsibility	Update	5.2	Remove the word 'minor' from the description of those projects needing more work	RR	Actioned	5.3	Organise presentations of PIDs to PDG	RR	Actioned/ongoing	5.4	Organise all project workshop once all PIDs have been completed/presented	RR	Ongoing/later date	
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	5.6	Board members to contact RR to discuss buddying of individual projects	All	Actioned/Ongoing		
	5.8	Produce guidance document on accessibility of website documents	JH	Outstanding		
	5.9	Council and #StrongerHereford website review and organise updates	JB	Actioned/Ongoing		
	5.10	Change name of 'Conflict of Interest' Policy to 'Declaration of Interests' Policy	RR	Actioned		
	5.12	Amend flow-chart, taking into account Board requests	RR	Actioned		
	6.1	Liaise regarding Wyeseide Crane Delivery PR story	CD/RP/LR	TBC		
	6.2	Liaise with council officers regarding presentation on recent levelling up award to #StrongerHereford Board members	RR	Actioned – on today's Agenda		
	6.6	Prepare paper on phasing of Southside project	RR	Agenda item		
	6.7	Prepare principles document on what would happen in the event of project failure	RR	Actioned – in meeting papers		
	7.3	Publish Board member recruitment advertisement and details	AA	Actioned		
	7.4	Complete and return Declaration of Interests form	All	Actioned/ongoing		
	There were no other matters arising.					
5.	<p>Southside Project Update</p> <p>5.1 JNe provided details of a meeting that had been held on 2 February between key parties to the project. At the meeting, it was agreed to break the project down into a series of phased delivery arrangements, as laid out in the Board Papers (attached to these minutes as Annexe A). If agreed by the Board, a Project Variation Document will need to be submitted to DLUHC.</p> <p>5.2 JNe also advised that as a result of the NMITE element of the Project being postponed to a later phase, a proposal to engage Project Managers from the Local Authority had been discussed and agreed by attendees at the 2 February meeting.</p> <p>5.3 The Chair invited comments from Board members on these proposed changes. The following were noted:</p> <p>5.3.1 JF asked for clarification regarding the Project's financial position if phasing of the project is introduced as described. JNe responded that by phasing the project in this way, the project may be able to leverage additional grant funding to support the third phase (buildings development). He accepted that this was a risk, but at least there would be progress made towards achieving many of the Project objectives.</p> <p>5.3.2 JNo commented on the need to be totally transparent in terms of being able to account for all budget expenditure against the Project. PS agreed that the need for strong governance within the Board is absolutely imperative, especially since #StrongerHereford is such a complex scheme comprising 15 different projects (unlike other schemes which comprise larger scale projects).</p>					

	<p>5.3.3 KH requested further information about both the phasing proposal and the move to local authority project management. KH will meet with JNe outside of today's meeting for a fuller briefing.</p> <p>5.3.4 FM expressed concerns about the way the decision to procure local authority project managers had been reached and queried whether this work should be commissioned on a procurement basis. AL advised that a number of options had been explored with the Southside Project partners, AA and RR to try and find a route forward for the project, given the significant challenges, particularly cost-related, that it faces. He reassured the Board that the local authority support had been offered but was not mandatory and he referred to grant regulations (Section 31) and managing public money, the Accountable Officer who is AL for the Towns Fund Grant, can exercise project controls to provide extra assurance where necessary to protect public money which is a statutory obligation of the responsible accounting officer.</p> <p>5.4 In order for the Board to develop a fuller understanding of what is proposed, RR will develop a report, to include providing full clarity on the sums involved with any project management service offered by the Local Authority and outlining the responsibilities of all parties in relation to decision making processes.</p>	<p>JNe/KH</p> <p>RR</p>
<p>6.</p>	<p>Current Programme Overview</p> <p>6.1 An update on all projects within the Programme had previously been circulated to Board members and attendees. This is attached at Annexe A.</p> <p>Encore</p> <p>6.2 With regard to the Encore project, IA reminded attendees of previous Board meetings at which the preferred location (Hereford Town Hall) had been discussed. This has also been discussed extensively at Project Delivery Group (PDG) meetings.</p> <p>6.3 IA advised that as the proposed location for the Project and use of Towns Fund monies are now materially different to those laid out in the Full Business Case, the Project Lead has been asked to develop a paper for review by PDG and then the Board. This will outline the deliverability of the revised solution and how it will affect original outputs.</p> <p>6.4 IA advised that Encore had discussed funds to support a feasibility study (possibly up to £20K) at PDG. PDG recognised Encore had not already drawn down 5% for business case development as other projects had and recommended Board approving £10K. JF, as Project Sponsor, is meeting with the Encore team shortly and will discuss further with them.</p> <p>Digital Cultural Hub</p> <p>6.5 Attendees were reminded of the proposal to purchase the premises at Packers House to provide a base both for the Digital Cultural Hub and Powerhouse Projects. However, the value of the property (three valuations obtained) is significantly less (by c £250K) than the price being asked by the vendors. This presents a significant obstacle for these projects as Government will not pay more than open market value for any property and Towns Funds monies were proposed to pay for the property.</p> <p>6.6 IA confirmed that other options are actively being considered to ensure these projects can progress. Further information will be provided in due course.</p>	<p>JF</p>
<p>7.</p>	<p>Budget</p> <p>7.1 The current budget position (Period 10 2022/23) is as laid out in the Board papers, attached as Annexe 1 to these minutes.</p> <p>7.2 Board members stressed the importance of total transparency with regard to expenditure against this budget, including the ability for them to drill down into the detail</p>	

