

REPORT OF:	HOUSING, HEALTH AND ENGINEERING SERVICES MANAGER
TO:	NELSON TOWN DEAL BOARD
DATE:	7th JANUARY 2022

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PENDLE YES HUB PROJECT – FUNDING RECOMMENDATIONS

PURPOSE OF REPORT

To present the Board with the independent business case appraisal report and funding recommendations for the Pendle Youth Employability Service (YES) Hub project.

RECOMMENDATIONS

That the Board:

1. Note the findings of the Pendle YES Hub project business case appraisal report.
2. Recommend that Pendle Borough Council's Policy and Resources Committee:
 - a. Approve £420,388 of Towns Funding to the project, subject to the following condition:
 - that the Phase 1 evaluation report is submitted to the Board following its completion in March 2022, along with any lessons learned / factors to be considered in the future delivery of the project.
 - b. Authorise the submission of the Project Summary Document to Government by 14th January 2022.

REASONS FOR RECOMMENDATIONS

1. To inform the Board of the outcome of the Pendle YES Hub business case appraisal.
2. To seek approval for project delivery funding from the Accountable Body and the Government and to ensure the Phase 1 evaluation report is properly considered.

ISSUE

Background

1. The Nelson Town Investment Plan (TIP) sought £29.9m funding to support the delivery of 8 strategic projects aimed at promoting transformational and sustainable growth within the town. In August 2021, a Heads of Terms offer was agreed for up to £25m of Towns Funding through a Town Deal. The Town Deal Board and the Accountable Body subsequently

reviewed and confirmed the details of the projects to be delivered, and a Town Deal grant offer letter was received from Government in response to this in December 2021.

2. In order to 'unlock' delivery funding, all 8 strategic projects are required to produce an HM Treasury Green Book compliant business case assured in line with the Nelson Local Assurance Framework. A Project Summary Document must then be submitted to Government within 12 months of agreeing our Heads of Terms, i.e. by 5th Aug 2022.
3. In accordance with Nelson Local Assurance Framework, the YES Hub Business Case has been independently appraised by consultant's ekosgen and has also been considered by the Project Appraisal sub-group. The views and comments from the sub-group were provided to ekosgen to form part of their appraisal considerations. The final appraisal report is attached at Appendix 1 and will be presented to the Board by ekosgen at the meeting.

Project Funding Recommendations and Decision Making Processes

4. The purpose of this report is to ask the Board to make funding recommendations to Pendle Borough Council as the ultimate decision making and Accountable Body for the Town Deal. Subject to their agreement, a Project Summary Document will be completed and submitted to Government by 14th January 2022 – the deadline for projects seeking funding in the current financial year. A draft of the Project Summary Document is provided in Appendix 2, though it requires some further inputs before it is ready for signing.
5. If the Government are happy with the details of the Project Summary Document, it is expected that they will release Year 1 delivery funding in March 2022. Following that, payments in future years will only be made subject to satisfactory spend and progress against agreed project milestones, outputs and outcomes.

Project Assurance Overview

Project: Pendle YES Hub

Applicant: Pendle Borough Council

Funding sought: £420,388

6. A presentation regarding the Pendle YES Hub project was given by the project lead to the Board at their meeting on 12th November 2021.
7. The YES Hub aims to support Pendle's 16-24-year olds to overcome barriers to employment. It provides a 'one stop shop' where young people can go to access a range of information, advice and guidance alongside a breadth of learning, training, health improvement and employment opportunities.
8. The Hub is located on Scotland Road in Nelson town centre; in premises acquired in March 2021 utilising Towns Fund Accelerated Funding. The project has been piloted over the last 9 months using funding from the Dept for Work and Pensions, however this funding will cease at the end of January 2022. Funding from the Towns Fund will enable project delivery to continue until the end of March 2026. Evidence and lessons from the pilot phase have helped to inform the business case and to support the ongoing case for investment.

