



Appraisal of the 'This is Nelson' Towns Fund Proposal

A Report for Pendle Borough Council and the Towns Fund Board

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Report completed/submitted by:	Esther Cordingley, Luke Tippins and Daniel Lindsay
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Report reviewed by:	Daniel Lindsay
Date:	5 th May 2022

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Project Overview and Appraisal Approach

Key Points

- £787,000 Towns Fund is being requested to deliver 'This is Nelson'
- The Town Fund intervention rate is 66% with the remaining £377,000 match to be secured through identified funding streams Arts Council England, Heritage Lottery Fund, National Lottery Communities Fund. The appraisal has been prepared by ekosgen in line with Green Book principles, based on the submitted project business case, supporting documents and clarifications secured through the appraisal process.
- The project is considered to be suitable for funding at this stage. However, a number of potential conditions are set out in the recommendations at the end of this report.

Scheme Overview

Project and Funding

In-Situ are requesting £787,000 of Towns Fund towards a total project cost of £1.1m to deliver 'This is Nelson' project which aims to attract people into Nelson and create a positive experience for locals and visitors by delivering a programme of activities across the following strands: artist-led commissions; heritage; young people, education and training; public realm / town centre activity; and community development and cultural. The remaining match funding is being sought through Arts Council England, Heritage Lottery Fund, National Lottery Communities Fund.

The project includes:

- commissioning of a lead artist to develop the programme of activity and improve the public realm with art features, some of which highlight Nelson's heritage
- alignment with the Super Slow Way Linear Park project to encourage use of Nelson's green and blue space, through capital works and community engagement
- public realm interventions such as new signage, digital approaches, planting, benches, and lighting
- activity to support community cohesion such as renovations of empty shops and use of the Pavilion Café for cohesion programmes
- upgrading of space for a studio, making spaces and a tool library
- support of Nelson and Colne College's art and creative industry graduate programme
- enhancement and support of Festival of Culture activity
- provision of a monthly market, to include cultural activity in the form of music, art, and workshops
- commissioning of a Festive Food programme including cook and eat sessions, community meals and grow your own food opportunities.

The project investment objectives are to:

- To create a cohesive community around a shared identity for Nelson and engage local stakeholders in the delivery of the Nelson Town Investment Plan
- Raise the profile of Nelson as a place to live, work, study, invest and visit
- Enhance the arts, culture and heritage offer in Nelson to support quality of life and retain and attract spend
- Reactivate and repurpose key spaces in the town centre and maximise the potential of blue and green infrastructure as drivers of economic growth

Activity and Outputs

Outputs

- Up to three temporary full time equivalent (FTE) jobs supported during project implementation
- 4,298 sqm of public realm
- Two cultural facilities improved (Building Bridges space and Pavilion Café)
- 155 sqm repurposed floorspace

Outcomes

- 15 operational years of employment created
- 265 participants working across the different commissions
- 133 people volunteering / co-creators
- 60 people regularly attending youth club
- 48 young people experiencing improved confidence

It has been confirmed that many of the public realm outputs for this project do not meet with Towns Fund output definitions (given they relate to, e.g. internal spaces, external improvements of a very temporary nature) and therefore the applicant should amend the outputs prior to contracting.

Appendix V to the business case sets out more detail on each commission including the number people that will be included in co-creation, the number of people in the wider audience, expected benefits for those taking part and the wider audience, location, and any evidence of demand. While the basis of estimates for outcomes is not evidenced, the estimated outcomes for each element appear reasonable and not notably high. It is also worth noting that the exact nature for some commissions is likely to be determined through co-creation as communities and partners are engaged.

Appraisal Approach

This appraisal has been completed by ekosgen, an independent economic research consultancy specialising in the production and appraisal of business cases. Following receipt of the Business Case and supporting documentation, ekosgen completed an initial assessment against the requirements of the Towns Fund and HM Treasury Green Book before issuing clarifications to Pendle Borough Council and Hatch (the consultancy supporting the development of the business case).

This assessment takes account of the information provided throughout this process and is based on the following documents:

- This is Nelson Business Case received 14/03/22 and updated Business Case received 07/04/22
- Economic assessment values received 14/03/22 and updates provided 07/04/22 and 12/04/22
- Clarification Responses received 07/04/22
- Supporting Appendices received 14/03/22 and updated 07/04/22 including:
 - SRO assurance letter from In-Situ
 - Letters of support from Councillor Zafar Ali, Lancashire County Council, Super Slow Way, Pavillion Café, Pendle Leisure Trust and the Planning, Economic Development and Regulatory Services Manager at Pendle Borough Council
 - Letter of Support and confirmation of match funding from Arts Council England and National Lottery Fund
 - In-Situ Artists and Practitioner Policy, Child and Safeguarding Policy, Ethics and Environment Policy and Finance Policy
 - Equality Impact Assessment
 - Communications and Engagement Plan
 - Roles and responsibilities note
 - Programme Delivery Plan
 - Gantt chart programme
 - Strategic Risk Register
 - Nelson Town Deal engagement feedback
 - Project plan for each commission including outputs, expected benefit, location and evidence of demand (updated 12/04/22)

- In-Situ and Building Bridges MOU
- Reworked budget plan

Following this assessment, the recommendations of the appraisal are to recommend the scheme for funding to the Towns Fund Board subject to the following conditions:

- Outputs are amended to reflect Towns Fund compliant outputs and an annual profile is confirmed.
- How inflation will be managed and the implications on the project deliver is clearly set out and continues to be monitored closely.
- Clear milestones for confirmation of match funding and the implications of any funding sources not being secured are clearly set out.
- Processes are in place for agreeing how any shortfalls in funding is addressed and for agreeing any project changes and revisions to project scope.
- Clear milestones for delivery are clearly set out.
- Further clarity over the roles and responsibilities for each element of the project is clearly set out and is reflected within the MOU's for organisations.