	<p>and to be able to respond confidently and accurately to requests for information, eg from auditors. They also wanted to be clear about processes agreed for payments. They said that they did not have this level of confidence at the present time.</p> <p>7.3 JH accepted that the reports were not currently as comprehensive as they could be, but that she was planning to include revenue and capital figures and in year profiling in future accounts. A link to full transactional reports will also be provided. She confirmed that IA would soon be able to access the Project Management System, which would enable him to see all processed documents and invoices. Also that regular dip-sampling would be carried out as demanded by good governance processes.</p> <p>7.4 The Chair will work with JH and RR to refine and develop financial reporting, expenditure and budget processes and will bring these back to Board for discussion..</p>	JH/AA/RR
8.	<p>Levelling Up Presentation</p> <p>8.1 The Chair welcomed PC to the meeting.</p> <p>8.2 PC provided a presentation on the Levelling Up (LU) funding secured for Herefordshire - £19.9K for transport schemes – that will be used to fund three main projects: Hereford Transport Hub; Active Travel measures north of the River Wye; Active Travel measures south of the River Wye. PC’s presentation can be viewed at Annexe 2.</p> <p>8.3 The Board recognised the need for future discussions to see if and how money from the LU Fund could be used to support projects within the STF.</p>	
9..	<p>Status of Current Chair</p> <p>9.1 IA will email Board members regarding the transfer of the Hereford College of Arts’ status from a private to public sector and the impact this may have on the current Chair’s position.</p>	IA
10.	<p>Any Other Business</p> <p>None</p>	
11.	<p>Dates of Next Meetings</p> <p>Friday 14th April, from 8.30 – 10.00 am (note change of usual slot due to Good Friday holiday). Venue tbc.</p> <p>Then, the first Friday of every month until further notice</p>	

Action Grid

Minute No	Action	Responsibility
2.	Circulate Declaration of Interest Form to all Board members for completion	IA
5.3.3.	Briefing on Southside proposals	JNe/KH
5.4	Prepare full report on Southside proposals	RR
6.4	Discussions on funds draw down with Project Manager	JF
7.4	Work to develop financial reporting, etc, processes and procedures to meet Board members’ needs and expectations	JH/AA/RR
9.1	Email information regarding Chair’s current status, viz change of HCA from private to public sector status	IA

Annexe 1 – STF Board Meeting held on Friday 3 March 2023

Progress Update and Future Planning

1. Introduction

This report provides a high level overview of progress since the last Board Meeting in relation to the new current programme management phase which we are entering. These papers also contain a further copy of the flowchart agreed at the last meeting setting out the protocol for financial reporting as an appendix.

2. Funding Agreement Progress

Progress with funding agreements is set out below. We have the following signed or agreed in principle:

- Castle Green
- Wyeside
- School of Digital Futures
- Halo
- Skate Park
- Museum
- Library
- Greening the City
- Electric Buses
- Meadow Arts

Outstanding

- Digital Culture Hub
- Powerhouse

- NMITE
- Southside
- Encore

The detailed issues in relation to Southside are well trailed There is a need to establish a clear route forward in relation to the budget challenges facing the project. An independently facilitated meeting to consider and highlight the key issues was scheduled for 2 February at 3pm. In relation to Encore the proposed location and use of the Towns Fund resources is now materially different to the FBC and the Project Delivery Group will be asked to review the project in partnership with Cliff Woolward from Encore the Project Sponsor.

3. Protocol for Consideration of How to Respond to Project Failure/Adjustment

At the last Board meeting it was agreed that it would be helpful to have a clear protocol for considering the resource implications of a project failing. In this situation the first priority was universally agreed as seeking to redistribute funding within the programme through a formal dialogue with Government.

In parallel with this situation there may be an argument to reallocate funding from established projects which have not yet utilised their resources in the eventuality of one of the other projects within the programme needing more resource than originally anticipated. This raises an interesting question about the relative importance of each project within the portfolio which has not been previously addressed as an issue, although a full and transparent process was undertaken to accommodate the reduction in funding offered to the programme, from the amount actually bid for, at the point of the development of the Heads of Terms for the Town Fund.

There are two different scenarios in play here in the first scenario (project failure) a readjustment of any of the projects is in scope. In the second scenario (redistribution amongst projects in relation to their relative importance) the situation is different in that any project with a funding agreement could only be asked to contribute some of its resources by mutual consent. Where projects do not have funding agreements there is more practical flexibility although there is a natural justice argument to suggest that they should not be disadvantaged unless there is a specific question about their viability by being treated differently from projects with a funding agreement.

