



REPORT OF: HOUSING, HEALTH AND ENGINEERING SERVICES
MANAGER

TO: NELSON TOWN DEAL BOARD

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ACCESSIBLE NELSON: BUSINESS CASE ASSURANCE & FUNDING RECOMMENDATIONS

PURPOSE OF REPORT

To present the Board with the independent business case appraisal report and funding recommendations for the Accessible Nelson project.

RECOMMENDATIONS

That the Board:

1. Note the findings of the business case appraisal report for the Accessible Nelson Project.
2. Recommend that Pendle Borough Council's (PBC) Policy and Resources Committee:
 - a. Approve £3,463,952 of Towns Funding to the Accessible Nelson project, subject to the following conditions being met:
 - That ways in which the project works alongside other projects (notably the 'This is Nelson' project) to address the negative impacts of the railway bridge close to Detail Area 6 are set out, so that the potential project benefits from the Accessible Nelson project investment are enhanced and not undermined.
 - That there is a commitment to close monitoring of costs as part of project implementation, given the potential impact of cost over-runs, materials cost rises and contractor availability/capacity. Therefore, affirmation that the risk register for the delivery of the works will be maintained and reviewed regularly as part of project delivery should be given.

- That the monitoring and evaluation plan is expanded to include baseline and monitoring of walking and cycling usage for the two schemes, and a commitment to assessing wider (non-monetised) benefits.
- A commitment to work to maximise take-up of bicycle use post project, demonstrated through, for example, linking with the potential Lancashire County Council pilot Mobility Hubs and promotion of bike rings for use by Town Centre businesses.
- That the post-project maintenance agreement be put in place between Lancashire County Council and Pendle Borough Council.

b. Delegate authority to the project appraisal sub-group of the Board to ensure these conditions are met.

c. Authorise the submission of the Project Summary Document to Government.

3. Delegate authority to the Chair to agree and sign the Project Summary Document prior to submission to Government.

REASONS FOR RECOMMENDATIONS

1. To inform the Board of the outcome of the Accessible Nelson business case appraisal.
2. To seek approval for project delivery funding from the Accountable Body and the Government; and to agree the conditions which should be attached to this.
3. To enable the Chair to agree and sign the Project Summary Document on behalf of the Board.

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 should 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 Accessible Nelson project 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. A summary of the key points and proposed conditions are provided below.

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, signed by the Chair of the Board and the Council's Chief Executive or S151 officer will be submitted to Government.
5. If the Government are happy with the details of the Project Summary Document, Year 1 delivery funding will be released. 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: Accessible Nelson

Applicant: Pendle Borough Council

Towns Funding sought: £3,463,952

6. A presentation regarding the Accessible Nelson project was given by the project leads to the Town Deal Board at their meeting on 4th March and 1st April 2022.
7. The Accessible Nelson project aims to improve traffic flow and movement around the town centre and improve the quality of the environment and public realm on key gateway routes into and through the town. The two areas identified for Towns Fund investment are New Scotland Road and Leeds Road Junction; and Railway Street and Broadway.
8. Specifically, the works will include: widening pathways, upgrading of footway materials, introducing shared-use paths for pedestrians and cyclists, provision of high-quality signage and greening-up by introducing street trees. The two schemes will also include improved junction and main road crossing for pedestrians and cyclists to improve access and flow within the town centre.

Strategic Case

9. The business case appraisal report highlights that there is a clear strategic case for investment in the Accessible Nelson project and the proposals align with the priorities of the Towns Fund.
10. The project meets with a number of the Strategic Objectives of the Town Investment Plan, including:

- 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.
- SO5: To support health and well-being 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.
- SO9: To enhance digital and physical connections to support inclusion and economic growth.

11. The Business Case also clearly sets out how the project will respond to a range of broader local and national priorities, including Pendle's Local Plan and the national Levelling Up White paper.

12. The key challenges to be addressed by the interventions are clearly set out and include Nelson's poor pedestrian and cycle infrastructure, poor place perception and inefficient movement increasing congestion.