Strategic Case

Key Points

- The project is aligned with local policy objectives and supports objectives outlined in the Nelson Town Investment Plan.
- The business case demonstrates an under provision of arts and cultural activities and the need for investment in the town centre, and evidence of stakeholder support for the proposals.
- The business case clearly demonstrates how the project both addresses key challenges and responds to core opportunities set out in the Nelson Town Investment Plan.
- The business case sets out the outcomes that can be achieved for young people and the local community.
- The appraiser notes that it appears that the exact nature of some elements is to be determined through co-creation as communities and partners are engaged, as confirmed in the business case.
- It has been confirmed that the public realm output for this project is not eligible under Towns Fund Guidance (given it relates to internal spaces).

The case is suitable for investment subject to the following condition being met:

- Outputs are amended to reflect Towns Fund compliant outputs and an annual profile is confirmed.

Strategic Fit

Policy Fit

The delivery of In-Situ's community arts engagement programme strongly aligns with the ambitions of the Town's Investment Plan to support young people through the provision of arts and cultural activities. This reflects priorities outlined in range of national, sub-regional and local policy documents including HM Government Civil Society Strategy, Build Back Better, DCMS Connected Growth Manual, NP11 A Place Strategy for the North, The Grimsey Review, Redefining Lancashire: Our Approach to Recovery, Emerging Lancashire Industrial Strategy, Lancashire Cultural Strategy, Pendle Cultural Strategy and the Pendle Economic Recovery & Growth Strategy.

- **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
- **SO3:** To increase confidence and aspiration to succeed through improved access to skills and quality jobs
- **SO5:** To support health and wellbeing through access to quality open spaces, active walking and cycling routes, and responsive recreation and leisure provision
- **SO6:** To reinforce the town's role as a key service centre serving the needs of its catchment set within an attractive, safe, and welcoming environment
- **SO8:** To re-energise and breathe new life into heritage assets and redundant buildings
- **SO9:** To enhance digital and physical connections to support inclusion and economic growth

The In-Situ community arts engagement programme will facilitate the realisation of targeted Town Deal outcomes, as specified within the Towns Fund Intervention Framework:

- Enhanced townscape that is more attractive and more accessible to residents, businesses, and visitors
- Improved arts, cultural and heritage offer that is more visible and easier for residents/visitors to access

The project will deliver the following Towns Deal outputs, as specified within the Towns Fund Intervention Framework:

- Delivery of new public spaces
- New, upgraded, or protected community hubs, spaces, or assets, where this links to local inclusive growth
- Up to two construction FTE jobs supported during project implementation
- Two cultural facilities improved (improvements to Victoria Park Pavilion Café and Building Bridges lower ground floor)
- 4,920 sqm enhanced public realm
- 155 sqm repurposed floorspace (Temporary or pop-up spaces delivered in two vacant shopfronts)

As stated in the project overview, the public realm output for this project is not eligible under Towns Fund Guidance as it relates to internal space, and therefore this should be removed from the outputs prior to contracting. This does not impact on the value for money assessment.

The appraiser notes that it appears that the exact nature of some elements is to be determined through co-creation as communities and partners are engaged, as confirmed in the business case.

Reference is made to the new Levelling Up White Paper and clear alignment is demonstrated to two of the levelling up missions.

Response to Market Conditions

The business case clearly demonstrates how the project both addresses key challenges and responds to core opportunities set out in the Nelson Town Investment Plan. The challenges of a struggling town centre, perception and town image, a lack of community cohesion and multiple instances of deprivation are evidenced using locally specific data and intelligence. In addition, the Strategic Case outlines the limited existing arts and cultural provision already within Nelson, and the provision of a community arts programme from In-Situ represents new activity. Evidence from a survey conducted for the 2020 Pendle cultural strategy reveals that over 90% of survey respondents did not think or were unsure if there were enough creative and cultural opportunities for young people, 88% thought the same for older people and more than 92% of respondents did not think there were or were unsure if there were enough creative and cultural opportunities for everyone in Pendle. This suggests there may be a lack of current provision in Nelson.

Clarification sought through the appraisal process confirmed that there will be a wide range of activities provided by the arts programme. It is the appraisers view that the intentions of the project will increase the reach and participation of arts and cultural programmes within the community, and further increase the beneficial impact of such activities on Nelson. There is limited information provided on exact numbers concerning demand, attendance and what the new programme will expand upon. However, clarification sought through the appraisal process confirmed that there is evidence of significant outreach to stakeholders, with clear positive feedback.

Evidence of Market Failure

The business case sets out the following as evidence of market failures which the project will respond to:

- **Information failure:** suggests that Nelson is constrained by limited knowledge and profile of its assets and that work is needed to showcase the opportunities for investment in Nelson and its underused buildings and cultural heritage. There is limited evidence provided about this market failure, and it has not been demonstrated fully in the business case.
- **Coordination failure:** suggests that there is a lack of shared identity and pride in Nelson and combined with a lack of coordination between existing activities and a coherent cultural offering, it leads there to be gaps in the culture and leisure offer. This is evidenced in the business case, the project will involve coordinating a large number of people with mediators between big groups, time and money is needed to facilitate this.
- **Positive externalities:** enhancing the reputation of the town will attract more residents and workers and help secure further investment. The case for this is evidenced in the business case and there will clearly be wider social and economic benefits generated by the programme, in addition to the direct economic benefits generated.

While appraiser notes the market failures could be better articulated and demonstrated in the business case, the market failures of coordination failure and positive externalities are appropriate which the project can help to address.

Project Objectives

The business case clearly demonstrates how the project both addresses key challenges and responds to core opportunities set out in the Nelson Town Investment Plan. The business case clearly sets out the investment objectives of:

- To create a cohesive community around a shared identity for Nelson and engage local stakeholders in the delivery of the Nelson Town Investment Plan
- Raise the profile of Nelson as a place to live, work, study, invest and visit
- Enhance the arts, culture and heritage offer in Nelson to support quality of life and retain and attract spend
- Reactivate and repurpose key spaces in the town centre and maximise the potential of blue and green infrastructure as drivers of economic growth

While some elements of the scheme represent a relatively minor intervention, the overall programme is expected to have a tangible impact on the town centre and local community.