In first instance of project failure the following approach could be considered:

- Identify all those projects within the portfolio which could accommodate the increase in funding
- Taking account of the scale of resource available identify where the additional funding might have the greatest impact on deliverability- with regard to both the impact on any budget shortfall at other projects in scope it might have and the level of output/outcome impact it will have – for example if a project fails worth £200,000 and this could close a funding gap of a similar scale at another project that would, all other things being equal, be a stronger argument than contributing £200,000 to a project with a £2 million funding gap. Assuming that there is no funding gap issue the next order of discussion would be in relation to the nature and scale of outputs/outcomes the additional funding could deliver with the project that delivers the greatest increase in outputs/outcomes having the strongest claim.

In this scenario a transparent dialogue encouraging all projects to consider making a case for the additional resources in the context set out above should be followed with potentiall PDG considering the detail of each proposal and the Board making the final decision.

In the instance of redistribution the following approach could be followed:

- Firstly the case for considering redistribution should be agreed – this will be the trigger point
- Secondly the scale of redistribution required should be considered and clearly quantified
- Thirdly all projects should be invited to contribute to helping address the shortfall
- In the eventuality that enough resource is identified through this exercise a Project Adjustment Request should be generated
- In the eventuality that this is not possible the Board should consider the flexibility it may have to redistribute funding from currently uncontracted (ie without a Funding Agreement) projects – in this situation it should consider the relative impact of moving resources from one project to another and the mitigations it might propose in following this process
- Before making a final decision to proceed it should have a clear rationale to justify reallocating resources from a project which doesn't have a current funding agreement – if this is due to issues around the deliverability of the project concerned this should be considered differently from if it is simply the case that the project has had a delay in its funding agreement being confirmed. If the latter is the case there is a natural justice argument that suggests it should be treated as if it did have a funding agreement.
- Once an in principle decision has been made a clear discussion should be held with the affected project(s) at the Board to finalise any proposal to proceed.
- A Project Adjustment Request should at the completion of this stage be prepared and shared with Government

Recommendations:

1. Members note the progress to date and raise any issues associated with the funding agreement process.
2. Members consider and with any refinements arising from the discussion incorporated into the protocol, approve the protocol for managing project failure/adjustment

7. Current Programme Overview

1. Introduction

This report provides an overview on progress since the last board meeting and in advance of detailed implementation negotiations. A brief commentary on a project by project basis is provided below and the accompanying excel table RAG rates each project. The highest level risks are set out below.

2. Top Risks

Project	Town Fund	Match	Total	Risk Rating	Challenge	Current Position
River Wye Infrastructure	1.035	0.112	1.147		There are clear cost over runs for this project	It was agreed that the approach to the release of funding to support the detailed feasibility work on project design which was subsequently agreed at the Board on 4 th November would be progressed. The feasibility studies have now been commissioned and it has been possible to accelerate the purchase of the crane which is a key component of the overall project.
Southside	3.656	0.613	4.269		Significant programme management requirements on multiple fronts. PDG is providing significant ongoing support.	The project has significant value engineering challenges and has concluded it cannot find a way to manage its VAT liabilities, asset transfer and planning are key issues in a project that still has many "moving parts". Value engineering due to inflation has been substantively undertaken. An outline planning application has now been submitted and it has been confirmed that subject to planning the asset transfer can move ahead. An independently facilitated meeting to consider an options paper and identify the most appropriate way forward for the project was held on 2 February and subsequently a phased approach to the delivery is being worked up.

Encore Music Hub	0.21	0.6	0.810		FBC which is site agnostic has been submitted	The project has reported that a potential site has now been identified and the project lead is optimistic that this might be brought to fruition. It is likely however that both the timescales and the nature of the outputs to be delivered will change significantly and once the Project Initiation Document which will be supplied to the project has been completed the Project Delivery Group will need to review the proposition as it now stands pending a referral to the Board. This will involve reviewing as agreed at the January Board meeting any changes to the outputs from the original proposal.
Digital Culture Hub	1.201	0.55	1.751		The development of a funding agreement to reflect the now agreed change from rent to purchase	The project has been asked to finalise its proposals for a charge on the building and the confirmation of its matched funding for the implementation of its activities prior to the completion of the funding agreement. It has also been seeking independent values of the property to ensure it is able to procure the facility at a mutually agreed value for money price and there is a gap of around £250K between the valuation and the asking price agreed in principle with the vendor. There is no straightforward simple prospect of addressing this challenging subject to further negotiations with the vendor at this stage.
Powerhouse	0.31	0	0.31		The principle of co-location with the Digital Culture Hub is now in a detailed stage of development	This has now been identified raised with the Accountable Body and a detailed dialogue is in train with Powerhouse, Rural Media (DCH) and the TF secretariat. The Board has agreed to support this proposal. A funding agreement will be issued once the wider issues associated with the development of the DCH project (see below) are resolved.

