

REPORT OF: HOUSING, HEALTH AND ENGINEERING SERVICES
MANAGER

TO: NELSON TOWN DEAL BOARD

DATES: 5th August 2022

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

PURPOSE OF REPORT

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

RECOMMENDATIONS

That the Board:

1. Note the progress regarding business case development and project/programme monitoring.
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. **Appendix 2** provides details on spend the achievement of outputs from the start of the project in February 22 up to the end June 22.
5. The YES Hub staff recruitment process is almost complete; the Project Lead and Hub Support have now been appointed and the Youth Engagement Worker should be in post mid-August.
6. The project is going well with an ever increasing timetable of outreach activities as more and more partners become engaged with the Hub. Recent additions to the timetable include the Hub Bike Club, a Breaking Cycles initiative that focusses on cycle repairs, refurbishment and bike maintenance skills, and activities such as tennis and paddle sports.
7. The project is on course to deliver on its outputs. Based on Qtr 1 performance, it's likely to exceed 4 of its 6 outputs. The remaining 2 outputs (learners supported to enrol in education or training and young people gaining new qualifications) are showing lower than expected for Qtr 1. However, it is data sharing challenges which are causing these low numbers. The Hub supports users to enrol onto courses but learning providers are not able to share with the Hub their take up details. Data sharing agreements are currently being explored between the Hub and Learning Providers to help rectify this issue going forward.
8. It has also been highlighted that the course formats may be a barrier for some Hub service users to access the learning. Work is underway with Lancashire Adult Learning to consider how the courses can be adapted and tailored to meet individual needs and situations.

Business Resilience and Growth, This is Nelson, Advanced Digital Skills Academy

9. Business cases for each of these projects were considered by the Board and Pendle Borough Council in May. Project Summary Documents are currently with DLUCH for consideration and a response on these is expected later in August / September.
10. Discussions are continuing regarding the lease for the preferred town centre 'spoke' venue (the lower two floors of the ACE Centre) for the Advanced Digital Skills Academy project and Heads of Terms have been drafted.

Healthy Town and Accessible Nelson

11. The project business cases were considered by the Board at their last meeting. The funding recommendations made to the Council's Policy and Resources Committee were agreed at their meeting on 21st July. Project Summary Documents will be submitted to DLUCH by 5th August.

Revitalised Nelson and Modernising Nelson's Industrial Potential

12. A further meeting has been held with our programme lead and a member of the central team at CLGU to update them on the position with both of these projects and to discuss our request for an extension for the business cases. Following this, a formal request has been submitted asking that the Project Summary Document be submitted by 13th January 2023 –

the date by which CLGU have asked for Summary Documents to be submitted to enable payment of project funding for 2023/24 to Accountable Bodies.

13. Due to the changed position with the Modernising Nelson's Industrial Potential project, initial thoughts around a Project Adjustment Request were also discussed reflecting the potential options shared at the last Board meeting. A formal Project Adjustment Request will need to be submitted to CLGU in advance of business case submission. Further detail on the proposed request will be brought to the next Board meeting.
14. Feasibility work is ongoing for a number of the target buildings in the Revitalised Nelson project including Trafalgar House and the Bankhouse Rd site. A presentation will be provided to the Board on the Trafalgar House option appraisal by the consultants leading on this work. A separate presentation will also be provided on Pendle Rise, for which preparatory work for a Compulsory Purchase Order is ongoing.

Programme & Project Risks

15. A programme and project level risk register is attached in **Appendix 3**.
16. Business cases for many projects are now complete which mitigates a number of the risks. However, these still exist for the Revitalised Nelson and Modernising Nelson's Industrial Offer.
17. 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.
18. This issue of inflation was raised at our meeting with CLGU. It was made it clear that no further funding will be made available to overcome inflationary issues. However, they may be sympathetic to a degree of flexibility where inflation is having a significant impact on projects.
19. Key project level risks relate to the acquisition of Pendle Rise in the Revitalised Nelson project, the outcome of Strategic Leisure Review and how this may impact on the proposed investment in Wavelengths in the Healthy Towns project, and the Project Adjustment Request required for the Modernising Nelson's Industrial Potential project.

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.