The logic model for the project demonstrates how the investments are expected to deliver the outcomes and the 'intended impacts' that are monetised in the economic assessment.

Economic Case

Key Points

- The economic case assessment complies with HM Treasury Green Book and Towns Fund Guidance.
- As noted in the financial case inflationary pressures could lead to scaling back the proposals, which has the potential to impact on the economic assessment. Given the strong BCR, this is not expected to present a significant risk to scheme value for money, however the implications of any future revisions to the proposed scope of works should be considered.
- The primary benefits quantified and monetised include GVA linked to employment, wider land value uplift and social value associated with attending a youth club, improved confidence for young people and volunteering.
- The business case estimates that the intervention will deliver good value for money with a BCR of 2.67.
- The appraiser notes it will be important for PBC and the Towns Fund Board to ensure the project is being effectively monitored against the outcomes linked to social value in particular to ensure value for money is achieved.
- Based on the value for money assessment, sensitivity testing and further testing carried out by the appraiser, it is expected that the preferred option will deliver value for money when assessed in line with the Towns Fund requirements.

The economic case was produced by Hatch, an economic development consultancy with experience producing Green Book compliant economic cases for a range of funding streams and intervention types.

Options Identified and Assessed

The options appraisal follows a standard approach providing a range of options for consideration, including a 'do nothing' (reference case) scenario in line with Green Book Guidance. The business case sets out the following options:

- **Option 1: Do Nothing:** the reference case option includes continuation of existing situation, with funding secured through to January 2022 for Building Bridges and March 2023 for In-Situ and Super Slow Way for engaging communities across a wider geographic area and none of the activities which generate social value will come forward. Clarifications confirm that minimal social value outcomes would be achieved - as Super Slow Way funding has already been secured, one commission would be delivered, and the impacts associated with this have been included in the Do Nothing Option.
- **Option 2: Capital investment focus:** involves the following capital investments: repurposing vacant spaces including for commercial pop-up space, community spaces, community cafes, repair shops/recycling/upcycling, makerspaces/artist studios and workspaces; equipment purchases; creation of an urban playground; renovation of Pavilion Café inside and outdoor growing space; renovation of ground floor of building bridges to become company HQ; and investment in green and open spaces including allotments and improved linkages between the canal and town centre. This option is not taken forward on the basis that it does little to enhance the arts and culture offer or to promote the inclusive growth of Nelson without revenue funding.
- **Option 3: Revenue investment focus:** includes engagement activities including; active engagement that links Nelson's communities, historic buildings, and spaces to create a new narrative on how it will be reimagined for the future; an artist led engagement programme; festival of culture; running cultural market research and development; community conversations aimed at improved community cohesion and positive cross-cultural experiences; events and

programmes which facilitates grassroots activity; and outreach work to empower local people at a neighbourhood level through health and wellbeing and skills development activity. This option is discounted on the basis that it does little to repurpose the key spaces in town or create a more vibrant town centre without capital funding.

- **Option 4: Preferred (capital / revenue investment):** deliver Option 2 and 3 in tandem alongside wider coordination and engagement activity.

A RAG approach is adopted to assess the long list of options against four project specific investment objectives¹ and four critical success factors², including one relating to deliverability within Towns Fund timescales and affordability within funding envelope.

The appraiser notes that some of the scoring did not appear appropriate for instance Option 1 (Do Nothing) scores worst in terms of deliverability and affordability, despite requiring no additional funding. However, this does not impact upon the overall assessment with Option 1 shortlisted in line with Green Book Guidance to include the 'do nothing' option in the shortlist.

Option 4, the preferred option, is also shortlisted on the basis that it delivers on all of the investment objectives and critical success factors.

Only two options are shortlisted and the appraiser notes that typically another option would be shortlisted for consideration. Clarifications sought through the appraisal process confirmed that the applicants did not think it was proportionate or a requirement of the funding to shortlist an alternative option for economic appraisal.

The appraiser feels the approach is proportionate to the scale of investment and funding requirement and is broadly consistent with guidance.

Project Costs

The economic costs were revised through the clarification process to ensure the profile of spend was in line with costs presented in the financial case (before adjustments) and VAT was being deducted.

The following adjustments have been made to project costs:

- Discounted at a rate of 3.5% per annum.
- Inflation is deducted at a rate of 2%-2.50% per year as provided in the TAG Databook
- VAT is removed
- Optimism Bias of 24%, the upper limit for a standard building project capital costs, is applied to both the capital costs and revenue costs (after VAT is deducted).

These adjustments are appropriate and consistent with HM Treasury Guidance.

¹ IO1: Create a cohesive community around a shared identity for Nelson and engage local stakeholders in the delivery of the Nelson Town Investment Plan; IO2: Raise the profile of Nelson as a place to live, work, study, invest and visit; IO3: Enhance the arts, culture and heritage offer in Nelson to support quality of life and retain and attract spend; and IO4: Reactivate and repurpose key spaces in the town centre and maximise the potential of blue and green infrastructure as drivers of economic growth.

² CSF1: Interventions are deliverable within the Town Deal programme timescales and are affordable within funding envelope; CSF2: A strong fit with the TIP Strategic Objectives, particularly those identified as investment priorities; CSF3: Investment that supports a more vibrant town centre through social and economic exchange and interaction and encourage footfall and longer dwell time; and CSF4: Inclusive growth secured for the people of Nelson by ensuring all members of the community can access the benefits of the Nelson Town Investment Plan

Project Benefits

Identified Benefits

The following benefits are presented as part of the project's Benefit to Cost Ratio (BCR) assessment:

- **GVA** – based on the artists and project team jobs supported by the project.
- **Wider land value uplift (LVU)** – calculated at a programme wide level for Nelson with 3% of the uplift attributed to This is Nelson based on the proportion of the projects Towns Deal Funding ask. As set in the business case and clarifications reference, wider LVU is included on the basis that the project will deliver cultural activities and provide new public realm and green spaces supporting increased town centre footfall and improving the desirability of the area which will have a positive impact on commercial and housing market in Nelson. A study on behalf of CBRE is cited which shows a strong link between placemaking and commercial values. While the appraiser broadly agrees with these arguments in principle, sufficient evidence demonstrating the link between the types of activities delivered and higher residential and commercial property prices has not been presented.
- **Social Value** – based on target engagement numbers social value benefits associated with going to a youth club, improvements in confidence for young people and regular volunteering have been captured drawing on HACT Social Value benchmarks.