3. Project Progress

Skills Foundry

Southside

This project is progressing but has a number of challenges associated with the transfer of the land and from the Council, achievement of planning permission and delivery of the outputs associated with the project within the cost envelope. A final decision on the formation All of these challenges are being addressed, however the project is at the stage where it might be undeliverable in its present form and a detailed independently facilitated options discussion with the key parties involved in the delivery of the project was held on 2 February. It has been agreed post this meeting to break the project down into a series of phased delivery arrangements to manage the risk of delivery as a whole and phase the draw down of funding and the implementation of outputs. There is likely to be an £800,000 underspend on this project for the 2022/23 financial year. A slide setting out the detailed starting point for these discussions is set out below:

Revised Funding Schedule with priorities

	2022/23	2023/24	2024/25	2025/26	2026/27
Revised Delivery Phases	Outline Planning permission and design development	GL Growing space delivery including packing shed Initial groundworks/infrastructure Full planning permission for Southside building Oct 23: Funding application to Sports England for 3G pitch	Further ground works/infrastructure First phase Southside building (changing facilities and kitchen) 3G Pitch development	Hard courts for sport development Start of second phase building	Second phase Southside building and further infrastructure and fit out (teaching spaces)  Brought forward if funds available
Current Towns Fund Profile (Capital)	£804,000	£2,442,180			
Revised Funding Profile (original scope £6m plus VAT in F&G cost plan)	£200,000 (including advance funding already claimed)	£1,200,000	£2,600,000	£1,000,000	£1,000,000 
Sports England Funding		3G Pitch Sports England (£750,000)		Potential additional £750,000 from Sport England (multi-sport hard court and building)	
Other Funding		Youth Investment Fund (£250,000+?)			

Digital Culture Hub

The relocation of this project to Packers House has now been approved by DLUHC. The project has encountered major problems associated with the valuation of the building which is around £250,000 less than the price requested by the vendor. The project sponsor has no ready access to funds to make up any shortfall between the valuation and the asking price. The development of this challenge has revealed that the project sponsor is not able to demonstrate that it can provide the level of matched funding set out in its funding application without borrowing. It is clear that Towns Fund resources cannot be used to pay over the commercial value for a property asset. The lack of the level of matched funding identified in the full business case also needs to be explained and mitigations proposed. At this stage subject to further dialogue with the project sponsor, unless this purchase gap can be closed through a discussion with the vendor and a clear strategy for the provision of the matched funding cited for the project, it may not be deliverable in its current form. The original plan was for the lion's share of capital match to be provided by a mortgage, with towns fund resources to be used in a roughly 50/50 split between contributing the balance of the property purchase cost and the cost of refurbishment. This was superseded by a proposal to use Towns Fund resources to fully purchase the building and for Rural Media to use its resources to meet the refurbishment costs. Now that the proposed cost of the property exceeds its value the towns funding available will not meet the full asking price (as it cannot be used to pay over the commercial valuation) and the project sponsor is currently seeking borrowing arrangements to fill the gap. If it is able to achieve this there will still be a need for it to find the majority of the resources required to refurbish the building although it is currently revising downwards the estimated cost of refurbishment. The real challenge linked to raising matched funding through borrowing is that the Towns Fund will require a time limited first charge on the building which makes it difficult to secure any third party borrowings against the building.

HCA School of Creative Digital Futures

There are no immediate concerns about the implementation of this project and the planning application for the project has been approved. There are some modest cost over-runs which are currently being scoped can be accommodated through value engineering. Details of the contingency allocation in this context are still being finalised at the college. There will also be some logistical challenges to manage operationally in relation to the scheduling of the works once a contract is let for delivery in the heart of an active college setting. The validation process associated with the additional courses that are planned to be delivered in the new facility using the new equipment are progressing well. The outputs quoted for the funding agreement have been checked against the FBC output commitment to confirm they are consistent and a way of delivering and measuring them has been worked out by HCA.

NMITE Future of Work

The project was planned to be located on the Blackfriars site of NMITE. Initial post FBC discussion has revealed that the project can proceed as planned. There are no major concerns about progress at this stage albeit some discrepancies between the funding profile in the FBC and the funding agreement are being discussed. An alternative delivery site and costing approach for the project is emerging as an innovative alternative to the current long standing arrangements and it is hoped to verbally update the Board at the March Board meeting.

Access and Greening

River Wye Infrastructure

The project is now in a serious phase of reappraisal. We hope to achieve more detailed cost certainty by supporting the process of detailed design works. A funding agreement between the Wyeside partners and Accountable Body has been concluded which enables the commissioning of these design works to progress.

Greening the City

This project is now in the implementation planning stage. Work is underway to confirm the level of financial spend which can be achieved this year through entering into contractual agreements with suppliers. We are optimistic that the project will be able to hit its profiled spend for this financial year. A funding agreement for the project is now in place. There is likely to be a modest delay in the contracting of the Active Travel Planning element of this project.

Meadow Arts

We reported at the that last board meeting that this project is now in proof of concept phase. The first exhibition materials linked to Lothar Gotz are on display and look excellent. This provides an excellent opportunity to promote the Town Fund more widely and discussions are ongoing with Meadow Arts on how best to maximise this opportunity. This project will be able to commercially commit its expenditure to meet its funding profile. It has now been issued with a Funding Agreement which has been completed.

Castle Green Pavilion

The project delivery arrangements for this project have been confirmed and are on schedule. The planning application for the project has now been approved. This project will be able to commercially commit its expenditure to meet its funding profile and we have no major disquiet about its current status. A Funding Agreement for this project has now been issued and completed. A Project Initiation Document was shared with the PDG on 22 February and garnered the full support of the PDG. The PID is attached as an appendix for Board consideration.

Cultural Assets**Maylords Library and Learning Resource Centre**

The plans for the implementation of this project are proceeding effectively. The Council are currently working to confirm the financial profile and output delivery timing associated with the current profile. A Funding Agreement for this project has now been issued. There is scope for this project to accelerate its funding profile to absorb underspends in other areas including a potential £800,000 underspend associated with Southside.

