

**Hereford Stronger Towns Board Meeting
Friday 14 April 2023 (8.30 am – 10.00 am), held via Zoom
Notes and Action Points**

Chair:	Abigail Appleton	AA	Principal, Hereford College of Arts
Board Present:	Ellie Chowns	EC	Cabinet Member, Env and Economy, HC
	Judith Faux	JF	Trustee, HVOSS
	Kath Hey	KH	Councillor, Hereford City Council
	Grace Joiner	GJ	Youth Board Member
	Frank Myers	FM	Herefordshire Business Board/Marches LEP
	Jesse Norman	JNo	MP for Hereford and South Herefordshire
	Ruth Parry	RP	Director Operations & Marketing, Simple Design Works Ltd
	Paul Stevens	PS	Hereford Business Improvement District
	Paul Walker	PW	Chief Executive, Herefordshire Council
Other Attendees:	Roger Allonby	RA	Acting Service Director for Economy, Herefordshire Council
	Ivan Annibal	IA	Rose Regeneration (RR)
	Alex Collins	AC	Department of Levelling Up, Housing & Communities
	Christian Dangerfield	CD	Rose Regeneration (RR)
	David Hitchiner	DH	Leader, Herefordshire Council
	Andrew Lovegrove	AL	Chief Finance Officer, Herefordshire Council
Apologies/Absent:	Joni Hughes	JH	Portfolio Manager, Capital Development, HC
	James Newby	JNe	Chief Officer, NMITE
	Lauren Rogers	LR	Project Manager, Rural Media Company
	Julian Vaughan	JV	Green Dragon Hotel, Hereford
Notes:	Jan Bailey	JB	Herefordshire Business Board

ITEM	NOTES	ACTION								
1.	Welcome and Apologies The Chair welcomed everyone to the meeting. Apologies and absences are as noted above.									
2.	Conflicts of Interest There were no new conflicts of interest.									
3.	Minutes of the last meeting (held 3 March 2023) The Minutes of the meeting held on 3 March 2023 were approved as a correct record.									
4.	Matters Arising From the meeting held on 3 March:									
	<table border="1"> <thead> <tr> <th>Minute No</th> <th>Action</th> <th>Resp.</th> <th>Update</th> </tr> </thead> <tbody> <tr> <td>2.</td> <td>Circulate Declaration of Interest Form to all Board members for completion</td> <td>IA/ Brd Members</td> <td>Circulated, some still outstanding – please complete</td> </tr> </tbody> </table>	Minute No	Action	Resp.	Update	2.	Circulate Declaration of Interest Form to all Board members for completion	IA/ Brd Members	Circulated, some still outstanding – please complete	Board Members
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	5.3.3.	Briefing on Southside proposals	JNe/KH	Covered in today's Agenda		
	5.4	Prepare full report on Southside proposals	RR	Covered in today's Agenda		
	6.4	Discussions on funds draw down with Project Manager	JF	Good progress made		
	7.4	Work to develop financial reporting, etc, processes and procedures to meet Board members' needs and expectations	JH/AA/RR	Covered in today's Agenda		
	9.1	Email information regarding Chair's current status, viz change of HCA from private to public sector status	IA	Done. No change to Board Chair-person,		
	There were no other matters arising.					
5.	Progress Update and Future Planning – including financial protocol					
	<p>5.1 IA provided an update on Funding Agreement and PID (Project Initiation Document) progress, as outlined in his report circulated to Board members and attached as Appendix A below. There were no comments or queries from attendees.</p> <p>5.2 IA spoke to the diagram presented in his report circulated to Board members (and contained within Appendix A below) which sets out the proposed key steps for funding of projects within #StrongerHereford. This has previously been discussed at Board and within the Project Delivery Group (PDG).</p> <p>5.3 A number of comments and concerns were received from Board members:</p> <p>5.3.1 The need to be absolutely transparent in terms of how payments will be/have been authorised and made to all projects, including those sponsored by the local authority (JNo).</p> <p>5.3.2 Assurance needed that appropriate protocols and procedures are in place behind the outlined process (eg in relation to tender thresholds, etc) (FM).</p> <p>5.3.3 A request that the Board is involved in any discussions regarding performance variations (last column of diagram) (EC).</p> <p>5.3.4 The need for the Board to be aware of expenditure at the point of commitment rather than once it has been made (JF).</p> <p>5.3.5 A request that greater narrative is provided behind the diagram to explain in more detail the processes involved (Chair). RR will develop this.</p> <p>5.3 AL outlined the processes involved in agreeing payments to projects, in particular the role of the Responsible Body in ensuring that any proposed financial commitments made by project leads align both with their Full Business Cases and PIDs before being authorised. If they do not align with these documents, AL reassured the Board that the payments would not be made.</p>					RR