The identified benefits are consistent with Green Book guidance and a place-based approach as set out Towns Fund guidance. While social value and GVA appear appropriate and attributable to the scheme, the appraiser is of the view that wider LVU may not be directly attributable to the project given that it is primarily delivering small scale temporary commissions and revenue based interventions rather than permanent infrastructure. Therefore while the project is likely to lead to improved perceptions of the area in the short term, the appraiser is not convinced it will have the long-term impacts of sufficient scale to achieve an improvement in residential and commercial values. An additional sensitivity test has been included in the business case which tests the removal of this benefit.

Wider non-monetised benefits referenced in the business case include public realm amenity benefits, GVA generated from increased visitor footfall, GVA generated through jobs created in the construction phase, improved community cohesion in Nelson, wider social value benefits including a greater sense of self-worth and life satisfaction, benefits of active travel and reduction in crime and improved perception of Nelson.

Assumptions Applied

The following assumptions have been applied in the business case:

- **Discounting:** a 3.5% per annum social discount rate, in line with HM Treasury guidelines
- **Current Prices:** all monetised benefits are converted to 2021 prices
- **Gross to net adjustments:**
 - Displacement of 25% applied to GVA and social value
 - Displacement of 50% applied to wider LVU
 - Deadweight for GVA has been accounted for by deducting the jobs which would be supported under the Do Nothing option based on the estimated jobs supported for the Super Slow Way projects.
 - Deadweight for social value in line with HACT assumptions for each benefit. Clarifications confirm that the Do Nothing option would deliver some minimal social value benefits and sets out the level compared to Option 4 to demonstrate that the HACT deadweight assumptions applied are greater than the reference case benefits.
 - Leakage of 25% applied to GVA only. The clarification response confirmed that leakage is not applicable to social value as all beneficiaries will all be Pendle residents, almost all of whom will be from Nelson, consistent with In-Situ experience.

- **Persistence:** GVA and Social Value benefits are captured over the projects duration from 2022/23 to 2025/26. Wider LVU persists for five years from 2025/26.
- **GVA:** As a result of clarifications a sector specific GVA per worker has been utilised (rather than an economy wide benchmarks) using a weighted average of Office administration and business support activities and creative, arts and entertainment activities.
- **Social Value:** HACT Social Value benchmarks for going to a youth club, improvements in confidence for young people, and volunteering are applied to identified beneficiaries drawing on In-Situ experience:
 - The business case sets out ambition for 120-160 young people to access the youth outreach programme and it is assumed 50% of the lower bound (60) will be regular attendees during 2024/25 and 2025/26, with build-up in 2022/23 and 2023/24, based on previous experience of Building Bridges / In-Situ projects. The HACT benchmark of £2,700 (in 2021 prices) for young people attending youth clubs is then applied to regular attendees accessing the youth outreach programme. The clarifications state that project is not setting up youth clubs but enhancing some existing youth provision and recruiting/working with young people where they are. While the benchmark applied is not exactly aligned with the activity, in the absence of an alternative indicator the approach and scale of benefit is broadly appropriate.
 - The benchmark for improved confidence for young people is considerably higher at around £10,300 per person (in 2021 prices) and is applied 80% of regular attendees accessing the youth outreach programme. In the appraiser's view may be too optimistic a value when applied to 80% regular young attendees. A more robust approach would consider the proportion of younger users that may suffer from low confidence and have the potential for confidence to improve, and further evidence of the nature of interventions that will support this outcome. It is therefore important that the activity is delivered in a way that ensures genuine engagement with young people and targets those that could most benefit and in order to achieve this benefit. The appraiser recommends the Towns Fund Board ensures the scheme is closely monitored going forward to ensure they can be confident that activity is being delivered in way that delivers this outcome.
 - The HACT benchmark for regular volunteering is £3,500 (in 2021 prices). The business case states that the 29 commissions will engage 133 people in co-creation in 2022/23 and 265 a year for 2023/24 to 2025/26, and assumes 50% will count as regular volunteers (using HACT criteria of once every two months or six times a year).

Forecast Return on Investment

The business case identified a BCR of 2.67 for the Option 4 – representing good value for money. Due to the reprofiling of outputs since the business case was produced, there has been a modest improvement in GVA (of circa £20,000) as a result of discounting.

Forecast return on investment Option 4, NPV	
NPV of Benefits	
GVA	£0.26m
Social Value: Youth Clubs	£0.27m
Social Value: Improved Confidence	£0.74m
Social Value: Volunteering	£0.90m
Wider LVU	£0.47m
Total Benefits (A)	£2.64m
NPV of Costs	
Towns Fund Costs (B)	£0.65m
Other Public Sector Costs (C)	£0.34m
Total Public Sector Costs (D=B+C)	£0.99m

Private Sector Costs (E)	£0.00m
Benefit to Cost Ratio (BCR)	
BCR ((A-E)/ D)	2.67
<i>Source: Business Case provided 07/04/22</i>	

Risk and Sensitivity Analysis

The Business Case sets out the following sensitivity tests:

1. 20% reduction in GVA
2. 20% reduction in social value
3. 1. & 2. in tandem
4. Removal of wider LVU benefits
5. Proportion of young people regularly attending youth programmes benefitting from improved confidence drops to 40% (from 80%).

In all cases the investment would continue to deliver good value for money, with BCR above 2.19.

