

REPORT OF: HOUSING, HEALTH AND ENGINEERING SERVICES
MANAGER

TO: NELSON TOWN DEAL BOARD

DATES: 13TH MAY 2022

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**PROGRAMME UPDATE -
BUSINESS CASE DEVELOPMENT & PROGRAMME RISKS**

PURPOSE OF REPORT

To update the Board regarding progress with business case development and the management of key programme and project risks.

RECOMMENDATIONS

That the Board:

1. Note the progress regarding business case development.
2. Note and provide comment on the key project and programme risks and mitigating actions.

REASONS FOR RECOMMENDATION

1. To keep the Board informed.

ISSUE

Background

1. Stage 2 of the Town Deal process requires towns to develop a business case for each project and to submit a Project Summary Document to Government. The Project Summary Document must be submitted within 12 months of agreeing the Heads of Term offer; in Nelson's case by 5th August 2022. The Department for Levelling Up, Housing and Communities (DLUHC) will need to review and be satisfied with the Summary Document before delivery funding is released.
2. Business Cases need to be HM Treasury Green Book compliant and address in a proportionate manner the five cases set out in the Green Book. All business cases will need

to pass through local assurance mechanisms, though DLUHC reserves the right to call in any business case to be assured centrally.

Business Case Development

3. Attached in **Appendix 1** is an overarching timetable/plan for the development and assurance of business cases for each of the Nelson Town Deal projects. This details the key phases of work and milestones. A status summary for each project is provided below.

Pendle YES Hub

4. The Pendle Yes Hub project is live and continues to be delivered from the Scotland Road base by Active Lancashire. A procurement exercise is currently underway for a new provider to deliver the service from August 2022 until the end of the Town Deal Programme in March 2026, subject to an 8 month probation period.

Business Resilience and Growth

5. The business case appraisal report and funding recommendations are to be considered by the Board at today's meeting. Subject to approval of these recommendations by the Council's Policy and Resources Committee on 26th May, a Project Summary Document will be submitted to Government.

This is Nelson

6. The business case appraisal report and funding recommendations are to be considered by the Board at today's meeting. Subject to approval of these recommendations by the Council's Policy and Resources Committee on 26th May, a Project Summary Document will be submitted to Government.

Advanced Digital Skills Academy

7. The business case appraisal report and funding recommendations are to be considered by the Board at today's meeting. Subject to approval of these recommendations by the Council's Policy and Resources Committee on 26th May, a Project Summary Document will be submitted to Government.
8. Negotiations are continuing regarding the terms of a lease for the preferred town centre 'spoke' venue (the lower two floors of the ACE Centre).

Healthy Town

9. At the last Board meeting, the project lead for the Healthy Town project provided a brief update on the feasibility work that had just been completed on Wavelengths. The report contained two options for the investment, as presented to the Board on 4th March. The final report detailed the cost and revenue implications of both options. Following further consideration by the project lead, the Healthy Town project business case has been completed and submitted for appraisal on the basis of option 2, which proposed a slightly larger extension to the existing facility as opposed to option 1, which sought to reconfigure more internal space in addition to a small extension.
10. The business case appraisal report and funding recommendations will be considered by the board in July. It is still expected that the Strategic Leisure Review should be completed in June.

Accessible Nelson

11. At the last Board meeting Planit-IE presented the preferred scheme for the Accessible Nelson project. This included improvements to highways/junctions, cycling and pedestrian routes and public realm, covering 8 key areas around the town centre – Scotland Road and the Leeds and Liverpool Canal Gateway, New Scotland Road, the New Scotland

Road/Leeds Road junction, Sagar Street/Holme Street junction, Railway Street and Broadway, Railway Street/Netherfield Road junction and Manchester Road junction.

12. Detailed costings were subsequently received and the total cost of all 8 areas came to £16m. A sub-group of the board met to consider where the Town Deal funding should be prioritised. Giving consideration to the project's Strategic Objectives and Critical Success Factors, it was agreed that investment should be focussed around the town centre; the priority areas being the Leeds Road/Scotland Road junction and around Broadway to Manchester Road. The group also felt strongly that the quality of materials used should not be compromised to reduce costs. Following further work on this basis, it became clear that only 2 phases will be affordable with the available Town Deal resources, and the Leeds Rd junction and the Railway St/Broadway area have subsequently been prioritised.
13. The project business case has been finalised and submitted for appraisal on this basis. A copy of the plans for these two phases is attached in Appendix 2. Further funding is being pursued from other sources to enable further phases of the Accessible Nelson project to be delivered.
14. The business case appraisal report and funding recommendations will be considered by the board in July.