	<p>5.4 In light of comments from Board members, AL will develop a new standard reporting template to enable Board members to keep close track of all expenditure against projects. He will also provide a breakdown of all payments made to date against each project.</p>	<p>AL AL</p>
<p>6.</p>	<p>Current Programme Overview and Budget</p> <p>6.1 IA referred to the report circulated to Board members in advance of today's meeting (and included in Appendix A below). This provides a brief commentary on progress with all projects, and highlights those with the highest RAG risk rating:</p> <p>6.1.2 River Wye Infrastructure: An update was provided on issues to do with tree management (work on raising the tree canopy is now nearing completion) and a possible project adjustment due to badger activity in the area. To be discussed further at next week's PDG.</p> <p>6.1.3 Southside: Growing Local element is progressing well and an open day is planned for this Saturday (15 April). This remains a complex project, which is now being supported by Herefordshire Council Project Management.</p> <p>6.1.4 Encore: Funding Agreement now in place, but PDG is seeking clarity as to whether the new approach will deliver agreed outcomes, outputs and value for money within stipulated timescales. The project will be discussed at a forthcoming PDG meeting and recommendations will be brought to Board. JF, as Board Sponsor of this project, requested attendance at PDG when the project is discussed.</p> <p>6.1.5 Digital Culture Hub/Powerhouse: Ongoing issues to do with the purchase of Packer's House and match funding element of this project. A Funding Agreement will not be issued until these issues are resolved. To be discussed further at PDG and a report to be circulated to Board in time for the May Board meeting.</p> <p>6.2 IA referred to the year end financial commitment position achieved for each project (as outlined in Appendix A below), which indicates success in achieving a level of financial commitment that more than meets the control total agreed with Government.</p> <p>6.3 RA will provide a more detailed breakdown of expenditure in relation to the Local Authority owned projects, including the Maylords Library, Marches Experience and Greening the City projects.</p> <p>6.4 Attendees made further suggestions for the presentation of budget information and stressed the importance of comprehensive financial reporting being received by members well in advance of Board meetings. PW apologised for the appropriate financial reporting not being put in place more promptly.</p>	<p>RR</p> <p>FM/RR</p> <p>RA</p>
<p>7.</p>	<p>Any Other Business</p> <p>7.1 The Chair advised that she had held meetings with many Board Directors (with more to follow) regarding Governance and was also reviewing the Board's Terms of Reference. She and RR will come back to Board with a report and suggestions.</p>	<p>AA/RR</p>



	<p>7.2 The Chair provided an update on latest activities to recruit new members to the Board. Recent publicity had resulted in two applications being received. It was decided that due to local elections taking place in May and the possible repercussions these will have for current board membership, a decision on new members will be deferred The Chair will advise the candidates accordingly.</p> <p>7.3 RR were asked to leave the meeting so that Board members could discuss the renewal of the Programme Management contract, which is due to end this summer. A number of actions were agreed that will be progressed by the Chair.</p>	<p>AA</p> <p>AA</p>
8.	<p>Dates of Next Meetings</p> <p>REVISED DATE: Friday 12th May, from 8.30 – 10.00. Venue tbc.</p> <p>Then, the first Friday of every month until further notice</p>	

