

STRONGER HEREFORD

Hereford Stronger Towns Board Meeting Friday 12 May 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:	Judith Faux	JF	Trustee, HVOSS
	Frank Myers (Part)	FM	Herefordshire Business Board/Marches LEP
	James Newby (Part)	JNe	Chief Officer, NMITE
	Jesse Norman (Part)	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
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
	Elizabeth Parbutt	EP	Orphan's
Apologies/Absent:	Ellie Chowns	EC	Councillor, Herefordshire Council
	Kath Hey	KH	Councillor, Hereford City Council
	David Hitchiner	DH	Councillor, Herefordshire Council
	Grace Joiner	GJ	Youth Board Member
	Julian Vaughan	JV	Green Dragon Hotel, Hereford
	Paul Walker	PW	Chief Executive, Herefordshire Council
Notes:	Jan Bailey	JB	Herefordshire Business Board

Summary of Actions

Minute No	Action	Resp.
2.	Complete and return Declaration of Interests Form – RR to send reminders to outstanding Board members.	RR
5.5	Amend column 2,2 in revised flow chart	RR
5.7	Arrange financial processes workshop, when appropriate	RR
8.2	Governance paper for next Board meeting	AA/RR

ITEM	NOTES	ACTION
1.	<p>Welcome and Apologies</p> <p>The Chair welcomed everyone to the meeting. Apologies and absences are as noted above.</p>	
2.	<p>Conflicts of Interest</p> <p>There were no new Conflicts of Interest. LR asked the Board to note that she has recently been working with the Hereford Museum and Library team to help activity plan and engagement for the new sites.</p>	

	The Chair reminded all Board members to return their Declaration of Interest form if they have not already done so. Reminders will be sent out by RR to those outstanding.	RR																																											
3.	<p>Minutes of the last meeting (held 14 April 2023)</p> <p>The Minutes of the meeting held on 14 April were approved as a correct record.</p>																																												
4.	<p>Matters Arising</p> <p>From the meeting held on 14 April:</p> <table border="1"> <thead> <tr> <th>Minute No</th> <th>Action</th> <th>Resp.</th> <th>Notes</th> </tr> </thead> <tbody> <tr> <td>4.</td> <td>Complete Declaration of Interest Form and send to RR</td> <td>Brd Members</td> <td>Ongoing</td> </tr> <tr> <td>5.3.5</td> <td>Develop narrative behind financial flow chart</td> <td>RR</td> <td>Actioned</td> </tr> <tr> <td rowspan="2">5.4</td> <td>Develop standard reporting template</td> <td>AL</td> <td>Actioned</td> </tr> <tr> <td>Provide detailed information on expenditure to date</td> <td>AL</td> <td>Actioned</td> </tr> <tr> <td>6.1.4</td> <td>Ensure JF is invited to PDG when Encore Project is discussed</td> <td>RR</td> <td>Noted</td> </tr> <tr> <td>6.1.5</td> <td>Further discussion of Digital Culture Hub at PDG, followed by development of report to Board</td> <td>FM/RR</td> <td>Scheduled for 12 May</td> </tr> <tr> <td>6.3</td> <td>Detailed financial information on Council projects to date</td> <td>RA</td> <td>Circulated to Board – any queries to Roger Allonby</td> </tr> <tr> <td>7.1</td> <td>Board Governance and Terms of Reference</td> <td>AA/RR</td> <td>Outstanding</td> </tr> <tr> <td>7.2</td> <td>Advise candidates regarding appointment of new Directors</td> <td>AA</td> <td>Actioned</td> </tr> <tr> <td>7.3</td> <td>Actions to do with the renewal of the Programme Management Contract</td> <td>AA</td> <td>Actioned</td> </tr> </tbody> </table> <p>There were no other matters arising.</p>	Minute No	Action	Resp.	Notes	4.	Complete Declaration of Interest Form and send to RR	Brd Members	Ongoing	5.3.5	Develop narrative behind financial flow chart	RR	Actioned	5.4	Develop standard reporting template	AL	Actioned	Provide detailed information on expenditure to date	AL	Actioned	6.1.4	Ensure JF is invited to PDG when Encore Project is discussed	RR	Noted	6.1.5	Further discussion of Digital Culture Hub at PDG, followed by development of report to Board	FM/RR	Scheduled for 12 May	6.3	Detailed financial information on Council projects to date	RA	Circulated to Board – any queries to Roger Allonby	7.1	Board Governance and Terms of Reference	AA/RR	Outstanding	7.2	Advise candidates regarding appointment of new Directors	AA	Actioned	7.3	Actions to do with the renewal of the Programme Management Contract	AA	Actioned	
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5.	<p>Progress Update and Future Planning – including financial protocol</p> <p>5.1 The Board was asked to note the contents of the report circulated prior to today's meeting and included as Appendix A below.</p> <p>5.2 Further to comments received at last month's #StrongerHereford Board Meeting, IA has developed a clear written explanation for each stage in the financial procedures flow chart, as shown in Appendix A below. The Board was invited to consider and comment on these.</p> <p>5.3 JH asked for clarification regarding oversight of the tender process. IA advised that the tender strategy would be agreed by the PDG (via the Project Initiation Document – PID). Once agreed, the projects would</p>																																												