Powerhouse

A hot desking arrangement has been put in place to enable this project to begin operating from Packers House. Until the Funding Agreement between Rural Media and the Towns Fund has been agreed and is in place it will not be possible to provide a Funding Agreement for this project.

Encore Music Hub

The project has reported that a potential site has now been identified and the project lead is optimistic that this might be brought to fruition. It is likely however that both the timescales and the nature of the outputs to be delivered will change significantly and once the Project Initiation Document which will be supplied to the project has been completed the Project Delivery Group will need to review the proposition as it now stands pending a referral to the Board. A meeting with the Project Sponsor on 17 February concluded positively with a commitment from the

Project Sponsor to provide an update report for consideration by the PDG by 24 February. This will be considered at the PDG on 1 March and reported to the Board on 3rd March.

Individual Projects

Marches Experience

Following HLF agreement to support the project to the next stage of its evolution good progress is being made with the FBC. The Council has committed to a significant package of matched funding for this project and it is on track to achieve its spend profile within the Towns Fund. We understand that the competition for funding is now very severe in relation to the Heritage Lottery aspect of the matched funding for this project and we anticipate that this may be more challenging than we had initially hoped. A detailed public consultation process associated with the development has just been completed.

Electric Buses

The order for the buses has now been issued and discussions are underway to identify the most appropriate operator for the facility. Herefordshire Council has agreed a rapid turnaround arrangement for reimbursement expenditure on this project. Ongoing discussions in relation to the route configuration are still in train with Herefordshire Council.

Extreme Sports Hub

There are two components to this project the skate park and the cycle track. There had been some questioning of the deliverability of the cycle track in the timescales desired by Sport England this issue has now been resolved with Sport England confirming its ongoing support for the project. Subsequently however it has been identified that there are significant cost pressures on the project and on the Skate Park element of the project. Neither element of the overall project is undeliverable and we are optimistic that both can be effectively supported by the Towns Fund team to a point of effective implementation. The situation in relation to these two projects is therefore largely and positively unchanged since the last Board meeting.

4. Profiling

As we enter the final phases of 2022/23 it is important to review and confirm the final outturn position for each project. Detailed discussions are to be initiated in February to consider how committed spend is likely to be reconciled with projected spend. A breakdown of the BEIS position on profiled spend for this year is set out below:

Project	RDEL (Revenue) /CDEL (Capital)	21/22 (£)	22/23 (£)
	RDEL		192,750
	CDEL	-	804,080
Southside	Total	-	996,830
	RDEL		15,806
	CDEL		612,500
Digital Culture Hub	Total	-	628,306
	RDEL		3,161
	CDEL		122,500
HCA School of Creative Digital Futures	Total	-	125,661
	RDEL		235,884
	CDEL		33,320
NMITE Future of Work	Total	-	269,204
	RDEL		447,602
	CDEL		1,572,400
Skills Foundry	Total		2,020,002
	RDEL		13,030
	CDEL		504,908
River Wye Infrastructure	Total	-	517,937
	RDEL		10,344
	CDEL		400,820
Greening the City	Total	-	411,164
	RDEL		2,276

	CDEL		88,200
Meadow Arts	Total	-	90,476
	RDEL	5,058	25,290
	CDEL	196,000	980,000
Castle Green Pavilion	Total	201,058	1,005,290
	RDEL	5,058	50,939
	CDEL	196,000	1,973,928
Access and Greening	Total	201,058	2,024,867
	RDEL		37,935
	CDEL		1,470,000
Maylords Library and Learning Resource Centre	Total	-	2,024,867
	RDEL	7,587	
	CDEL	294,000	
Powerhouse	Total	301,587	-
	RDEL		5,058
	CDEL		196,000
Encore Music Hub	Total	-	201,058
	RDEL	7,587	42,993
	CDEL	294,000	1,666,000
Cultural Assets	Total	301,587	1,708,993
	RDEL		25,290
	CDEL		980,000
Marches Experience	Total	-	1,005,290
	RDEL		25,290
	CDEL		980,000
Electric Buses	Total	-	1,005,290
	RDEL		29,943
	CDEL		1,160,320

Extreme Sports Hub	Total	-	1,190,263
	RDEL total	12,645	622,057
	CDEL total	490,000	8,332,648
	Total	502,645	8,954,705

Information from individual projects on adherence to or variance from these profiles is currently being collated. It is not possible at this stage to make a definitive statement but it looks as though there is likely to be a shortfall in committing the level of 2022/23 expenditure we had hoped for although there is scope for some projects to increase their level of claim as well as others finding it difficult to meet their commitment targets.

5. Programme Level Risk Register

The cross cutting risk register is attached below for discussion and updating post the Board.