Summary of Actions

Minute No	Action	Resp.
4.	Complete Declaration of Interest Form and send to RR	Brd Members
5.3.5	Develop narrative behind financial flow chart	RR
5.4	Develop standard reporting template Provide detailed information on expenditure to date	AL AL
6.1.4	Ensure JF is invited to PDG when Encore Project is discussed	RR
6.1.5	Further discussion of Digital Culture Hub at PDG, followed by development of report to Board	FM/RR
6.3	Detailed financial information on Council projects to date	RA
7.1	Board Governance and Terms of Reference	AA/RR
7.2	Advise candidates regarding appointment of new Directors	AA
7.3	Actions to do with the renewal of the Programme Management Contract	AA

Appendix A
Hereford Stronger Towns Board Meeting
Friday 14 April 2023 (8.30 am – 10.00 am), held via Zoom

Item 6 – 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
- Encore
- NMITE

- Southside (Grow Local)

Outstanding

- Digital Culture Hub
- Powerhouse
- Southside (Nmite and Belmont Wanderers)

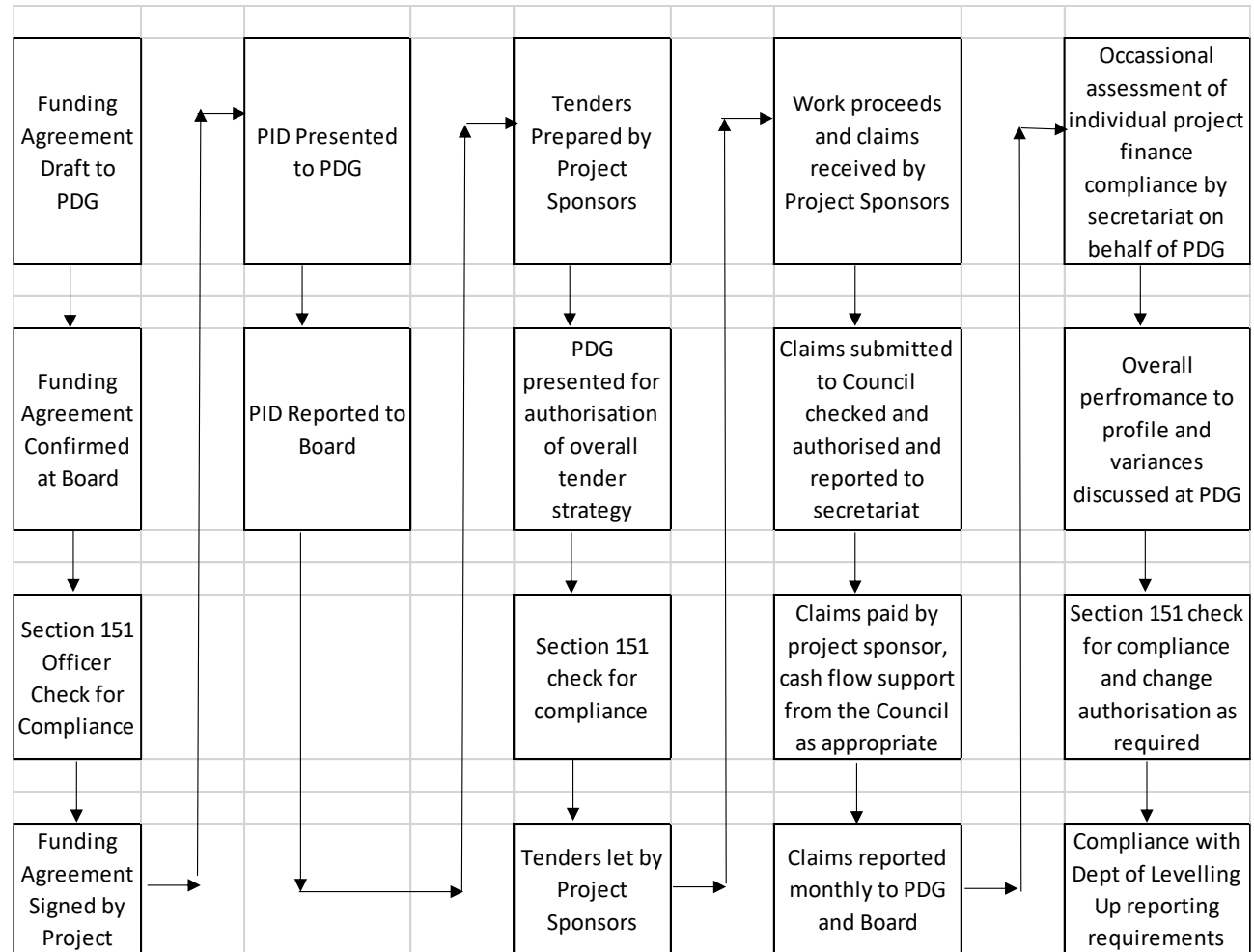
Both Southside and Wyeside are now being supported by programme management capacity agreed with Herefordshire Council. The Chair of the Board has asked the Council to supply details of the project rationale for the allocation of the project management costs. In relation to Southside the funding agreements are being allocated on a partner by partner basis linked to the new delivery phasing proposed for the project. The Grow Local aspect of the funding agreement has been issued and funding agreements for Belmont Wanders and NMITE will be put in place as their aspect of the project is ready to be implemented. relation to Encore the proposed location and use of the Towns Fund resources is now materially different to the FBC and whilst the Funding Agreement has been issued it is proposed to pause implementation of the project until the PDG has had the opportunity to scrutinise the new delivery arrangements and their implications for the Town Fund Programme as a whole.