	<p>proceed as agreed, although they would be expected to report to PDG/Section 151 Officer when tender opportunities are published.</p> <p>5.4 JF commented that it should be clear to projects when they need to revert to PDG/Board if the tender strategy cannot be complied with, for example if only one or two (instead of minimum three required) tenderers come forward. JNo agreed with JF that an early warning system needs to be in place to alert the Board, particularly for any substantive issues that arise.</p> <p>5.5 JF further requested that box two in column two of the flow chart, 'PID Reported to Board', should make it clear why it is reported to Board.</p> <p>5.6 In response to an enquiry from the Chair, IA explained that spending not in line with the PID would be picked up when tendering processes are first shared with PDG and/or when claims for payments are made that are not compliant with what was agreed.</p> <p>5.7 IA stated that it was RR's intention to arrange a workshop with sponsors once this flow chart has been agreed to further explain all processes.</p>	<p>RR</p> <p>RR</p>
<p>6.</p>	<p>Current Programme Overview and Budget</p> <p>6.1 IA provided a brief overview of current 'Top Risk' rated projects: River Wye Infrastructure, Encore and Digital Cultural Hub. Two 'amber' rated projects were also highlighted: Southside and Powerhouse. Details are as contained in Appendix A below.</p> <p>6.2 In addition, IA advised Board that discussions are currently in train regarding the exchange of £60,000 surplus capital funding with £60,000 revenue funding from the Southside project (NMITE element). IA also highlighted recent discussions that meant staff training for this project could be capitalised. JNe commented that this decision is sensible at this time, but would have implications for the Southside project (NMITE element) when it is ready to progress.</p> <p>6.3 The Board accepted the content of this report, noting that an important meeting with the Heritage Lottery Fund is due to take place next week with the museum project team.</p> <p>6.4 IA referred the Board to the Period 13 (March) budget position table, which can be viewed in Appendix A below. This provides the detailed information previously requested by the Board, including (in the accompanying spreadsheet – not included with these minutes) every payment made both to external suppliers and council related expenditure.</p> <p>6.5 In response to a request from FM, JH advised that a further refinement is required to be able to identify the final supplier receiving the payment (as opposed to just the project name). This is an administrative task which needs to be resolved, but JH assured the Board that the claims process is audited and all invoices are retained by the Council team.</p> <p>6.6 The Chair thanked JH/IA for the considerable work they had undertaken to adjust reporting arrangements to meet Board requirements.</p>	
<p>7.</p>	<p>Communications Update</p> <p>7.1 The Chair welcomed EP to the board, Orphan's having been appointed to provide communications support for #StrongerHereford.</p>	

	<p>7.2 EP advised that a communications strategy is being finalised and a formal paper will be coming to Board. In the meantime, a number of practical tasks have been accomplished:</p> <ul style="list-style-type: none"> • One to one meetings held (or scheduled) with all projects • Consultation held at a Project Sponsors meeting, including agreement of evolved branding • A new page has been added to the #Stronger Hereford website called Our Projects <p>7.3 EP advised next planned steps:</p> <ul style="list-style-type: none"> • Newsletter to be circulated next week • A creative session with all projects will be held in June • Hereford College of Arts students will begin visiting projects to capture images/film for case study materials <p>7.4 Board discussed how to manage criticism that #StrongerHereford is funding just for Hereford City and doesn't help the market towns. LR referred EP to some wording in the original Town Investment Plan which explains why the funding is restricted only to the city. IA advised that the Council has established five separate investment strategies for Herefordshire's market towns.</p> <p>7.5 Board discussed the implications for #StrongerHereford projects of the recent local election outcomes. FM advised that decisions regarding the new Cabinet, including its Leaders, have to be finalised by 31 May. After that time Board felt it may be appropriate to provide a #StrongerHereford briefing to the new cabinet.</p>	
<p>8.</p>	<p>Governance Update</p> <p>8.1 The Chair advised that discussions on future Board membership have been postponed pending the outcome of the Local Authority elections. Next steps to be discussed at the next Board meeting.</p> <p>8.2 The Chair further advised that a paper on governance would be prepared in time for the next #StrongerHereford Board meeting.</p>	<p>AA/RR</p>
<p>8.</p>	<p>Dates of Next Meetings</p> <p>Friday 2nd June, from 8.30 – 10.00. Venue tbc.</p> <p>Then, the first Friday of every month until further notice</p>	