The appraiser recognises that the value for money conclusions are highly dependent on the assumptions for social value. However we find that a BCR of 1.5 (often deemed an acceptable value for money threshold) can be maintained if there at least 25 regular attendees to the youth outreach programme per year, 40% of which benefit from improved confidence (10 per year) and there are 50 regular volunteers across the programme. This provides some reassurance that the investment is likely to deliver value for money even if the full scale of additionality put forward in the Business Case is not achieved.

However, it will be important for PBC and the Towns Fund Board to ensure the project is being effectively monitored regularly against the outcomes linked to social value to ensure value for money is achieved,

Financial Case

Key Points

- Costs are based on In-Situ's previous experience of delivering similar projects.
- A contingency allowance of 2.5% is included.
- Inflation does not appear to have been included within costs project costs presented. The appraiser believes that given the current and expected rates inflationary pressures could pose a risk to the project.
- To date, £90,000 of the £377,000 (24%) match funding contribution has been secured while the remaining match funding is yet to be secured. The business case confirms that applications are underway and conversations for support have been progressed.
- If match funding is not secured a reduced scheme could be delivered without some of the lead artists future thinking work, scaled up events and festival activities.
- A process for agreeing how any shortfalls in funding is addressed should be defined and PBC and the Towns Fund Board should confirm they are happy with any revisions to the project scope.

The case is suitable for investment subject to the following condition being met:

- Confirmation is provided of how inflation will be managed, and the implications on the project deliver is clearly set out.
- Clear milestones for confirmation of match funding and the implications of any funding sources not being secured are clearly set out.

Project Cost Breakdown

The appraiser noted a discrepancy in the cost profile presented the business case. The table below reflects our understanding of the final position amending the 2024/25 expenditure under the public realm element, based on the detailed cost breakdown provided in Appendix Y. This breakdown is consistent with Appendix Y, however the Towns Fund Board should request that the Business Case is updated to reflect this final position.

Cost Profile					
Component	Total Cost	22/23	23/24	24/25	25/26
Core staffing	£280,517	£42,491	£79,342	£79,342	£79,342
Marketing	£36,000	£6,000	£8,000	£11,000	£11,000
Project Admin 2.5%	£27,624	£4,055	£9,952	£7,690	£5,927
Artist Programme	£93,500	£16,000	£34,500	£22,000	£21,000
Heritage Programme	£91,000	£0	£30,000	£30,000	£31,000
Young People/Education	£95,000	£11,500	£32,500	£30,500	£20,500
Public Realm	£312,500	£68,000	£125,500	£72,000	£47,000
Community Cultural Dev	£141,203	£10,081	£68,349	£47,374	£15,399
<i>Total Revenue</i>	<i>£737,891</i>	<i>£112,296</i>	<i>£233,794</i>	<i>£213,532</i>	<i>£178,269</i>
<i>Total Capital</i>	<i>£339,453</i>	<i>£45,831</i>	<i>£154,349</i>	<i>£86,374</i>	<i>£52,899</i>
Contingency 2.5%	£27,622	£4,054	£9,952	£7,689	£5,927
Total	£1,104,966	£162,181	£398,095	£307,595	£237,095

Source: Business Case and supporting appendices provided 07/04/22

Project Cost Assumptions

Costs are based on In-Situ's previous experience of delivering similar projects. Staffing costs are based on In-Situ current staffing posts with a 2.5% increase on current salaries, while Artist fees and project costs are based on previous projects delivered by In-Situ and Super Slow Way with rates informed by Artist Newsletter and Artist Union. The business case highlights the previous delivery experience of In-Situ, the lead organisation, and the track record of financial management for Building Bridges and Super Slow Way (which is a programme in the Canal & River Trust), the two key stakeholders for the project

Contingency set at around 2.5% of total costs.

An allowance for inflation does not appear to have been included within the project costs presented in the financial case. How inflationary pressures will be managed and the potential impacts on the scale of the proposals should be clearly set out given the current and forecast rates. A process should be put in place for agreeing any project changes and revisions to project scope. This should be closely monitored by PBC and the Town Board so that any impact on the project scope can be considered at the earliest opportunity.

Funding Sources and Certainty

The Town Fund intervention rate is 66%. The business case stated that the profile of spend by funding sources won't be fully known until the projects begin.

The table below as presented in the business case outlines the different funding sources, use and status of the fund.

Funding Sources			
Funding Source	Value	Uses	Status
Town Deal	£727,966	Capital investment in permanent and pop-up spaces, revenue investment in cultural and creative programmes	Subject to this business case
Arts Council England Project Grants (Pendle Borough Council)	£90,000	Artists fees, Cultural events costs, materials	In application process
Heritage Lottery Fund	£75,000	Programme costs, professional fees, research, print & publications	In application
National Lottery Communities fund (Building Bridges)	£15,000	Reaching Communities core match funding, use of space	In stage 2 application with National Lottery Communities fund
Arts Council England (Building Bridges)	£60,000	Festival and events programme and infrastructure	In application process
Arts Council England (In-Situ)	£35,000	ACE NPO core costs contribution – Materials, some capital match	Secured £5,000. £30,000 in application with National Portfolio Organisation
National Lottery Community fund (Super Slow Way)	£90,000	Capital build shipping containers and project/Events programme canal side space	Secured

Source: Business Case provided 07/04/22

To date, £90,000 of the £377,000 (24%) match funding contribution has been secured from the National Lottery Community fund. A confirmation letter is appended to the business case, while the letter references £94,000 funding contribution the business case states that "£4,000 no longer needed in this project scope".

In terms of the remaining match funding the business case highlights that applications are underway and conversations for support have been progressed. Letters from the following organisations have been appended to the business case which provides some assurance over the status of funding:

- Arts Council England correspondence which sets out intention to support the programme including acknowledgement of that an application for £30,000 will be submitted to their National Lottery Project Grant funding programme followed by two more applications over the project programme totalling £90,000.
- National Lottery Communities fund letter confirms Building Bridges has reached stage 2 of their Reaching Communities grant programme and a final decision to be made in late May 2022.