PIDS from the following projects are currently being scheduled for consideration by the PDG and subsequent reporting to the Board:

- Wyeside,
- Skatepark,
- Future of Skills,
- HCA,
- Meadow Arts,
- Belmont Wanderers,
- Growing Local,
- DCH,
- Powerhouse,
- Encore

3. Financial Procedures

Following discussion at previous Board and PDG meetings this section of the progress seeks to codify the arrangements for the implementation of the funding associated with the delivery of the Towns Fund. If agreed it will form a key component of the agreed delivery mechanisms for the programme. A high level presentation of the process set out here was socialised at the PDG on 29 March 2023. The schematic set out below indicates the key steps involved in the proposed process. The schematic post dates some previous practice but will become the formal approach going forward if adopted:



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 financial procedures, approve them

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, support for the programme management is being provided by Herefordshire Council.	This project is now in train with programme management support. It is still engaged in a process of value engineering and the Town Fund secretariat are currently in a dialogue to understand the specific approach which the project has commissioned to the management of the trees on the site
Southside	3.656	0.613	4.269		Significant programme management requirements on multiple fronts. PDG is providing	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. A new programme management

					significant ongoing support.	arrangement linked to support from Herefordshire Council has been agreed by project partners and a phased process of funding release linked to the delivery responsibilities of each partner is now in train.
Encore Music Hub	0.21	0.6	0.810		FBC has now been approved but needs detailed implementation scrutiny	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 (post the funding agreement which has been issued) 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.
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 identified funding from Charity Bank to meet the financial shortfall in relation to the purchase of the property. There are still some issues to manage in relation to the delivery of matched funding, outputs and finalising the explanation of the relationship with Powerhouse who will be hosted at the building.
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

Current progress with the project is set out below:

- A funding agreement has been set up, with Growing Local (changed from NMITE as project Lead). The funding drawdown profile will now differ to that in the FBC but, in all other respects, including outputs, the project remains unchanged.
- Following the appointment of a Herefordshire Council Project Manager, the project is making swift progress:
- Growing Local have been granted a licence on the land, allowing them to start garden development works from 7/4/23. Full Community Asset Transfer or 125 lease to be issued by the summer.
- Growing Local has started with recruitment for their first two roles, they will begin garden development works by late May/early June depending on recruitment. GL to host a series of open events on the land in April and May to attract volunteers to assist in development.
- Outline planning is live on the Herefordshire Council portal . Consultation ends 6/4/23, with a target determination date 1/6/23
- ITT for the Design & Build contract is in the process of being issued now for EOI, tenders to be received by May with a proposal for outline design by August.

Digital Culture Hub

The relocation of both Rural Media Charity (RMC) and Powerhouse to Packers House has been approved by Stronger Hereford's Board and has thus enabled the original vision to accelerate cultural stakeholder agglomeration within the city centre.