Strategic Case

9. The appraisal report highlights that there is a clear strategic fit between the proposed project activity and a number of strategic objectives in the TIP, namely:
 - SO1: To instil pride and a strong sense of identity and belonging to create a cohesive and welcoming community where residents feel connected, involved and empowered.
 - SO2: To ensure that public service provision meets the needs of all residents to enable them to thrive.
 - SO3: To increase confidence and aspiration to succeed through improved access to skills and quality jobs.
 - SO9: To enhance digital and physical connections to support inclusion and economic growth.

10. It also acknowledges that the Business Case sets out a strong rationale for public sector investment. There are clear market failures affecting the provision of education services, particularly those targeted at young people, and without Towns Fund investment there are no clear alternative routes to fund such a service and address some of the key challenges such as high youth unemployment and economic inactivity, etc, faced within the town.

Economic Case

11. The project will deliver the following outputs, outcomes and wider benefits:

Output/Outcome Indicator	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Temporary FT jobs supported during project implementation (pa)	-	3.2	3.2	3.2	3.2	3.2
Closer collaborations with employers (The number of relationships between the YES Hub and employers)	-	24	24	24	24	96
Young people engaging in exercise	-	44	44	44	44	176
People per year supported to address and remove barriers and social issues to skills development and employment pathways	-	108	108	108	108	432
Learners supported to enrol at education/training facilities	-	81	81	81	81	324
Young people with increased confidence	-	100	100	100	100	400
Young people gaining new qualifications	-	40	40	40	40	160

12. The project will support the realisation of the following impacts:

- Increased rate of progression into employment, education or training
- Economic impact of £0.4m as a result of productivity improvements associated with qualifications gained
- Social value of £1.8m associated with increased confidence and improved health and well-being.

13. In addition a broad range of wider economic benefits have been identified. While these have not been quantified, they contribute to the overall case for investment and the core impacts include benefits associated with volunteering, accessing work experience and training, wider health and wellbeing benefits, engagement in the arts and overcoming digital exclusion.

14. In terms of value for money, the assurance report suggests the project represents **good value for money**. The Business Case reports a **Benefit Cost Ratio (BCR) of 3.7:1**, though the appraisers own calculations based on the assumptions provided suggest the scheme may in fact deliver very good value for money with a BCR of 4.6.

15. The assurance has also carried out a sensitivity assessment of the project, which advises even in the worst case scenario tested – 20% fewer young people benefitting from increased confidence annually, 50% fewer young people gaining qualifications, increased leakage of skills benefits to 50% – the scheme continues to offer good value for money.

16. The outputs in the business case present some variance from those 'Expected outputs and outcomes' in the Head of Terms offer. At TIP submission stage it was anticipated that the project would deliver £2.7mill social value benefit and support 400 new learners per year. The outputs/outcomes/impacts in the business case reflect a number of factors:

- A slight reduction in the scale of the project as part of the Boards efforts to reduce the funding ask across the programme from £29.9m to £25mill,
- Experience gained from the pilot phase of the YES Hub. The targets in the TIP reflected the DWP pilot phase targets and these have proved unachievable in relation to the level of investment and corresponding scale of service that can be provided.
- The breadth of expected outputs, outcomes and impacts is now broader and more realistic, reflecting lessons learned from the pilot phase activity. The Board may recall

that revised output/outcome indicators were provided by Government in October 2021, and the project will deliver against a number of these as well as some local/bespoke indicators. A final Monitoring and Evaluation Plan will be submitted with the Project Summary Document.

Financial Case

17. The total project costs are £539,654, of which £420,388 is sought from the Towns Fund. Project costs are derived from existing operating costs and the delivery of Phase 1 which will provide a robust basis for ongoing cost estimates.
18. A detailed cost breakdown is provided on p.12 of the Appraisal Report. Whilst there are some risks in relation to these costs (including inflation and the requirement to re-tender for a service provider), the nature of the scheme means that these risks should be manageable.
19. A funding profile is provided below.

Funding Profile						
Funding Source	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Total
Town Deal	15,762	99,126	100,126	101,744	103,630	420,388
PBC (Rev)	2000	12,240	12,485	12,734	2426	41,885
Service provider*	6500	6630	6726	6861	6998	33,715
Acc'd Fund	1666	10,000	10,000	10,000	10,000	41,666
PBC (Capital)	2000	0	0	0	0	2000
TOTAL	27,928	127,996	129,337	131,339	123,054	539,654

*Currently N&CCG

20. Match funding is committed. The Appraisal Report highlights that the letter of support from Pendle Borough Council does not cover the proposed £2000 capital match funding. A revised letter has since been received confirming that this funding is in place.