APPENDIX 1

Business Case Development & Appraisal - Timetable

25.7.22

(Dates shown = Fridays)

Project / Business Case	July					Aug				Sept				Oct				Nov				Dec				Jan					
	1	8	15	22	29	5	12	19	26	2	9	16	23	30	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27
YES Hub	Completed																														
Digital Skills Hub	Completed																														
This is Nelson	Completed																														
Business Resilience & Growth	Completed																														
Accessible Nelson	Completed																														
Healthy Town	Completed																														
Revitalised Nelson & MNIO - proposed timeline*	[Patterned]					[Patterned]				[Patterned]				[Green]				[Orange]				[Red]				[Purple]			[Yellow]		

* Extension to 13th Jan 23 to be agreed by DLUHC

Key stages / milestones

[Patterned]	Business Case development inc Design/feasibility/costings/engagement activities
[Blue]	Report/presentations to Board re: project design / feasibility inputs / updates, etc
[Light Green]	Receipt of business case for appraisal - by external consultant & Appraisal sub-group
[Light Orange]	Comments and clarification points issued by appraiser and considered by project lead/working group
[Light Brown]	Review of responses by appraiser and further dialogue if required
[Red]	Final appraisal report issued by external appraiser
[Purple]	Town Deal Board Papers Issued
[Yellow]	Town Deal Board meeting
[Light Green]	Policy and Resources Committee meeting (delegated approval to be sought for Revitalised Nelson / MNIO)
[Orange]	Submission of Project Summary Document to DLUHC

APPENDIX 2 – YES HUB MONITORING UPDATE

Pendle YES Hub - Expenditure / Funding

	2021/22	2022/23					2023/24	2024/25	2025/26	Total	Project target from Business Case	Variance
	Actual	Actual	Forecast	Forecast	Forecast	TOTAL YR Target / Forecast						
Town Deal Funding	Actual	Actual	Forecast	Forecast	Forecast	Target / Forecast	Forecast	Forecast	Forecast	Forecast		
Actual/Forecast Expenditure* (£ Rev)	15,800	24,781	24,770	24,769	24,769	99,089	100,126	101,744	103,630	420,389	420,389	-
Profiled Expenditure (£ Rev)**	17,766	21,660	21,661	21,661	21,661	86,643	95,600	107,950	112,430	420,389	420,389	-
Variance	-11%	14%	14%	14%	14%	14%	5%	-6%	-8%	0%		

* Actual expenditure to date, plus forecast expenditure based upon spend profile in project business case.

**Profiled Expenditure taken from Annex A-1 financial profile submitted to DLUCH with Project Confirmation Tables in Oct 21.

	2021/22	2022/23					2023/24	2024/25	2025/26	Total	Project target from business case	Variance
	Actual	Actual	Forecast	Forecast	Forecast	TOTAL YR Target / Forecast						
Expenditure - other funding sources	Actual	Actual	Forecast	Forecast	Forecast	Target / Forecast	Forecast	Forecast	Forecast	Forecast		
Pendle Borough Council (Rev)	933	1590	2883	2884	2883	10,240	12,484	12,734	5,494	41,885	41,885	-
Service Provider***	-	0	2210	2210	2210	6630	6,726	6,860	6,999	27,215	33,715	- 6,500
Pendle Borough Council (Cap)****	-	0	2000	0	0	2000	-	-	-	2,000	2000	-
Accelerated Funding	-	-	3,888	3,889	3,889	11,666	10,000	10,000	10,000	41,666	41666	-

***A target of £6,500 from Service Provider in 2021/22 reflected full annual cost rather than apportioned cost for Feb/ Mar (£1,083). These 2021/22 costs were met by Nelson & Colne College Group, not Active Lancashire as Lease Terms for Active Lancashire only commence 1st August 2022. Monitoring of actual Service Provider spend to commence in Qtr 2 as part of Lease Agreement