Appendix A
Hereford Stronger Towns Board Meeting
Friday 12 May 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.

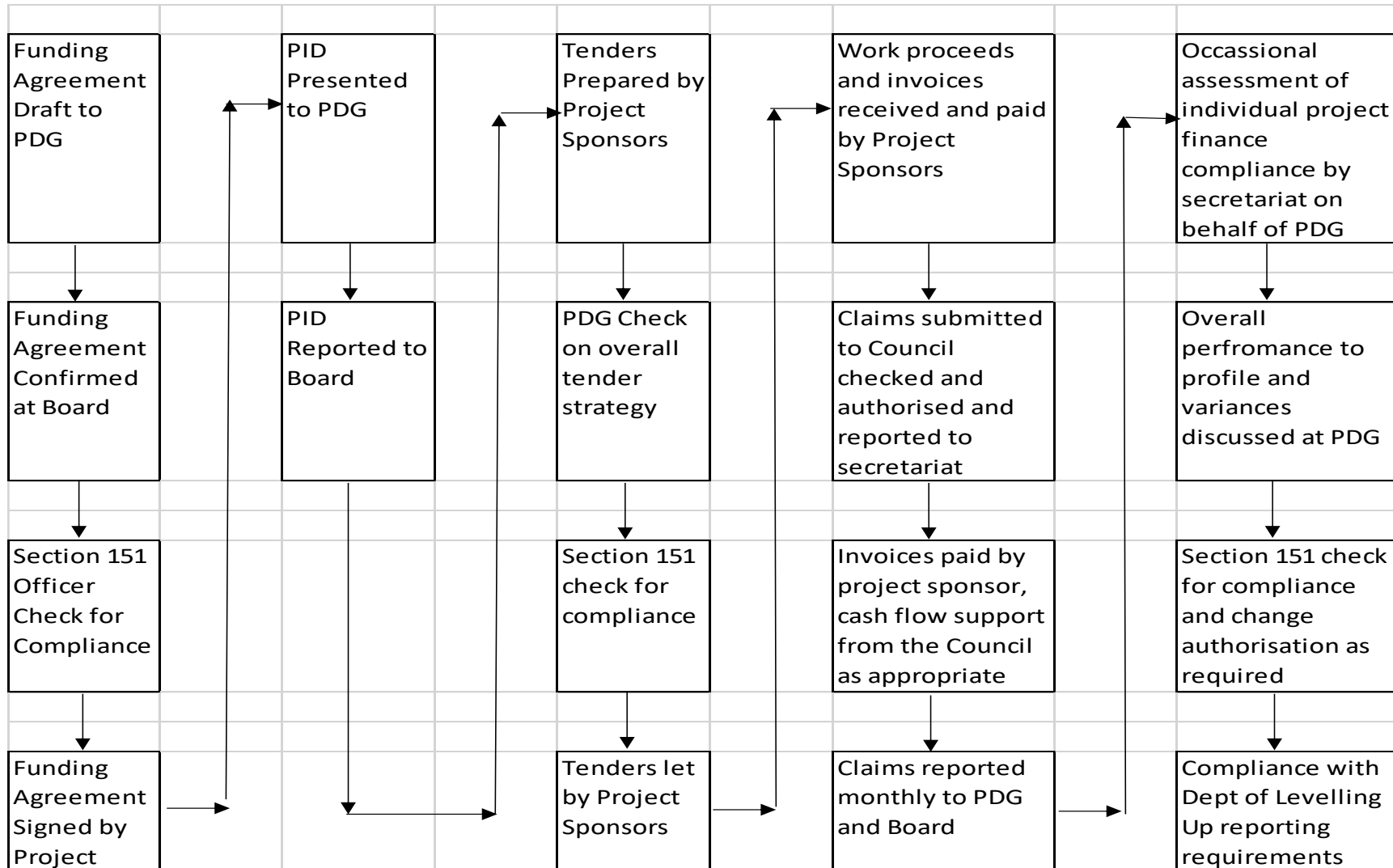
2. Funding Agreement Progress

Progress with funding agreements is set out below. We have just the final content for the Digital Culture Hub and Powerhouse to agree before moving to the full suite of completed funding agreements.