Commercial Case

21. As a revenue-based scheme, there are limited considerations in relation to asset ownership and commercial arrangements, etc. The project will build on the arrangements for Phase 1 and procurement will be in line with Pendle Borough Council's policies.
22. The current delivery contract has been extended by six months (to July 2022 - subject to the approval of Town Funding) to allow for the continuation of services while the service is retendered. Whilst this is a reasonable timescale for carrying out a reprocurement exercise, progress will need to be monitored and reported to the Board.

Management Case

23. Management arrangements are clear with Pendle Borough Council taking a lead role which is within its capabilities.
24. As the procurement process progresses, the appraisal report advocates that further detail could be provided in relation to the delivery plan post August 2022, which is currently at a relatively high level (see milestones table below). Whilst a slightly more detailed delivery plan was provided as an Appendix to the Business Case, covering for example, Steering Group meetings, Annual Review and Monitoring, Exit Strategies and Final Evaluation, etc, a more

detailed delivery plan will be requested as part of the ongoing management of the programme.

Project Milestone	End Date
Project sign off	14 Jan 2022
Phase 1 DWP pilot completed	31 Jan 2022
Phase 2 initiated	1 Feb 2022
Evaluation of Phase 1	31 Mar 2022
6-month extension for existing service provider	31 Aug 2022
Quarterly performance reports to NTD Board	Quarterly
Procurement exercise undertaken for service provider	30 June 2022
Longer term project plan developed	31 Dec 2022
Phase 2 completed	31 March 2026

25. The Appraisal Report also highlights that whilst proportionate monitoring and evaluation plans are in place, some potential challenges in relation to attributing impacts are noted given that beneficiaries may engage with a variety of providers. Output/outcome monitoring will form part of the agreement with the service provider and the Accountable Body and project lead will ensure that robust arrangements are in place.
26. There is also the potential to draw on lessons from Phase 1 following the evaluation of this activity in March 2022. It is recommended that the evaluation report is submitted to the Board along with any lessons learned/factors to be considered regarding the future delivery of the project.

Funding Recommendations

27. Ekosgen have completed the independent Assurance Report of the project business case, taking into account the comments from the Project Appraisal sub-group. Their report recommends approval of the £420,388 Towns Funding to the project, but that written clarification in relation to the £2,000 of capital investment from Pendle Borough Council may wish to be sought. A revised letter of support from the Council has since been received confirming that this funding is in place.
28. This is a deliverable project, representing good VFM, with a strong strategic fit. In light of the positive independent assurance of business case, the Board are asked to recommend that Pendle Council:
1. Approve £420,388 of Towns Funding to the project subject to the following condition:
 - that the Phase 1 evaluation report is submitted to the Board following its completion in March 2022, along with any lessons learned / factors to be considered in the future delivery of the project.
 2. Authorise the submission of the Project Summary Document to Government by 14th January 2022.

The appraisal report also provides a number of recommendations and comments relevant for future Towns Fund business cases, for example, in relation to shortlisted options and supporting spreadsheets/methodology notes for Economic Case calculations. These comments will be picked up and discussed with Hatch.

As highlighted in the analysis of the financial case, the business case will be updated to reflect the final funding position and to address some minor discrepancies.

IMPLICATIONS

Policy: The project will support the delivery of the Nelson Town Investment Plan.

Financial: The Board are asked to recommend funding approval to Pendle Borough Council. Subject to their agreement, the Project Summary Document will be submitted to Governemnt. Only once this is approved will project delivery funding be released.

Legal: None directly arising from this report.

Risk Management: None directly arising from this report.

Health and Safety: None directly arising from this report.

Sustainability: None directly arising from this report.

Community Safety: None directly arising from this report.

Equality and Diversity: None directly arising from this report.

Appendix 1: Pendle YES Hub Project Appraisal Report by ekosgen

Appendix 2: Draft YES Hub Project Summary Document