Revitalised Nelson and Modernising Nelson's Industrial Potential

15. A request for a 6 month extension to both of this business cases has been made to Government. A definitive answer has not yet been received and there is ongoing dialogue with our CLGU lead.
16. Feasibility work is ongoing for a number of the target buildings. Further discussions have been held between the Council and the owner of Pendle Rise and these are continuing.

Programme Risks

17. A programme and project level risk register is attached in Appendix 3.
18. Business cases for many projects are now well advanced which mitigates a number of the risks. However, these still exist for the Revitalised Nelson and Modernising Nelson's Industrial Offer.
19. Not all match funding is in place for projects, however these risks can be managed through conditions being placed on projects and clear milestones being in place for receipt of this match.

IMPLICATIONS

Policy: None directly arising from this report.

Financial: None directly arising from this report.

Legal: None directly arising from this report.

Risk Management: Risks are as set out in the 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.

25.3.22

(Dates shown = Fridays)

A 6 month extension to the timescales for developing these business cases is being sought.

| | |
|--|--|
| | Business Case development inc feasibility, design inputs, etc |
| | Design/feasibility/costings/engagement activities |
| | Report/presentations to Board re: project design / feasibility inputs |
| | Project presentation to Board |
| | Receipt of business case for appraisal - by external consultant & Appraisal sub-group |
| | Comments and clarification points issued by appraiser and considered by project lead/working group |
| | Review of responses by appraiser and further dialogue if required |
| | Final appraisal report issued by external appraiser |
| | Town Deal Board Papers Issued |
| | Town Deal Board meeting |
| | Policy and Resources Committee meeting |
| | Submission of Project Summary Document to DLUHC (Deadline is 5th Aug 2022) |

The Victory Centre

Wave (Leis)

LEEDS ROAD

HOLME STREET

DW

20 MPH

Please drive with care

Ex Cycle Parking

LEGEND

BOUNDARIES

- Edwards Boundary
- Edwards Boundary
- Edwards Boundary

EDGE RESTRAINTS

- Edge Restraints
- Edge Restraints
- Edge Restraints

SURVEYS

- Survey
- Survey
- Survey

HARD SURFACING

- Hard Surfacing
- Hard Surfacing
- Hard Surfacing

SOFT SURFACING

- Soft Surfacing
- Soft Surfacing
- Soft Surfacing

Scale: 1:1000

North Arrow

BOUNDARIES

- Red line: Vehicle Boundary
- Green line: Pedestrian Boundary
- Blue line: Proposed edge of road

EDGE RESTRAINTS

- E1: #1 Granite Road Edge
- E2: #2 Granite Road Edge
- E3: #3 Granite Road Edge
- E4: #4 Granite Road Edge

SURVEYS

- Orange line: Chinese Survey
- Blue line: Above subject of existing footpaths

HARD SURFACING

Boundaries

- Grey: Granite
- Light Grey: Granite (existing) or large existing vehicle
- Dark Grey: Granite
- Light Brown: Granite (existing) or large existing vehicle
- Dark Brown: Granite
- Light Green: Granite (existing) or large existing vehicle
- Dark Green: Granite
- Light Blue: Granite (existing) or large existing vehicle
- Dark Blue: Granite

Paving

- Light Brown: Granite (existing) or large existing vehicle
- Dark Brown: Granite
- Light Green: Granite (existing) or large existing vehicle
- Dark Green: Granite
- Light Blue: Granite (existing) or large existing vehicle
- Dark Blue: Granite

Other Surfacing

- Light Brown: Granite (existing) or large existing vehicle
- Dark Brown: Granite
- Light Green: Granite (existing) or large existing vehicle
- Dark Green: Granite
- Light Blue: Granite (existing) or large existing vehicle
- Dark Blue: Granite

Notes

Refer to the engineer's information for all sub-surface construction details and specification. Engineer's information is available on request. Submit proposals and samples for all surface materials for approval prior to construction.

Dimensions for paving and other stone units do not include the width of joints.

Depth of paving materials indicative only, to be confirmed by the civil engineer.

Types of granite refer to landscape products, which translate to generic Chinese types as follows:

- Granite - G602
- Crystal Black - G604
- Black - G605
- Black Green - G612
- Black White - G613
- Black White - G614
- Black White - G615
- Black White - G616
- Black White - G617
- Black White - G618
- Black White - G619
- Black White - G620
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- Black White - G622
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- Black White - G700

SOFT SURFACING

- Light Green: Grass
- Dark Green: Grass
- Light Brown: Grass
- Dark Brown: Grass
- Light Blue: Grass
- Dark Blue: Grass

Notes

Refer to the engineer's information for all sub-surface construction details and specification. Engineer's information is available on request. Submit proposals and samples for all surface materials for approval prior to construction.