RMC will continue to occupy the whole of the first floor of Packers House and Powerhouse will occupy approximately one third of the ground floor. Efficiencies have been identified in the form of shared assets. For example, RMC requires a virtual meeting room to enable remote meetings to take place and Powerhouse requires a virtual audition room. Similarly, both organisations require outdoor / off-site digital screening and touring equipment. It is proposed, therefore, for Powerhouse to apply part of its funding to the purchase of technical equipment

that could be housed on the first floor of Packers House or equipment store, ensuring Powerhouse's project outputs offer additionality to the wider Digital Culture Hub.

To reflect the above working arrangements, RMC and Powerhouse entered into a memorandum of understanding (MOU) in February 2023.

The financial structure of RMC's project has been updated for the two main reasons set out below:

1. RMC's FBC was based on RMC securing commercial mortgage finance of £585k contributing 50% towards the purchase price of Packers House. However, Herefordshire Council's requirement to hold a first charge on the property effectively means there would be insufficient equity in the property to support a commercial mortgage. RMC has since sourced specialist mortgage finance from Charity Bank who are prepared to lend £250k to RMC secured by a second charge on Packers House (effectively, an unsecured loan).
2. Herefordshire Council was able to authorise grant funding to purchase the building up to the open market value (OMV) only, being £900k. Despite representations to the vendors, the purchase price remains unchanged at £1,150k meaning that RMC is paying a premium of £250k, reflecting the purchaser's special interest in the property. The property was not placed on the open market, rather RMC approached the owners with a view to purchase due to the property's unique combination of location and facilities. Had the property been available on the open market, due to the nature of the grant funding it is unlikely that the vendors would have been able to wait for the grant funding to be finalised.

The revised RMC funding structure is set out in the table below:

Rural Media Charity

Digital Culture Hub - Revised expenditure - March 2023

<u>Summary of Funding Sources</u>	<u>Funded by Towns Fund</u>	<u>Funded by Rural Media Charity</u>	<u>Total</u>
<u>Capital Expenditure</u>	£	£	£
Purchase of Packers House	900,000	250,000	1,150,000
Property renovations and equipment	224,972	-	224,972
Capitalised professional fees - early funding	52,092	-	52,092
Total Capital Expenditure	<u>1,177,064</u>	<u>250,000</u>	<u>1,427,064</u>
<u>Revenue Expenditure</u>			
Administration fee	24,258	-	24,258
Mortgage interest to March 2027	-	83,000	83,000
Total Revenue Expenditure	<u>24,258</u>	<u>83,000</u>	<u>107,258</u>
Total Expenditure	<u>1,201,322</u>	<u>333,000</u>	<u>1,534,322</u>

The debt of £250k plus interest is to be serviced from savings in RMC's rental expenditure of £20k p.a. plus rental income of £30k p.a. arising from retail tenants on the ground floor, total cash available £50k p.a. Based on an interest rate of 5.5% above base rate, a ten year repayment plan with Charity Bank would require repayments of £39k p.a.

HCA School of Creative Digital Futures

HCA have confirmed it is a real imperative to get contractors on site over the summer break to reduce the disruption to student experience through the autumn they are therefore keen not to delay process whilst still ensuring appropriate oversight.

HCA has issued an alert to contractors based on the draft message – which may be slightly refined but will not change in core focus:

We are seeking building contractors interested in tendering for the development of an exciting new Digital Skills Centre in Hereford College of Arts. The works involves refurbishing two existing teaching spaces on the College Road campus at a cost of c£500,000. We expect to issue full tenders after Easter with a start date on site at the end of June. The Digital Skills Centre is one of a portfolio of #StrongerHereford projects supporting skills development across the city and helping making Hereford greener, fairer, more creative and more connected. The design of HCA's exciting new Digital Skills Centre is being led by Kate Darby Architects. Email enquiries@hca.ac.uk to be sent an invitation to tender.