In addition, Arts Council England correspondence is appended to the business case which confirms a National Portfolio Organisations grant funding extension to In-Situ of £141,558 for 2022/23. The appraiser notes that this funding does not appear to be in the project scope, although the business case states that £5,000 has been secured through this route and £30,000 is in application.

Securing match funding is a key project risk, as identified in the business case, and if the remaining match funding is not secured the project would not be able to deliver some of the lead artists future thinking work, scaled up events and festival activities and a reduced scheme could be delivered. Further detail on how this risk is being managed and the implications of not securing the remaining match funding is provided in the management case.

Clear milestones for when funding decisions are expected to be made and when a fully funded investment package is likely to be in place should be provided, which can be monitored by PBC and the Towns Fund Board. In addition a process for agreeing how any shortfalls in funding is addressed should be defined along with a process for agreeing any revisions to project scope.

Commercial Case

Key Points

- Appropriate procurement arrangements are in place.
- An MOU has been agreed between In-Situ and Building Bridges. An MOU with In-Situ and Super Slow Way is in the process of starting. Details of this MOU should be shared with the Towns Fund Board once agreements are in place.
- Permissions will be required for pop-up spaces, temporary structures, events programme, and the activities and capital works alongside the canal. Correspondence with planning department at PBC is appended to the business case providing some assurance.
- Independent Subsidy Advice has been provided indicated that the project can be delivered within existing regulations.

Procurement and Contractual Arrangements

The procurement and management of the project will be the responsibility of In-Situ. All procurement and contractual arrangements will be aligned to In-Situ's artists policy and procedures. The procurement strategy for artists and creatives is based on the strategy used by In-Situ on other projects. Other than procuring short term artist and creative contracts, the procurement strategy mirrors the Pendle Borough Council's procurement strategy.

Artists commissions will be tendered openly and capital programme works will be commissioned using the council's procurement process (of getting 3 quotes and/or a process of brief interview and selection for works over £10k but under £30k) or using the same process as with artists in an open call to select the practitioner.

The business case highlights the aim to procure from local suppliers, with the ambition for 50% of artists/practitioners to be commissioned locally.

An MOU has been agreed to formalise the partnership between In-Situ, as the lead organisation, and Building Bridges, as the delivery partner, to deliver the This Is Nelson project. Further detail over this arrangement is set out in the management case. The business case states that In-Situ are in the process of starting a MOU with Super Slow Way (to be signed off by Canal and River Trust). The appraiser recommends that details of the MOU is shared with the Towns Fund Board once agreements are in place.

While some details of who is leading the different elements of the project is provided in the business case (included in the management case chapter below) further clarity over the roles and responsibilities for each element should be set out and be reflected within the MOU's.

Required Permissions

Planning permission will be required for pop-up spaces, temporary structures and events programme. The Building Bridges and Pavilion Café as are in the ownership of PBC. The risk register states that In-Situ will work alongside the council to identify and seek permissions for council owned properties but notes that if spaces are privately owned they will ensure spaces are identified early to manage risk. Appendix Z to the business case shows of an correspondence with the Planning, Economic Development and Regulatory Services Manager at PBC who states *"I am writing in respect of the projects In-Situ are proposing to develop and run as part of the overall Town Deal funding. Whilst the*

projects are still in the development stage the overall principle of what is being proposed is supported and I confirm that we will actively work with In- Situ to deliver them”.

The business case states that permissions for activities and capital works alongside the canal will be acquired through the partnership with Super Slow Way under Canal & River Trust, highlighting that related identified spaces along the canal are owned by PBC.

Market Demand

The business case is not supported by evidence of market testing or local demand studies for Nelson. While this represents a gap in the supporting evidence, the business case, clarifications and appendix V highlight work done to date in Nelson by In-Situ and Building bridges, engagement activities, consultation, anecdotal feedback and survey data as evidence of demand. While there may be some uncertainty over the level of demand, a case has been presented to demonstrate demand.

Subsidy Control

Independent subsidy control legal advice has been provided via a letter from DWF. The guidance indicates the project is considered to be deliverable within existing legislation on the basis that the nature of the proposed investment will fall outside of activity typically considered within the remit for subsidy control and on the basis that In-Situ will be verifiably not over-compensated for the work it will do to deliver them.

The advice does suggest the Council publishes details of the Project on its website to ensure the time limit for any challenge commences and, in turn, elapses.

Management Case

Key Points

- Appropriate management arrangements are set out.
- High level milestones are provided. Clear milestones should be agreed in order for any delivery risks to be identified at the earliest opportunities.
- Core risks are identified and appropriate mitigations are in place however inability to secure match funding remains the key project risk. Confirmation should be provided as to when decisions are likely to be made, and whether funding will be in place prior to release of Town Deal funding.
- Inflation is not identified as a risk however, in light of prevailing rate of inflation, implications on the project delivery should be monitored and understood at the earliest point.
- Appropriate monitoring and evaluation arrangements are in place.

The case is suitable for investment subject to the following condition being met:

- Further clarity over the roles and responsibilities for each element of the project is clearly set out and is reflected within the MOU's for organisations.
- Clear milestones for delivery are clearly set out.
- An annual delivery plan is submitted to and approved by the Board each year.
- Processes are in place for agreeing how any shortfalls in funding is addressed and for agreeing any project changes and revisions to project scope.

Project Management Arrangements and Capacity

The key organisations involved in the delivery of the This is Nelson project are:

- **In-Situ:** as the lead delivery partner. In-Situ is an interdisciplinary organisation based in Pendle. The finance, procurement, management and marketing coordination of the project will be the responsibility of In-Situ. The current executive director of In-Situ, Paul Hartley, will be the SRO for the project and will manage the overall programme including managing scope, finance, risk, and quality. The day-to-day management of the project will be undertaken by the newly recruited part time Project Manager hosted by In-Situ.
- **Building Bridges:** as a delivery partner and owner of the hub and Pavilion Café CIC the café space. Building Bridges is a registered charity. They will be responsible for the part time community development role, the delivery of the Festival of Culture and management of the This is Nelson hub space, 20 Scotland Road and Pavilion Cafe and support and facilitation of the related stakeholders group. Building Bridges will have monitoring and evaluation targets and fund-raising targets relating to the overall budget. Building Bridges are represented on the This is Nelson steering group.
- **Pendle Borough Council (PBC):** are the accountable body for the overall Nelson Town Deal programme. PBC will host Arts Council England project grant match funding aligned to them, support getting permissions for working in Nelson liaising with H&S, town centre and the planning department. It is worth noting the business case does not identify a named officer within PBC who will be acting on behalf of the council.
- **Super Slow Way** is an Arts council funded programme in Pennine Lancashire and sits within the Canal & River Trust. Super Slow Way will deliver the Canalside activities and contribute to the monitoring and evaluation targets.