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APPENDIX 3 – PROGRAMME RISK REGISTER

| Risk No | Risk | Mitigating Action | Owner | Mitigating Actions Update | Likelihood 1-5 | Impact 1-5 | Risk Rating |
|---------|--|---|-----------------------|---|----------------|------------|-------------|
| 1. | Delay in completion of business cases due to a lack of capacity and skills to complete them to the required standard and within required timescales. This could result in a delayed submission of Business Case Summary documents and the potential loss of Towns Fund allocation. | The Accountable body has appointed Hatch to support development of all businesses cases. This will ensure consistency of approach and quality control. Town Deal Board will be kept aware of progress. | PBC | Hatch have provided additional support to project working groups. 6 of the 8 project business cases are now in for appraisal or have been appraised. A time extension has been requested for the other 2. | 1 | 4 | |
| 2 | There is a risk that the required inputs needed to complete the business cases are delayed or do not meet requirements, resulting in delays to completion of business case | Accountable Body/PMO to work with project leads to develop a plan for completing business case, including procuring relevant expertise/inputs. Funding is being made available at an early stage to facilitate these inputs. | Project Leads | Inputs are complete, with the exception of those for Revitalised Nelson and Modernising Nelson's Industrial Potential. | 2 | 3 | |
| 3. | There is a risk that local business case assurance cannot be completed within timescales and to the required standard, caused by lack of capacity in the Accountable Body, resulting in failure to submit the Town Deal Summary document. | New programme management resources are being put in place within the Accountable Body utilising Towns Funding. Additional technical expertise will be bought in to review full business cases of elements of them, e.g. economic case, depending on the size and complexity of the project. | PBC | External appraisers are in place for all projects. Assurance is on track for all business cases, except for those where a time extension has been requested. | 1 | 4 | |
| 4. | There is a risk that final business cases are not consistent with details provided to government in the TIP and Heads of Terms response, caused by changes made during business case development, resulting in delays or failure to receive Government approval of the Town Deal Summary document. | Regular meetings will take place between PMO and project leads to identify potential changes at an early stage. Early engagement with Towns Fund lead when it is identified that changes might occur. Utilise the Project Adjustment/Change process detailed in the Stage 2 guidance where necessary. Have robust justification for changes and new proposals | PBC | No issues arising to date. | 1 | 3 | |
| 5. | There is a risk that projects cannot demonstrate compliance with subsidy control frameworks. | Accountable Body & PMO to work with each project delivery body to ensure potential subsidy implications are | PBC and Project Leads | No issues arising to date. | 1 | 3 | |

| Risk No | Risk | Mitigating Action | Owner | Mitigating Actions Update | Likelihood 1-5 | Impact 1-5 | Risk Rating |
|---------|--|--|-----------------------|---|----------------|------------|-------------|
| | | identified early on. Ensure development programmes allow sufficient time to receive appropriate legal advice, with corrective actions as necessary. | | | | | |
| 6. | There is a risk that projects do not have a secured funding package due to delays in securing match funding resulting in failure to complete project assurance within required timescales or Government not approving Summary Document | Ensure match funding requirements are addressed early in business case development programme. Where funding cannot be secured prior to assurance ensure sufficient detail on progress, timescales and risks. Regular liaison between PMO and project lead feeding into project and programme level risk register. | Project Leads | Several projects still require match funding to be secured. Risk associated with this are being managed through project risk registers and project funding conditions. | 3 | 3 | |
| 7. | There is a risk that projects cannot provide sufficient assurance with regards to deliverability due to failure to secure planning or provide sufficient confidence in planning status resulting in failure to complete project assurance within required timescales or Government not approving Summary Document. | Ensure projects undertake early engagement with planners as part of their business case development programme. Where planning cannot be secured prior to assurance ensure there is sufficient detail on progress, timescales and risks. Regular liaison between PMO and project lead feeding into project and programme level risk register. | Project Leads | No issues arising to date. | 1 | 4 | |
| 8. | There is a risk that projects cannot provide sufficient assurance with regards to deliverability, caused by delays or failures to secure sites required for projects, resulting in failure to complete project assurance within the required timescales or failure by Government. | Ensure clear timescale and strategies for securing site where required. Local authority to commence CPO action early if required. Accountable Body to work with PMO and project leads to monitor progress and risk. | PBC and Project Leads | Revitalising Nelson & Modernising Nelson's Industrial potential require the acquisition of sites and more detailed delivery plans will be developed as part of business case development. | 3 | 4 | |
| 9. | There is a risk that business cases do not demonstrate the level of public support and engagement required for Town Deals, caused by delayed, incomplete or inconclusive public engagement, resulting in failure to meet the expectations of Government and the ambitions reflected | Ensure projects have a Communication and Engagement Plan in place, enabling business cases to demonstrate public engagement within strategic case. | Project Leads | Project Engagement Plans are being developed by project leads early in the business case development process. No issues to date. | 2 | 1 | |