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



The financial model set out in the Board report of 14 April were agreed subject to a clear exposition of each stage in the flow chart set out below and they are detailed here for consideration/confirmation

Funding Agreement Draft to PDG – The draft funding agreement setting out the funding, matched funding, profile, outputs and outcomes is shared with the PDG for comment and suggestion of any possible amendments. Herefordshire Council produce the funding agreement based on the formal Town Fund contract with DLUHC and the Full Business Case approved by the Town Fund Board and accepted by DLUHC.

Funding Agreement Confirmed at Board – The funding agreement, updated to take account of PDG consultation is shared with the Board for final approval.

Section 151 Officer Check for Compliance – Herefordshire Council Section 151 Officer undertakes a final check to ensure the funding agreement is legally compliant within the legislative framework through which the money has been paid and delegated to the council for disbursement to individual projects.

Funding Agreement Signed by Project – The funding agreement is formally signed by the organisation responsible for delivering the project.

PID Presented to PDG – A Project Initiation Document, following the format agreed by the Board, setting out the delivery strategy of the project is prepared. This covers plans for spend, profiling of spend, output and outcome achievement and legal compliance. It sets out in more detail the processes to deliver the project based on the funding agreement. This includes confirmation of the tendering arrangements to be followed to deliver the project and confirmation of the matched funding within the project and the purposes for which it will be used. It also establishes a protocol for sharing the management of any potential contentious issues with the Board (via the PDG) and the arrangements for handling the publicity and comms associated with the delivery of project.

PID Reported to the Board – Along with any agreed amendments through PDG consideration the PID is presented to the Board for final approval and sign off.

Tenders Prepared by Project Sponsors – All tenders in compliance with the funding agreement and the process agreed from the PID are prepared and issued to procure the services required by the organisation responsible for the delivery of the project (Project Sponsor). Where the local authorities concerned are procuring services through an internal recharge process this information is also set out.

PDG Presented for Authorisation of the Overall Tender Strategy – The tender strategy prior to the letting of contracts is shared with the PDG for consideration. This can be done as part of the consideration of the PID which as set out above is ultimately agreed via the Board.

Section 151 Check for Compliance – Herefordshire Council Section 151 Officer undertakes a final check to ensure the tendering process is legally compliant within the legislative framework through which the money has been paid and delegated to the council for disbursement to individual projects.

Tenders let by Project Sponsors – The organisation responsible for the delivery of the project (Project Sponsor) lets the contracts for delivery in compliance with the agreed tender strategy and keeps detailed records of the process for transparency and audit.

Work Proceeds and Invoices Received by Project Sponsors – A contract is issued to the successful tenderer or if an internal recharge is agreed with in the local authorities a recording process is put in place. Invoices for payment along with confirmation of work stages completed are received by the Project Sponsor and after checking for compliance with the funding agreement, PID and tender process, paid.

Claims submitted to Council checked and authorised and reported to secretariat – On a monthly basis defrayed expenditure (or scheduled payments subject to cash flow support from Herefordshire Council) is prepared by each project and shared with Herefordshire Council for payment. IN the case of internal contracting arrangements the relevant recharges are also codified and set out. These are checked for compliance with the funding agreement and PID and are paid by Herefordshire Council. The payments are also reported to the Secretariat and any issues of concern shared in advance with the Secretariat on behalf of the PDG and Board.

Invoices paid by project sponsor, cash flow support from the Council as appropriate – If Herefordshire Council is providing cash flow support to the project the invoice is paid once the project claim has been remitted by the Council.

Claims Reported Monthly to PDG and Board – Claims once paid are reported to the PDG and Board monthly.

Occasional assessment of individual project finance compliance by secretariat on behalf of PDG – The Secretariat is mandated by the PDG on behalf of the Board to undertake a deep dive into the claims processing process on an occasional basis to provide a means of checking good overall compliance with the arrangements as set out.

Overall performance to profile and variances discussed at PDG – A regular report of financial performance to profile, taking account of project funding, matched funding , output and outcome delivery is provided to the PDG on behalf of the Board. Significant issues are escalated to the Board for consideration.