****Carried forward from 2021/22. No spend against this was reported in Qtr 1; will be allocated in Qtr 2.

Pendle YES Hub - OUTPUTS

Output indicators	2021/22	2022/23					2023/24	2024/25	2025/26	Total	Project target from Business Case	Expected Variance (Business Case Target v Forecast]
	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast			
# of temporary FT jobs supported	3	0	0	0	0	0	0	0	0	3	3	0
Number of closer collaborations with employers	8	10	4	4	4	22	22	22	22	96	96	0
Young people engaging in exercise	23	12	10	10	8	40	40	40	33	176	176	0
Learners supported to enrol at education/training facilities	6	3	25	15	37	80	80	80	78	324	324	0
Young people with increased confidence	19	27	23	25	25	100	100	100	81	400	400	0
Young people gaining new qualifications	7	1	12	8	19	40	40	40	33	160	160	0
Number of people supported to address and remove barriers and social issues to skills development and employment pathways	17	40	25	25	14	104	104	104	103	432	432	0

Hub Steering Group is aware of low outputs achievements for new learners and qualifications outputs. This is mainly due to a data sharing barrier which prevents the Hub being able to receive feedback from learning providers. Working with LAL on a Data Sharing Agreement. Also working with LAL to adapt courses to make them more flexible and responsive to need.

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 complete. A time extension has been requested for the final 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. Work is progressing at pace with consultants and JV partners to complete these inputs.	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. Appraiser are able to respond to changing timeframe.	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	Project Adjustment Request will be required for the MNIO project. Initial proposals on this have been shared with the Board and CLGU and a formal request is expected to be made in early Sept.	3	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 identified early on. Ensure development programmes allow sufficient time to	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
		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	A small number of projects require sites to be secured for delivery. Funding conditions have been used (in the case of the Digital Skills Academy 'spoke'). A CPO is being progressed alongside negotiations for Pendle Rise. The project timeline shows the Pendle Rise scheme can be delivered if CPO is required.	3	3	
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	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
	Government and the ambitions reflected in the Town Investment Plan.						
10.	There is a risk of lack of communication regarding the Town Deal resulting in 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 locally and by Government.	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	
12	Cost inflation affecting the delivery of projects as originally envisaged.	Ensure robust inflation estimates are built in at project development / business case stage.	Project leads / PBC	Inflation is being considered when costing Capital schemes and/or is being highlighted at the appraisal stage for further consideration in terms of project risks, conditions, etc.	3	3	

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	Heads of terms 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 has been submitted alongside the Project Summary Document.	1	4	
This is Nelson	There is a risk that not all of the match funding will be secured.	Potential funders engaged at an early stage.	In Situ	Funders have been engaged at an early stage and letters of support have been provided as far as possible with the business case.	3	3	
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 established. Review scheduled to complete and be reported in September	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	
Healthy Town	There is a risk that match funding cannot be secured for the Wavelengths investment	Potential funders engaged at an early stage.		Ongoing dialogue with funders, linked to outcome of Strategic Leisure Review.	2	4	
Revitalised Nelson Modernising	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	Ensure JV partner are aware of priorities at earliest possible time.	PBC	JV partner in place and is currently is working with the Council to progress feasibility work. Trafalgar House feasibility is ongoing. PEARL Together	2	4	

Project	Risk	Mitigating Action	Owner	Mitigating Actions Update	Likelihood 1-5	Impact 1-5	Risk Rating
Nelson's Industrial Potential	new JV partner for Pendle Council.			selected as the preferred developer for the Bankhouse Rd site and scheme currently being worked up.			
Revitalised Nelson	Pendle Rise cannot be acquired through negotiation to support delivery of the Revitalised Nelson project.	Pendle Council has the ability to use Compulsory Purchase Powers to acquire the Centre if this cannot be achieved through negotiation.	PBC	A CPO is being progressed alongside negotiations. The project timeline shows the Pendle Rise scheme can be delivered if CPO is required.	4	3	
Modernising Nelson's Industrial Offer	Changes since the TIP was submitted mean this project will not be delivered as originally anticipated.	Use CLGU Project Adjustment Request (PAR) procedure to agreed change of scope/purpose of this project/funding.	PBC	Initial proposals on the use of this funding shared with the Board and CLGU. Formal PAR to be submitted in early Sept.	5	3	

Risk Register Key

Likelihood

Low 1 → High 5

Impact

Minor 1 → Significant 5

Risk Rating

	Low Risk – no action required
	Medium Risk – keep under review
	High Risk – action required