Creative Lancashire are also named in the management case as the County strategic partner linking into the Lancashire Economic partnership and Lancashire cultural strategy.

The This is Nelson Steering Group will be coordinated and administered by In-Situ in partnership with the wider project team including Pendle Borough Council, Building Bridges and Super Slow Way. The steering group will have subgroup for major workstreams such as 'Festival of Culture'.

The project delivery group will consist of the following member In-Situ (as the lead), Building Bridges, Pendle Leisure Trust Cultural Development Manager, Pendle Borough Council, Super Slow Way, Creative Lancashire and representatives from the sub/task groups.

The business case sets out examples of In-Situ and Building Bridges experience delivering similar projects.

While In-Situ will maintain management of all elements of the programme, the business case and Appendix V suggests:

- Building Bridges are responsible for leading on the three commissions under the community development strand (Artist in Residence programme with Building Bridges communities, Festive food, and Pavilion Café and planting schemes in Victoria Park) and lead the delivery of the Festival of Culture
- Super Slow Way are responsible for leading on one of the commissions under the public realm strand the Linear park and Ripple Effect programme.

Given commissions identified to be led by Building Bridges and Super Slow Way, it is assumed that In-Situ will be the lead on the remaining commissions. Further clarity over the roles and responsibilities for each element of the project should be provided.

The business case confirms that the This is Nelson' project governance structures align with the Nelson Town Investment Plan Structure.

Partner Relationships

As referenced in the commercial case chapter above, an MOU has been agreed between In-Situ and Building Bridges. This is provided in Appendix X of the business case and includes the following commitments for each organisation.

In-Situ	Building Bridges
<ul style="list-style-type: none"> • Managing all aspects of the This Is Nelson programme • Managing the budget, finances and procurement. • Managing project work development plans and monitoring of outputs. • Managing project evaluation. • Managing cross-cutting support for other Nelson Town Deal programmes. • Lead of Artist and Young people's projects and delivery of outputs. • Designate a lead officer for project delivery 	<ul style="list-style-type: none"> • Supporting the Management and Governance of the This Is Nelson programme. • Supporting project work development plan. • Leading on the Community Engagement strand of work and delivery of outputs. • Designate a lead officer for the project activity. • Contribute to the monitoring & evaluation process • Providing direct support to the Pavilion Community Hub and Café. • Provide access to the town centre hub for This Is Nelson activities

It is noted by the appraiser that the MOU does not include reference to the Festival of Culture while the business case suggests Building Bridges will lead on this. As stated above it would be useful for the applicant to set out the roles and responsibilities for each element and this should be reflected in the MOU's.

An MOU with In-Situ and Super Slow Way is in the process of starting. As outlined in the commercial case details of this MOU should be shared with the Towns Fund Board once agreements are in place.

Clarifications confirm that Super Slow Way will manage the Canalside works while In-Situ will oversee progress and manage the MOU agreed for the shared impacts of the scheme within the Nelson Town Deal boundary.

Delivery Programme

The following high-level milestones are set out in the business case:

Milestone	End Date
Project Sign off	Sept 2022
Project team in place	Sept/October 2022
R&D completed	March 2023
Full delivery phase	April 2023-March 2026

Clear milestones should be agreed for in order that any delivery risks can be identified at the earliest opportunities.

In addition, and reflecting the co-creative nature of the project, it is recommended that an annual delivery plan is submitted to and approved by the Board each year.

Risk Management

As the project lead, In-Situ are responsible for assessing and managing risks, working with Building Bridges and Pendle Borough Council.

The key risk identified appears to be securing the match funding, while the applicants state they are confident in securing Arts Council England funding, the Heritage funding (which accounts for 7% of total costs) requires more effort in developing an approach, which suggests it may be more at risk. As outlined in the financial case, applications are in process for the remainder of the funding package, and conversations have been undertaken with funders helping to provide some assurance that match funding is likely to be secured. As set out in the financial case, confirmation should be provided as to when decisions are likely to be made, and whether funding will be in place prior to release of Town Deal funding and a process should be put in place for agreeing how any shortfalls in funding is addressed.

The business case outlines the implications of not securing the remaining match funding and confirms that Town Deal is funding the key areas of the programme including the public realm/town centre works, young people's strand and the development of pop up, public arts programmes and shop spaces while they would not be able to deliver some of the lead artists future thinking work, scaled up events and festival activities. Given the funding is secured for the Super Slow Way canalside activities this would also be delivered, and there would be the potential to redirect funding to focus on enhancing this strand of works. This confirms that a reduced scheme could be delivered. It would be beneficial to set out revised outputs in this scenario.

Overall, the risk and mitigation summary in the business case and detailed risk register in Appendix T identify an appropriate range of risks and set out suitable mitigation measures.

However cost inflation is not identified as a risk and, in light of prevailing rate of inflation, implications on the project delivery should be monitored and understood at the earliest point. As stated in the financial case a process should be put in place for agreeing any project changes (e.g. if project needs to be scaled back or some elements dropped).

Monitoring and Evaluation

The business case confirms an annual evaluation will be completed and quarterly Performance reports will go the Nelson Town Deal Board.