Risk	Likelihood	Impact	Mitigating Actions/Actions Required	Latest Position – January 2023
Completion of Project Initiation Documents	Medium	Medium	Close liaison and clear indication of requirements with each individual project and then consideration at PDG	Set up briefings are currently in train with individual projects and will be followed by individual contract negotiations around the establishment of funding agreements. The first PID has been submitted to the PDG (Castle Green) and was well received a schedule of PID presentations is currently in train.
Achieving Target Spend	Medium	Medium	We have identified the relative risks on a project by project basis, individual mitigations measures at the level of specific projects are in place and further intelligence is collected on a real time basis through our engagement with each	The Funding Agreements ensure there is clarity on timescales and activities associated with the spend profile for each project. We also have to manage the distinction between the amount of spend profiled by DLUHC and from a programme management perspective. Our

			project as the TF secretariat. There is scope for some projects to offset an under commitment of others by increasing their spend and we are currently investigating this position.	intelligence from the individual project discussions indicates that this is possible although the very latest intelligence from projects suggests it may be more difficult to commit all the 2022/3 funding than originally thought.
Achieving Matched Funding Totals	Medium	High	It is clear that due to project design changes arising from the FBC development process that there is a need to value engineer projects as a result of inflationary pressures. This may knock on in terms of matched funding contributions. We are alive to this issue and we have been involved in detailed project by project risk rating to understand and plan mitigations at the level of individual project development.	A changing pattern of matched funding is emerging as the Funding Agreements are firmed up. Considerable additional matched funding has been identified in conjunction with the Musuem project. Reduced and rescheduled matched funding arrangements have been notified in terms of Powerhouse, the Digital Culture Hub and Encore Music Hub projects. Overall the level of programme wide matched funding is in excess of the amount initially cited in the bid.
Programme Management Capacity	Low	High	The team has a good level of dedicated staff with additional capacity in the There is scope to seek support from partners to mitigate unforeseen capacity challenges.	As the Funding Agreements proceed we are positively optimistic that the challenges around the delivery of this aspect of the work are fully manageable.
Achieving Overall Programme Outputs	Medium	High	The programme management role followed by the team provides good scope to identify early and then intervene to manage and mitigate risks as identified.	Two projects: Southside and Wyeside have major delivery challenges. A reduced portfolio of outputs could arise. The secretariat is keeping this situation under careful review and will maintain a detailed overview of progress in conjunction with the Project Delivery Group as project implementation begins.

Achieving Programme Spend Within Annual Profiled Phases	Medium	Low	There is a danger in view of the inflationary pressures faced by the programme and in terms of limited supplier availability in some cases that achieving spend on planned time may be difficult	The Funding Agreements have in each case considered this challenge. Where it occurs unexpectedly a project change form will need to be submitted to Government.
Meeting Evaluation Requirements	Low	Medium	There is a requirement to evaluate the impact of the programmes in the town, we are yet to put the arrangements in place to collect the evidence and programme the evaluation. We have significant experience of these actions in other settings and are beginning to make preparations for the meeting of this obligation once the current stage of the Funding Agreement process is completed.	We currently have no evidence to suggest that this will be a performance issue.
Individual Project Failure	Medium	Medium	There will inevitably be some challenges which occur in terms of project delivery. Through the Funding Agreement process these will come to the fore and we will be able to keep on top of them through the project implementation process set up as the next stage of this programme. Depending on the scale of the project and its relative importance to the programme (we have individual risk registers for each project) we will be able to put mitigations in place or escalate the solution to the issue to a discussion with DLUHC using as	We have identified the relative vulnerability of each project to inflation in this report. More widely we have a risk register for each individual project. We have the following projects under close scrutiny: Wyeside, Encore Music Hub, Powerhouse, Digital Culture Hub and Southside.

			appropriate project variation forms rescheduling timescales and outputs.	
Multiple Project Failure	Low	High	This is a relatively low risk because of the comprehensive and varied spread of projects across the programme both thematically and in terms of delivery organisations. Should it occur we will, through monitoring be able to plan amelioration as it gathers pace so that the implications are fully understood and reported before they reach an unmanageable stage.	There is no evidence to suggest that this is an issue at this stage of progress towards the establishment of individual funding agreements. We are however exercising a careful overview of vulnerabilities at a programme level as 1/3 of the total TF portfolio involves projects at different levels of delivery challenge.
Subsidy Control Challenges	Low	High	Relatively few of the projects have a subsidy control component. We are planning a desk review of the relative challenge associated with each project where required and will have mitigations pre-planned should any challenges arise.	We are not in a position to have a full view on this issue until the funding agreements are all fully in place.
Programme Level Inflation Cost Pressures	High	High	This is a material risk. We are already involved in value engineering discussion with projects on an individual basis as the	This is a very significant growing risk. We have analysed it in more detail in relation to the table set out above.

			FBCs progress to enable us to mitigate this in relation to individual projects.	
Programme Governance Failures	Low	High	We have the operation of the Board and its assurance framework including the PDG under constant review and have just received a new guidance document from Government about the role of the TF Board which confirms we are on the right lines from a progress point of view.	We have now mapped the recently issued supplementary guidance issued by Government against our operational arrangements and the process of codifying them was agreed at the 3 February Board meeting and a plan to address them agreed.

6. Budget

The Period 10 (January) position in relation to the programme is set out below.