13. The project complements other investments in and around the Town Centre, though the linkages with some of these other investments and activities could be strengthened further.

14. Given the 'public goods' nature of the investment, it is highly unlikely that the private sector would be willing or able to bring forward the project. There is therefore a sound basis for public investment, coupled with good levels of stakeholder and partner support.

Economic Case

15. The approach set out in the Economic Case is consistent with the requirements of the Green Book and Towns Fund. Whilst the appraiser sought further information with respect to the options assessment as part of the appraisal and clarification process, the basis on which the preferred option has been identified is considered clear and the approach adopted for estimating project costs and benefits is in line with Green Book guidance.

16. The project will deliver the following direct outputs:

DLUHC Reported Outputs							
Output Indicator	Indicator Type	Total	2021/22	2022/23	2023/24	2024/25	2025/26
Construction jobs**	Mandatory	Up to 15 FTE's supported		15	11	8	
Shared Walking/Cycling Lanes	Optional	678m					678m
Number of junctions improved	Optional	3					3
Number of trees planted per year	Optional	36					36
Public Realm	Optional	7,823 sqm					7,823 sqm

17. This will lead to the following outcomes and benefits:

- £2.25 million in wider land value uplift over the appraisal period.

- £10.60 million in cycling and walking benefits over the appraisal period.
- £0.10 million in tree planting benefits over the appraisal period.

18. The following wider benefits will also be delivered:

- Construction GVA and temporary employment opportunities during the build out stage.
- Reduced carbon emissions due to greater journeys being made by modes of active transport.
- Increased sense of pride and belonging for residents due to public realm improvements.
- Improved perceptions of Nelson as a place to live by current residents and visitors.
- Improvement in journey quality and safety through walking and cycling in Nelson.
- Reduction in the number of traffic accidents in Nelson

19. The appraiser notes that these additional benefits could be considerable. **A commitment to capturing some of this data would be extremely useful in case-making for future investments of this nature; and as such should be built into the monitoring and evaluation plan.**

20. One of the two schemes (Railway Street and Broadway) is close to (but does not include) the railway bridge itself, where there are strong associated negative perceptions. The proximity to the railway bridge risks undermining some of the scheme's proposed benefits. **Close working with the 'This is Nelson' project and consideration of other railway bridge improvement works should be a condition of grant approval.**

21. The business case estimates that the project will deliver **'high' value for money with a BCR of 3.4:1**. Costs would need to increase by 67% or benefits reduce by 52% for the BCR to come down to 2:1. Even allowing for the fact that benefits estimated may be at the top end of the range expected, there is confidence the intervention will deliver good value for money.

22. Sensitivity testing has been undertaken considering a reduction in potential benefits across a number of scenarios. In all cases there remains a positive BCR which ranged from 2.65 to 3.19.

Financial Case

Funding

23. The project is seeking £3.464 million from the Towns Fund and an expenditure profile is provided in the table below. The profile varies from that set out in the project confirmation tables submitted to Government back in Sept 21, reflecting the more detailed work undertaken through business case development. We understand there will be an opportunity to provide an updated spend profile to DLUH for all projects in summer 2022.

Accessible Nelson Project: Towns Fund Expenditure Profile

	2022/23	2023/24	2024/25	2025/26	Total
Towns Fund: Capital	£91,753	£1,543,836	£1,109,613	£718,750	£3,463,952

24. No match funding has been identified in the project and the intervention rate is 100% from the Towns Fund.
25. The Board are aware that discussions are ongoing with Lancashire County Council and their consultants regarding funding bids they are preparing for active travel schemes and the creation of 'mobility hubs' in East Lancashire. Both of these provide the opportunity to enhance the Town Deal investment through the Accessible Nelson project.