A monitoring and evaluation plan included in the business case sets out the quantifiable indicators against which the project will be monitored and allow achievements to be captured against Towns Fund indicators and confirms frequency of collection and who is responsible for collecting the data. There is a clear link between the Theory of Change and objectives identified in the M&E plan. However, the plan includes young people engaged in co-creation improve decision making skills which is not a key project output but does not include number of volunteers which is. An updated detailed monitoring and evaluation plan should be provided to ensure the plan aligns with activities and key outputs are captured.

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Conclusions and Recommendations

Conclusions

On the basis of the assessment set out above, we recommend this project as being suitable for approval to the Towns Fund Board.

Strategic Case

- The project is aligned with local policy objectives and supports objectives outlined in the Nelson Town Investment Plan. An under provision of arts and cultural activities and the need for investment in the town centre is demonstrated in addition to evidence of stakeholder support.
- While the basis of estimates for outcomes is not evidenced, the estimated outcomes for each element appear reasonable and not notably high. It is also worth noting that the exact nature for some commissions is likely to be determined through co-creation as communities and partners are engaged.
- It has been confirmed that the public realm output for this project is not eligible under Towns Fund Guidance (given it relates to internal spaces) and therefore the applicant should amend outputs at the point of contracting.

Economic Case

- The economic case assessment is compliant with HM Treasury Green Book and Towns Fund Guidance and the appraisers broadly agree with the approach adopted. A BCR of 2.67 is estimated for the intervention, representing good value for money.
- The appraiser recognises that the value for money conclusions are highly dependent on the assumptions for social value, but finds that a BCR of 1.5 can be achieved if there at least 25 regular attendees to the youth outreach programme per year, 40% of which benefit from improved confidence (10 per year) and there are 50 regular volunteers across the programme duration. The appraiser notes it will be important for PBC and the Towns Fund Board to ensure the project is being effectively monitored against the outcomes linked to social value in particular to ensure value for money is achieved.
- Inflationary pressures could lead to scaling back the proposals, which has the potential to impact on the economic assessment. Given the strong BCR, this is not expected to present a significant risk to scheme value for money, however the implications of any future revisions to the proposed scope of works should be considered.

Financial Case

- Costs are based on In-Situ's previous experience of delivering similar projects and a contingency allowance of 2.5% is included.
- Inflation does not appear to have been included within costs project costs presented and could pose a risk to the project. How inflation will be managed the potential the impact on what is deliverable should be clearly set out, and this should be closely monitored by PBC and the Towns Fund Board.
- To date, £90,000 of the £377,000 (24%) match funding contribution has been secured while the remaining match funding is yet to be secured. The business case confirms that applications are underway and conversations for support have been progressed and if match funding is not secured a reduced scheme could be delivered without some of the lead artists future thinking work, scaled up events and festival activities.
- The applicant should provide clear milestones for achieving a fully funded investment package which can be monitored by PBC and the Town Board.
- A process for agreeing how any shortfalls in funding is addressed should be defined and PBC and the Towns Fund Board should confirm they are happy with any revisions to the project scope.

Commercial Case

- Appropriate procurement arrangements are in place.
- An MOU has been agreed between In-Situ and Building Bridges. An MOU with In-Situ and Super Slow Way is in the process of starting. Details of this MOU should be shared with the Towns Fund Board once agreements are in place.
- Permissions will be required for pop-up spaces, temporary structures, events programme, and the activities and capital works alongside the canal. Correspondence with planning department at PBC is appended to the business case providing some assurance.
- Independent Subsidy Advice has been provided indicating that the project can be delivered within existing regulations.

Management Case

- Appropriate management arrangements are set out.
- Further clarity over the roles and responsibilities for each element of the project should be clearly set out and reflected within the MOU's for organisations.
- High level milestones are provided. Clear milestones should be agreed in order for any delivery risks to be identified at the earliest opportunities.
- Core risks are identified and appropriate mitigations are in place however inability to secure match funding remains the key project risk. Confirmation should be provided as to when decisions are likely to be made, and whether funding will be in place prior to release of Town Deal funding.
- Inflation is not identified as a risk however, in light of prevailing rate of inflation, implications on the project delivery should be monitored and understood at the earliest point.
- Processes should be put in place for agreeing how any shortfalls in funding is addressed and for agreeing any project changes and revisions to project scope.
- Appropriate monitoring and evaluation arrangements are in place.

Recommendation

On the basis of the findings set out above, this project is considered suitable for funding subject to the following conditions being met:

- Outputs are amended to reflect Towns Fund compliant outputs and an annual profile is confirmed.
- How inflation will be managed and the implications on the project deliver is clearly set out and continues to be monitored closely.
- Clear milestones for confirmation of match funding and the implications of any funding sources not being secured are clearly set out.
- Processes are in place for agreeing how any shortfalls in funding is addressed and for agreeing any project changes and revisions to project scope.
- Clear milestones for delivery are clearly set out.
- An annual delivery plan is submitted to and approved by the Board each year.
- Further clarity over the roles and responsibilities for each element of the project is clearly set out and is reflected within the MOU's for organisations.

Appendix: Expenditure and Output Profile

Expenditure Profile

Annual Cost Profile				
22/23	23/24	24/25	25/26	Total Cost
£162,181	£398,095	£307,595	£237,095	£1,104,966

Source: Business Case and supporting appendices provided 07/04/22

Outputs Profile

The anticipated outputs are set out below, based on the business case. The profile of all outputs should be confirmed at the point of contracting.

Output Profile						
	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Number of Improved cultural facilities			1	1		2
No. temporary FT jobs supported during project implementation		1	1			2
Repurposed floorspace (m ²)		60	60	35		155

Source: Business Case and Monitoring and Evaluation Plan Programme provided 07/04/22

Outcome Profile					
	2021/22	2022/23	2023/24	2024/25	2025/26
No. full-time equivalent (FTE) jobs created through the projects		3.5	5.0	3.9	2.6
No. participants working across the different commissions		133	265	265	265
Number of people engaged in co-creation regularly volunteering		67	133	133	133
Young people engaged in co-creation activities increase confidence		16	32	48	48

Source: Business Case and Monitoring and Evaluation Plan Programme provided 07/04/22