Herefordshire Council Accountable Body - Stronger Towns Finance Reporting
Expenditure Summary to Period 10 2022/23

Project	£ Project Funding	Claims Paid £							£ Unclaimed Funding	
		2021/22	2022/23					Total Claimed		
			Q1	Q2	Q3	Q4	Sub-Total			
Southside	3,583,032	10,108.36	38,119.63	43,894.37	32,965.18	19,298.00	134,277.18	144,385.54	3,438,646.46	
Digital Culture Hub	1,177,064	7,234.00	8,000.00	19,013.00	-		27,013.00	34,247.00	1,142,817.00	
HCA School of Digital Futures	640,577								640,577.00	
Future of Work	2,290,545	-	11,000.00	12,789.05	1,136.03		24,925.08	24,925.08	2,265,619.92	
Wyeside	1,014,586	4,360.15	6,028.00	18,253.00	5,376.00		29,657.00	34,017.15	980,568.85	
Greening the City	403,655								403,655.00	
Meadow Arts	88,200	-	-	18,000.00	-		18,000.00	18,000.00	70,200.00	
Castle Green Pavilion	1,537,145	36,060.20	41,939.80	-	-		41,939.80	78,000.00	1,459,145.00	
Maylords Library	2,955,504	-	-	-	202,866.00		202,866.00	202,866.00	2,752,638.00	
Powerhouse	294,000	-	5,000.00	14,050.00	-		19,050.00	19,050.00	274,950.00	
Encore Music Hub	196,000	-	-	-	-		-	-	196,000.00	
Marches Experience	4,942,045	-	-	-	357,134.00		357,134.00	357,134.00	4,584,911.00	
Electric Buses	1,674,812	-	-	-	50,250.00	35,000.00	85,250.00	85,250.00	1,589,562.00	
Cycle Track	676,283					41,491.25	41,491.25	41,491.25	634,791.75	
Skate Park	490,000						-	-	490,000.00	
Total Project Funding	£ 21,963,448	TOTAL							£ 1,039,366.02	£ 20,924,081.98
Project Management Contribution	£ 434,746									
Total DLHUC Funding	£ 22,398,194									

A spreadsheet summarising individual items of claims is attached with these papers. If Board members want to scrutinise the payments against An individual project in more detail this information can be provided.

7. Declaration of Interest

The Board also has a declarartion of interst policy – details are set out here:

https://www.google.com/search?q=towns+board+conflict+of+interest+form&rlz=1C5CHFA_enGB941GB941&oq=towns+board+conflict+of+interest+&aqs=chrome.7.69i57j33i160l5j33i22i29i30l4.22879j0j7&sourceid=chrome&ie=UTF-8

It was agreed at the 3 February Board meeting that members would be asked to complete form set out below and return it to Rose Regeneration. A number of forms have been received and it is hoped to have the balanced returned by early March 2023:

Name:	
Position within Organisation:	
Date:	
Employment:	<i>Details of all my employers in the last 12 months:</i>
Business:	<i>Details of all businesses in which I am a partner or sole proprietor:</i>
Company directorships:	<i>Details of all companies of which I am a director:</i>

Trusteeships:	<i>Details of all charities of which I am a trustee:</i>
Membership of organisations, public bodies, etc	<i>Details of all organisations of which I am a member AND have a position of general control or management:</i>
Wider Connections	<i>Do you have any personal or close family member connections to any of the projects being funded?</i>

Declaration:

I confirm that I have disclosed all of my financial and non-financial interests. I understand that it is my responsibility to disclose any additional interests as they arise.

Signed:

Date:

Recommendation:

That the refreshing of the conflict of interest reporting be approved based on the form set out above.