- The detailed building tender is currently in development working with Kate Darby Architects and QS John Crooks with completion target April 7th
- It is proposed to run the tender for 5 weeks from publishing
- The tender will indicate start date 26.06.23 (if mobilisation can be carried out in 2-3 weeks), with a latest start date of w/c 03.07.23 (allowing 4 weeks for mobilisation)
- HCA are doing a full review of their EDI assessment before tendering

The Chair of the HCA Board has now signed the main funding which is due to be returned to Herefordshire Council as the Accountable Body imminently. A PID is being drafted. Some value engineering is required to ensure that the project meets the spend total agreed. It is not anticipated however that this will impact on the overall delivery of the outputs and outcomes within the agreed funding envelope.

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 April Board meeting. A funding agreement has been issued for the project

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. An update is planned for the PDG linked to how the direct tendering strategy arising from the design work is progressing. Programme management support is being provided to the project by Herefordshire Council. It has already made some capital purchases associated with its plans including a river crane. The current focus is on its approach to commissioning the management of the trees within the boundary of the project.

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. We are currently in a dialogue with Herefordshire Council to seek more milestone update information in relation to this project.

Meadow Arts

We reported at the that last board meeting that this project is now in moving towards the commissioning of the second art installation in May. 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 recently circulated this update on progress:

The Board unanimously agreed to approve the recommendation from the ITT project team to award the contract to the lowest bidder at £1.22m. Contracts are to be signed imminently. This now provides strong certainty that the project can be delivered within the envelope of the budget agreed with the Towns Fund.

The site is technically complicated - particularly around the foundations, its ecology and that it sits right on top of a Scheduled Ancient Monument. The structural engineer, architect and QS do not think there will be a need to use piling foundations based on what they can see at the surface level. Should piling be required this may still challenge the delivery of the project within budget but is the only current unknown of any scale.

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. The project has its Funding Agreement but it is proposed that no work is initiated in the short term pending further analysis of the situation.

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. Contracts have now been let by the projects to a combined value of £815,615 (see the table below). The situation in relation to these two projects is therefore largely and positively unchanged since the last Board meeting.

4. Profiling

As we exit 2022/23 it is important to review and confirm the final outturn position for each project. The table below summarises the year end position and shows considerable success in achieving a level of financial commitment which more than meets the control total agreed with Government:

Project	Funding Agreement	2022/23 Spend/Commitment (£)
		Total
Marches Experience	Yes	2,137,289
Library	Yes	501,342
Greening the City	Yes	24,054
Castle Green Pavilion	Yes	1,294,608
Wyeside	Yes	148,274
Electric Buses	Yes	1,068,350
Cycle Track	Yes	325,615
Skatepark	Yes	490,000
Encore	Yes	0
Meadow Arts	Yes	20,050
Southside	No	166,862

Growing Local	Pending	-
Powerhouse	Pending	19,050
Digital Culture Hub	Pending	44,858
NMITE Future Skills	Pending	38,097
HCA School of Creative Digital Futures	Pending	35,000
Total	Govt Target (5,182,720)	6,274,348

It should be noted that this does not represent a defrayal overspend as it is based on commitments. It does however ensure that there is no risk of clawback for 2022/23 and we start 2023/4 over £1 million ahead of our target spend, which is large (£10,992,568) for the new financial year.

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 – April 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 tranche of PID presentations has been completed and the second is being scheduled.

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 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.	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 intelligence from the individual project discussions indicates that this is possible the very latest intelligence from projects indicates we have met our commitment targets for 2022/23
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 Museum project. Reduced and rescheduled matched funding arrangements have been notified in terms of Powerhouse, the Digital Culture Hub and Encore Music Hub projects. These will be discussed at the PDG and then Board. 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. Herefordshire Council has recently deployed programme management support to assist the delivery of Wyeside and Southside

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 Wyeseide 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	Low	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	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: Wyeseide, Encore Music Hub, Powerhouse, Digital Culture Hub and Southside.

			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 appropriate project variation forms rescheduling timescales and outputs.	None of the projects have yet failed and we are confident that with our ongoing support they will be able to continue successfully.
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. We have also agreed a protocol for responding to governance failure and will consider a more detailed set of financial protocols at the April Board meeting.