Section 151 Check for Compliance and Change Authorisation as Required – As the programme proceeds the Section 151 Officer is called on to authorise any minor level changes within the delegations established by Government. Outside of these parameters agreement of the PDG and Board is established to seeking a Project Adjustment Request from DLUHC.

Compliance with Dept of Levelling Up reporting requirements – Herefordshire Council and the Secretariat work together to prepare the required reports on financial management required by DLUHC sharing them for final approval with the PDG and Board.

Recommended that this procedure be approved

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 implications of the decision to discontinue the provision of the initially proposed ramp which connects with the Great Western Way as a key component within the project. This approach has been occasioned by the proximity of badger sets to the original planned location.
Encore Music Hub	0.21	0.6	0.810		FBC has now been approved but needs detailed implementation scrutiny	TheTop 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. A meeting is scheduled for 12 May to finalise the process of preparing a funding agreement for this project and Powerhouse.
Southside	3.656	0.613	4.269		Significant programme management requirements on multiple fronts. PDG is providing significant ongoing support.	Funding agreements are now largely in place for this project on the basis of individual arrangements with Grow Local and Belmont Wanderers and the final funding agreement is scheduled for NMITE. This project still has significant value engineering challenges in terms of the delivery of the building but is making very good progress.
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 best summarised as per the report to the last board meeting on 14 April (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. They are currently hosting a series of open events on the land to attract volunteers to assist in development.
- Outline planning is live on the Herefordshire Council portal 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

At the last Board Meeting members made it clear that they are concerned to bring the finalisation of the funding agreements for these two organisations to a rapid conclusion. This report updates on progress.

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.

A final meeting to determine the structure of the funding agreement which will involve coming to final determination on the following issues is planned:

Confirmation of the mortgage offer from Charity Bank

A positive statement from Rural Media's legal advisor that the Charity is able to hold land and buildings, and that the Trustees have complied with all of Charity Commission requirements in terms of land purchase including paying a premium over the market value.

The capital element of the Full Business Case showed that the gross capital spend is £1.756m. Split 33% from Rural Media and 67% from the Towns fund. The revised business case sees the gross capital spend at £1.467m. Split 20% from Rural Media and 80% from the Towns Fund. It

is not clear why the split between the Rural Media and Stronger Towns has changed in favour of Rural Media and this needs to be explained at the meeting.

The movements are likely to change the Benefit Cost Ratio as well. (BCR). Given the BCR ratio is a key metric for the Stronger Towns scheme Rural Media have been asked to rerun the BCR.

A discussion of the timing and delivery of outputs under the new proposed arrangements needs to be confirmed.

A revised business case for Powerhouse taking account of these changes will also need to be reviewed at the meeting.

HCA School of Creative Digital Futures

There has been significant change to overall progress since the last meeting. 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. A tendering process is in train. The Chair of the HCA Board has now signed the main funding agreement. 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. A funding agreement has been issued for the project.

Access and Greening

River Wye Infrastructure

The project is now proceeding. A funding agreement between the Wyeside partners and Accountable Body has been concluded which enables the commissioning of design works to progress. An update was provided at the PDG on 17 April 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 contract for the tree management associated with the project has been let. The development of a solid pontoon and the discontinuation of the original arrangements around the provision of a ramp access to the Great Western Way in favour of a simpler access have been agreed as part of the revision of the scheme. The PDG asked for an updated risk register from the project and planning permission is still to be achieved.

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 second installation by artists Mathew Cornford and John Beck is now underway. This provides an excellent opportunity to promote Stronger Hereford 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.

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. The interview associated with the HLF application is scheduled for 15 May. 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. The next stage of procurement for this project is now moving forward and there are three key issues which are in scope:

- Transfer of £60,000 of my surplus capital to another project in return for £60,000 of revenue from them
- Confirmation that staff training (4% of the tender price from Yeomans) can be capitalised and paid up front
- Confirmation that depot rental (11% of the tender price from Yeomans) can be capitalised and paid up front

NMITE have indicated that they are prepared to undertake the £60,000 revenue/capital swap and the Section 151 officer has been asked to officiate on the other two items.

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. The situation in relation to these two projects is therefore largely and positively unchanged since the last Board meeting.