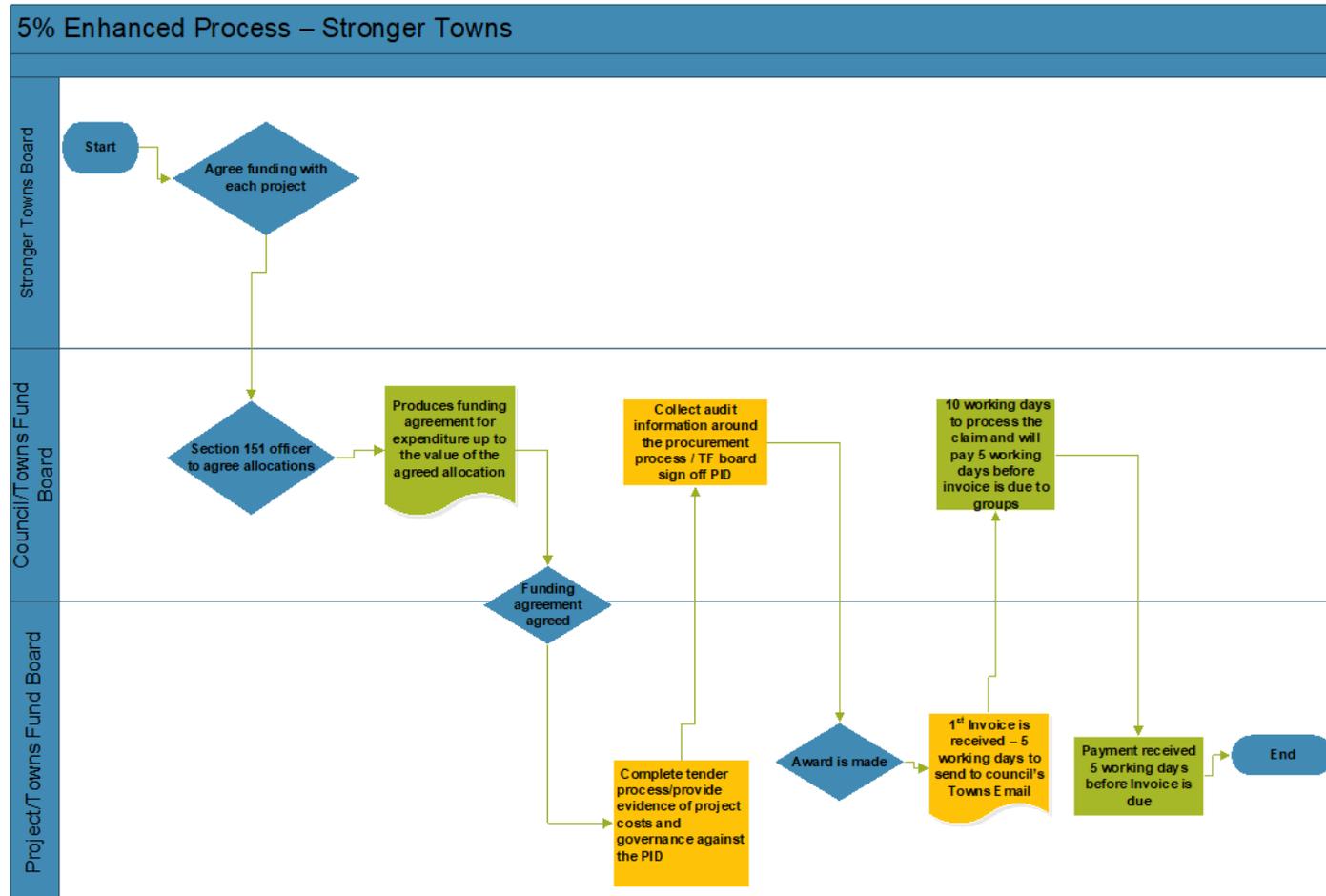
Item 10. Status Of Current Chair

In recent guidance the college sector has been categorised as public sector. This raises the issue of definitions in terms of the status of the current Chair. We have explored the situation with the Government and our relationship manager Alex Collins has confirmed:

“If declared during a Stronger Towns Board meeting and there are no objections, we see no reason why you shouldn’t be able to continue delivering as Chair.”

It is proposed that the current Chair leave the meeting for a discussion

Financial Reporting Flow Chart



Annexe 2 – STF Board Meeting held on Friday 3 March 2023

Hereford Transport LUF Programme

The Hereford LUF Programme has 3 overarching projects, the 2 Active Travel projects have a number of schemes within each project as detailed in the table and map below:

Ref	Measure	Scheme	Description	LUF Funding	Match Funding	Budget
PROJECT 1 – TRANSPORT HUB - £9,828,000						
1	Public Transport	Transport Hub	Interchange to enable and encourage active travel and public transport use. Potential land acquisition may benefit scheme delivery and operation.	£6,328,000	£3,500,000	£9,828,000
PROJECT 2 – ACTIVE TRAVEL MEASURES NORTH OF THE RIVER - £5,285,849						
2.1	Walk / Cycle	Active Travel Fund A465 links (Aylestone Hill)	Segregated cycle lanes and pedestrian crossings on A465 from Aylestone Hill Dbl Roundabout to Park and Choose	£982,200	£120,000	£1,102,200
2.2	Walk / Cycle	GWW ATM and Cycle Route improvements	Local improvements to Great Western Way traffic free route between Widemarsh Common and Barton Yard to enable increase in active travel use	£373,649		£373,649
2.3	Walk / Cycle	Commercial Road, Blueschool and Newmarket LTN1/20	Adaptation of plans under HCCTP to provide less public realm and more LTN1/20 compliant walking and cycling provision alongside bus priority	£1,980,000		£1,980,000
2.4	Walk / Cycle	St Owen's Street cycle contraflow	Pedestrian crossings and segregated cycle contraflow lane to LTN 1/20 standard between Bath Street junction and High Town	£250,000	£700,000	£950,000
2.5	Walk/Cycle	Safer Routes to Schools	Link cycle routes to safer routes to schools	£495,000		£495,000
2.6	Walk/Cycle	20 MPH Speed Limit	Aspiration for 20MPH City wide	£385,000		£385,000
PROJECT 3 – ACTIVE TRAVEL MEASURES SOUTH OF THE RIVER - £10,174,600						
3.1	Walk/Cycle	Holme Lacy Road active travel measures	Segregated walking and cycling infrastructure and improvements to crossings between Hereford Enterprise Zone (HEZ) and A49 junction	£7,913,850		£7,913,850
3.2	Walk/Cycle	Quiet Routes to HEZ	Local improvements to quieter routes in South Wye to enable and encourage increase in switch to active travel to HEZ	£402,750	£978,000	£1,380,750
3.3	Walk/Cycle	Safer Routes to Schools	Link cycle routes to safer routes to schools	£495,000		£495,000
3.4	Walk/Cycle	20 MPH Speed Limit	Aspiration for 20MPH City wide	£385,000		£385,000
TOTAL				£19,990,449	£5,298,000	£25,288,449