| Risk No | Risk | Mitigating Action | Owner | Mitigating Actions Update | Likelihood 1-5 | Impact 1-5 | Risk Rating |
|---------|--|---|-------|---|----------------|------------|-------------|
| | in the Town Investment Plan. | | | | | | |
| 10. | There is a risk of lack of communication regarding the Town Deal resulting is the local community/stakeholders being disengaged or unaware of what is going on to improve the town and deliver the Town Deal vision. | Ensure a Plan level communication / engagement plan is in place and resourced and communicate key messages through a variety of media. | PBC | Consultation/engagement is being undertaken as part of the business case development process. Press releases being issued following project approval. | 2 | 4 | |
| 11. | Lack of capacity to resource all Monitoring and Evaluation requirements to effectively monitor and manage the programme. | New programme management resources are being put in place within the Accountable Body utilising Towns Funding. The Programme Manager will develop effective monitoring systems. Each project will have an M&E agreement in place as part of the funding agreement with external delivery organisations. The lead officer for each project will be responsible for tracking progress of project delivery against milestones, regular monitoring of expenditure and output indicators, and collecting and analysing secondary data to track progress on outcomes and impacts. All information will be stored in a single database enabling progress to be reported regularly and consistently in line with the Nelson Town Deal governance structure and UK Government as required. | PBC | No issues arising to date. | 1 | 4 | |

APPENDIX 3 – PROJECT LEVEL RISK REGISTER

| Project | Risk | Mitigating Action | Owner | Mitigating Actions Update | Likelihood 1-5 | Impact 1-5 | Risk Rating |
|---|--|---|-------|--|----------------|------------|-------------|
| Digital Skills Hub | Delay in completion of business case due to a lack of capacity. This could result in a delayed submission of Business Case Summary document and impact upon delivery of the project. | Seek additional support and / or revise Project Summary Document submission dates. Deliver the project in phases in line with availability of secured funding. | N&CC | Business case submitted and appraised. | 3 | 1 | |
| Digital Skills Hub | Inability to secure a location in Nelson town centre for the 'spoke' element of the scheme to be delivered. | Consider a range of assets working with key partners. | N&CC | Potential suitable asset has been identified working with PBC and discussions are ongoing. | 2 | 4 | |
| Business Resilience and Growth | Project specific conditions are not met resulting in DLUCH not offering funding for the project. | Gather State Aid/subsidy control advice at an early stage. Letters of support to be sought in response to soft market testing. Detailed delivery plan, including risks, etc, to be developed as integral part of Business Case. | PBC | All relevant info has been prepared as part of the business case development and will be submitted alongside the Project Summary Document. | 1 | 4 | |
| Healthy Town | Risk that the recommendations in the Strategic Review of Leisure being undertaken do not support the proposals in the business case. | Engage key stakeholders in both piece of work and consider implications for Wavelengths proposal on an ongoing basis as Strategic Review progresses. | PLT | Working/Steering Groups for both the business case development and the Strategic review are now meeting. Review scheduled to complete in June. | 2 | 5 | |
| Healthy Town | There is a risk that the proposed investment in Wavelengths is not financially sustainable which could impact on the deliverability of the project. | Feasibility study to consider a range of options for delivering the most cost effective and financially sustainable scheme. | PLT | Feasibility study completed. Financial modelling shows new facilities will be financially sustainable within the first couple of years. | 2 | 3 | |
| Revitalised Nelson Modernising Nelson's Industrial Potential | There is a risk that technical inputs required for business case are not competed in line with business case timeline due to link to procurement of a new JV partner for Pendle Council. | Ensure JV partner are aware of priorities at earliest possible time. | PBC | JV partner currently is working with the Council to progress feasibility work. Trafalgar House feasibility is ongoing. | 2 | 4 | |