4. 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 – May 2023
Completion of Project Initiation Documents	Medium	Medium	Close liaison and clear indication of requirements with each individual project and then consideration at PDG	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. Our new financial reporting approach to be agreed at this meeting will reinforce our position in terms of close financial scrutiny.
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 Wyese 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.	Three projects: Digital Culture Hub, Southside and Wyese 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 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 appropriate project variation forms rescheduling timescales and outputs.	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. 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,	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

			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.	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 yet to schedule this detailed desk review and it will be initiated once the final funding agreements are 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 FBCs progress to enable us to mitigate this in relation to individual projects.	This is a significant but manageable risk. Preceding elements of this report set out how we have been managing the process as does the project by project narrative which precedes it.
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 aim to agree a final set out financial protocols at the May 2023 meeting of the Board.

5. Budget

The Period 13 (March) position in relation to the programme is set out below:

Herefordshire Council Accountable Body - Stronger Towns Finance Reporting Expenditure Summary to Period 13 2022/23

Project	Total TF Allocation	2021/22 Spend	22-23 Spend in P 13	22-23 Spend P1-13	22-23 Profile	Spend minus Profile 22-23	Spend minus Profile 22-23 %	Total Committed 22-23 - Govt Commitment Target: £5,182,720	Committed and Spent vs Total Allocation	Total Spent to Date	Remaining to Claim
Castle Green Pavilion	1,537,145	36,060	0	101,740	284,116	-182,376	-64%	1,294,608	93%	137,800	1,399,345
Cycle Track	676,283	0	0	325,616	690,263	-364,647	-53%	325,615	96%	325,616	350,667
Digital Culture Hub	1,177,064	7,234	0	44,858	628,306	-583,448	-93%	44,858	8%	52,092	1,124,972
Electric Buses	1,674,812	0	0	85,250	1,005,290	-920,040	-92%	1,068,350	69%	85,250	1,589,562
Encore Music Hub	196,000	0	0	0	196,000	-196,000	-100%	0	0%	0	196,000
Future of Work	2,290,545	0	0	27,363	1,728,230	-1,700,867	-98%	24,054	2%	27,363	2,263,182
Greening the City	403,655	0	80,685	80,685	403,655	-322,970	-80%	0	20%	80,685	322,970
HCA School of Digital Futures	640,577	0	0	0	125,661	-125,661	-100%	35,000	5%	0	640,577
Marches Experience	4,942,045	0	1,046,917	1,404,051	1,005,290	398,761	40%	501,342	39%	1,404,051	3,537,994
Maylords Library	2,955,504	0	126,051	328,917	1,507,935	-1,179,018	-78%	2,137,289	83%	328,917	2,626,587
Meadow Arts	88,200	0	0	18,000	88,200	-70,200	-80%	20,050	43%	18,000	70,200
Powerhouse	294,000	0	0	19,050	71,587	-52,537	-73%	38,097	19%	19,050	274,950
Skate Park	490,000	0	0	0	490,000	-490,000	-100%	19,050	4%	0	490,000
Southside	3,583,032	10,108	0	144,811	996,830	-852,019	-85%	490,000	18%	154,919	3,428,113
Wyeside	1,014,586	4,360	0	29,657	517,937	-488,280	-94%	166,862	20%	34,017	980,569
Total *	21,963,448	57,763	1,253,653	2,609,998	9,739,300	-7,129,302	-73%	6,165,175	40%	2,667,761	19,295,688

* minus programme management (2%)

A spreadsheet setting more detail on payments is attached as an appendix with this report, including detailed individual project transactions.

6. Communications

Following a full tendering process Orphans Press have been chosen as the Communications Support for the Towns Fund. A mini workshop was held with the project sponsors for the Towns Fund at the Green Dragon on 27 April 2023. This focused on the key messages and corporate imagery which is associated with the individual projects and the Towns Fund as a whole. Orphans are now working on the development of some refreshed materials to support the key communications and engagement activities associated with the Town Fund.

7. 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 14 April Board meeting. It was agreed at the April Board meeting that more time would be allocated to the process of recruitment taking account of the benefit of waiting until after the local elections on 4 May to finalise the recruitment process.

8. Project Sponsor Meeting

A project sponsor meeting was held on 27 April 2023. The core of the meeting was dedicated to a mini-comms workshop run by the new support contractors Orphans Press. In addition to this element of the meeting, Roger Allonby from Herefordshire Council updated the group on progress with the UK Shared Prosperity Fund and the Levelling Up Fund. There was also an opportunity to review the delivery experience of individual projects and for the Town Fund as a whole. It was agreed to develop a schedule of 6 weekly meetings, which will alternate between face to face and virtual meetings. Ivan Annibal from the secretariat agreed to produce a schedule of dates and a forward programme of activity, with the espoused hope that over time the meetings will be able to develop their own approach, becoming effectively self-governing.