Costs

26. Although estimated, a detailed breakdown of costs has been provided in the business case. These were generated by the design team, Quantity Surveyors and Pendle Borough Council engineers and are deemed to be appropriate. Detailed design costs will be obtained through the procurement process.
27. Contingencies are included in the costs at 15%, in addition to inflation for the two scheme elements. There remains some risk that the contingencies and allowance for inflation are insufficient, however the level of contingency is reasonable and appropriate at this stage.

Commercial Case

28. The procurement and management of the project will be the responsibility of Pendle Borough Council's Housing Health and Engineering Dept. The Accessible Nelson Steering Group, who oversaw the development of the project will evolve to oversee its delivery. This group involves representative from LCC as the Highways Authority, including cycling officers who are involved with the Lancashire Walking and Cycling Infrastructure Plan.
29. The works are all within the land ownership of Lancashire County Council as the Highways Authority. No planning consents are required although statutory requirements such as safety audits are. One Traffic Regulation Order is anticipated which has been built into the project delivery timetable. Discussions regarding ongoing maintenance of the area following the investment are ongoing.
30. Independent subsidy control advice has been provided and the advice provided is that the project is not subject to subsidy control.

Management Case

31. The project management arrangements are sound and appropriate. Pendle Borough Council's Engineering Team experienced in delivering large capital investments and

examples are provided in the Business Case. There are clear responsibilities set out for the Project Delivery Group, including managing procurement, the works, project deliverables and risk.

32. It is recommended that a condition of the funding is that the post-project maintenance agreement be put in place between Lancashire County Council and Pendle Borough Council. Dialogue on this matter is currently ongoing between the two organisations.

33. There is a clear delivery programme for the scheme in the form of a detailed project plan. The key milestones for the project are set out below:

Further Engagement with funders/ stakeholder organisations	Aug to Oct 22
Funding Approved	Aug 22
Designs finalised	Oct 22
Permissions secured	Oct 22-Dec 22
Tendering first works package	Jan 23-Mar 23
Delivery commences	April 23
Operational Start	April 23
Delivery completes	September 2025

34. A high-level risk register is provided in the Business Case. The main risks relate to the potential for cost over-runs, including material cost rises and contractor capacity/availability. Gaining consents is also an identified risk. **A recommended condition of the funding is that there is a commitment to close monitoring of costs as part of project implementation, given the potential impact of cost over-runs, materials cost rises and contractor availability/ capacity. Therefore, affirmation that the risk register for the delivery of the works will be maintained and reviewed regularly as part of project delivery should be given.**

35. A clear monitoring framework has been provided for the capital works including public realm, junction improvements, km of footpaths and cycle ways and costs. **There is, however, no formal provision for monitoring usage of walking and cycling, and it is recommended that this should be added, including a commitment to the capturing the baseline position.**

36. A final recommendation of the appraisal report is that there is a commitment to work to maximise take-up of bicycle use post project, demonstrated through, for example, linking with the potential Lancashire County Council pilot Mobility Hubs and promotion of bike rings for use by Town Centre businesses.

Funding Recommendations

37. 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 £3,463,952 Towns Funding to the project subject to a number of conditions outlined above.

38. In light of the positive independent assurance of business case, the Board are asked to agree the recommendations as set out in this report.

39. Subject to the agreement of the Council's Policy and Resources Committee on 21st July, a Project Summary Document will be submitted to Government signed by the Chair of the Town Deal Board and the Council's Chief Executive or S151 Officer.

IMPLICATIONS

Policy: The project will support the delivery of the Nelson Town Investment Plan and is in line with a number of other local and national policy documents.

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 Government. Only once this is approved will project delivery funding be released.

The funding profile for the project varies from that submitted to Government with the project confirmation tables in Sept 21. This is the basis upon which annual funding would be released and performance would be measured. We understand that there will be an opportunity to update funding profiles to reflect the outcome of business case development work, etc, in summer 2022.

Legal: None directly arising from this report.

Risk Management: A project level risk register will be maintained as part of the scheme delivery.

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: Accessible Nelson Project Appraisal Report by ekosgen