6. Budget

The Period 12 (March) position in relation to the programme is set out below.

Herefordshire Council Accountable Body - Stronger Towns Finance Reporting									
Expenditure Summary to Period 12 2022/23									
Project	£ Project	Claims Paid £						Total Claimed	£ Unclaimed Funding
		2021/22	2022/23				Sub-Total		
			Q1	Q2	Q3	Q4			
Southside	3,583,032	10,108.36	38,119.63	43,894.37	32,965.18	29,831.60	144,810.78	154,919.14	3,428,112.86
Digital Culture Hub	1,177,064	7,234.00	8,000.00	19,013.00	-	17,845.32	44,858.32	52,092.32	1,124,971.68
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	2,437.50	27,362.58	27,362.58	2,263,182.42
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	-	-	59,800.00	101,739.80	137,800.00	1,399,345.00
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					325,616.04	325,616.04	325,616.04	350,666.96
Skate Park	490,000						-	-	490,000.00
Total Project Funding	£ 21,963,448	TOTAL						£ 1,414,107.23	£ 20,549,340.77
Project Management Contribution	£ 434,746								
Total DLHUC Funding	£ 22,398,194								

A spreadsheet setting more detail on payments is attached as an appendix with this report.

7. Declaration of Interest

The Board also has a declaration of interest 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

Only a very limited number of responses have been received so far and it is important that those who yet to respond make a renewed effort so to do ideally before the April meeting of the Board.

8. Communications

Following a full tendering process Orphans Press have been chosen as the Communications Support for the Towns Fund. A note about the appointment has been shared with Board members by the Chair who participated in the selection process and a key excerpt is set out below:

I'm delighted to let you know that following a formal procurement process Orphans have been appointed to support our #StrongerHereford comms over the next year. We received a good range of applications, and shortlisted and interviewed some great applicants, but the panel agreed the Orphans team stood out for a combination of passion, expertise, experience and some very practical ideas.

Our lead will be Project Director Elizabeth Parbutt working with account manager Jess Pritchard. Elizabeth is away this week so will be kicking off the contract and the development of a comms engagement plan after Easter when she's keen to start contacting projects individually. If each project could nominate a contact for this initial communication liaison with Elizabeth she'll be able to make progress when she's back, just drop a line to elizabeth@orphans.co.uk.

We will use the Project Sponsor meeting [scheduled for 27 April 2023] to help shape the strategy and how best to make the most of the resource available (as in our brief c. a couple of days a month after a more intense mobilisation period) and amplify the comms work individual projects are already doing.

I'd like to take this chance to thank #StrongerHereford Board colleague Ruth Parry who has put a huge amount of voluntary time into managing comms to date, from website and newsletter to individual project advice, social media and social listening and more. Ruth, with support also from Lauren Rogers, has laid fantastic foundations for Elizabeth and the Orphans team to build on and I am hugely grateful for all her commitment to this alongside general Board responsibilities. Ruth has deservedly stepped back from comms now to focus on these other areas.

9. New Board Member Recruitment

The Board agreed to put a call out for new members following 3 Board members stepping down/stepping back temporarily over the last few months. Following a request for volunteers to support the search for new members, Paul Stevens and Ruth Parry formed a working group with the Chair of the Board Abigail Appleton. The draft advertisement was shared with the full Board for comment (and included our interest in boosting commercial experience) and then advertised on the website, through social media and to Board and Project Sponsors to circulate to their networks and to encourage any particular experience. Interested applicants were invited to speak to the selection panel. Some people interested in applying withdrew after more detailed conversation about the nature of the commitment. An initial deadline for applications was set for consideration at the April Board meeting. Two of the written applications received have been shortlisted for Board approval. The panel decided not to encourage or shortlist applicants currently involved in delivery of the funded projects. All three members of the panel have had separate informal conversations with each of the shortlisted applicants and can update verbally at the meeting. The panel propose keeping the board application opportunity open and to refocus on recruiting an additional youth Board member. CVs of the two shortlisted applicants are attached as appendices.