

**REPORT OF:** HOUSING, HEALTH AND ENGINEERING SERVICES  
MANAGER

**TO:** NELSON TOWN DEAL BOARD

**DATES:** 9<sup>th</sup> December 2022

**Contact Details:** Sandra Farnell  
**Tel. No:** 01282 661053  
**E-mail:** [sandra.farnell@pendle.gov.uk](mailto:sandra.farnell@pendle.gov.uk)

**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, project progress and programme monitoring.
2. Note and provide comment on the key project and programme risks and mitigating actions.
3. Agrees delegated authority to the Chair for signing off of the Town Deal monitoring return.

**REASONS FOR RECOMMENDATION**

1. To keep the Board informed.
2. To be able to return appropriately authorised Town Deal monitoring forms in a timely manner.

**ISSUE**

**Background**

1. Over recent months we have been progressing through the Business Case process for all projects and we are now moving into the delivery phase for a number of projects and monitoring those projects in line with approved Business Cases.

## Business Case Development

2. The only outstanding Business Case is for the Revitalised Nelson project which is the subject of a separate report to the Board.
3. Progress on each of the projects that have been through the Business Case process are set out 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 1** provides details on spend the achievement of outputs from the start of the project in February 22 up to the end September 22.
5. The Project is excelling with supporting young people to address and remove barriers and social issues to improve skills development and employment pathways. This quarter, there has been a big focus on seeking opportunities to better support young people. Various meetings were attended to achieve this agenda: including:
  - Pendle Leisure Trust Arts for Wellbeing Programme linked with InSitu to be delivered for the young people
  - Pendle Side Hospice to provide Hygiene Wellbeing Packs for young people for Christmas
  - Super Slow Ways and Ripple Effect Group connections developed to support in creating Canal Hubs to be accessed by community
  - LAL meeting to better develop relationships and ensure relevant provisions are available for young people
  - Attended the This is Nelson meeting to identify opportunities to link into
  - Building Bridges CAAN meeting attended – conversations around National Lottery Fund to support Hubs activities
  - Trailblazed funding application submitted to provide music sessions for young people
6. The project is on course to deliver on its outputs. There has been a steady achievement of outcomes, with extra work done to catch up on Q1 outcomes. Particularly, the Outputs 5, learners supported to enrol at education/training facilities increasing from 3 to 23 and 7 young people gaining new qualifications going from 1 to 8 have improved over Q 2.

## Business Resilience and Growth

7. The Business Resilience and Growth Project Summary Document received sign off from CLGU in September and financial sign off from DLUCH.
8. The Nelson Town Deal Business Grant Panel met on the 23rd November and approved the following applications
  - Carradice who are moving from their other plants in London & Warrington to Nelson (Premises Adaptation) - Full Project Costs £16,068.08, Approved Grant - £8,034.40
  - Buoyant are getting a large array of solar panels to Reduce Carbon and save energy costs– Full Project Costs £217,309.69, Approved Grant £100K
  - Plastech are getting a colour sorter (new machinery) to separate out their plastics– Full Project Costs £36,528, Approved Grant £18,264
9. An application from Furniture Company who are looking to get a new CNC machine with full Project Costs of £26,500 has been deferred to the next meeting and further applications have been received from Agenda Packaging, Hartley Farm Foods and Aspire.

10. The next Grant Panel is planning to meet before the end of the year.
11. A Project Adjustment request was submitted to adjust the spend profile for 2022/23 and 2023/24 but CLGU had already confirmed payments against the original profile. Therefore the payment of £500k is to be made for each of these two years, rather than the adjusted £25k (2022/23) and £750k (2023/24)

### **Advanced Digital Skills Academy**

12. The Advanced Digital Skills Academy Project Summary Document received sign off from CLGU in September and financial sign off from DLUCH.
13. Progress on the Capital Hub is as follows:  
Phase 1: works on site finished, practical completion confirmed August 22  
Phase 2: RIBA Stage 4 design stage is nearing completion e.g. Room data Sheets (RDS) going through final validation process. Invitations to Tender (ITT) are to be issued to contractors by the 15 December with a 6 working week return. Works are scheduled to start on site in April 2023 with a target completion date mid-September 2023.
14. Progress on the Town Centre Spoke is as follows:  
Lease negotiations with regard to the ACE centre are at an advanced stage. The Towns Deal Fund Grant Funding Agreement process needs to be finalised before any lease can be executed.
15. The draft Funding Agreement is currently with other external Project Leads for comments and is expected to be finalised shortly.

### **This is Nelson, Healthy Town and Accessible Nelson**

16. The This Is Nelson, Healthy Town and Accessible Nelson Project Summary Document received sign off from CLGU in September and are awaiting confirmation of the finance checks from DLUCH.

### **Programme & Project Risks**

17. A programme and project level risk register is attached in **Appendix 2**.
18. Business cases for most of the 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.
19. Not all match funding is in place for projects, however these risks can be managed through conditions being placed on projects and clear milestones being in place for receipt of this match.
20. 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.

21. 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.

### **Monitoring Return**

22. Six monthly monitoring returns must be submitted to DLUCH in June and December each year.

23. The monitoring forms updates DLUCH on the progress of live Projects, funding profiles for each of the projects, outputs, outcomes and the risk register, see Appendix 3 for the latest extract of the risk register.

24. The December return, covering the period 1 June 2022 to 30 September 2022, must be returned by Friday 16th December and requires sign off from the S151 Officer and the Town Deal Board Chair.

### **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 – YES HUB MONITORING UPDATE

EXPENDITURE PROFILE																
	2021/22	2022/23					2023/24			2024/25			2025/26			Total (ALL YEARS)
Activity / Expenditure	Qtr1-Qtr4 (Apr - Mar)	Qtr 1 (Apr - Jun)	Qtr 2 (Jul - Sep)	Qtr 3 (Oct - Dec)	Qtr 4 (Jan - Mar)	2022/23 Total	Apr-Sept	Oct-Mar	Total Yr	Apr-Sept	Oct-Mar	Total Yr	Apr-Sept	Oct-Mar	Total Yr	
REVENUE	Actual	Actual	Actual	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Staffing costs	£ 15,800.00	£21,241.29	£21,241.29	£28,302.71	£28,302.72	£ 99,088.00	£50,063.00	£50,063.00	£100,126.00	£50,862.00	£50,862.00	£101,724.00	£51,805.00	£51,805.00	£103,610.00	£420,348.00
Utility costs	£ 933.00	3283	£ 2,725.05	£ 2,210.00	£ 2,210.00	£ 10,428.05	£ 6,242.00	£ 6,242.00	£ 12,484.00	£ 6,367.00	£ 6,367.00	£ 12,734.00	£ 2,747.00	£ 2,747.00	£ 5,494.00	£ 42,073.05
Facilities management	£ 48.00	£ 198.00	£1,836.35	£ 2,298.00	£ 2,298.00	£ 6,630.35	£ 4,495.00	£ 4,495.00	£ 8,990.00	£ 4,495.00	£ 4,495.00	£ 8,990.00	£ 4,495.00	£ 4,495.00	£ 8,990.00	£ 33,648.35
Subtotal	£ 16,781.00	£24,722.29	£25,802.69	£32,810.71	£32,810.72	£116,146.40	£60,800.00	£60,800.00	£121,600.00	£61,724.00	£61,724.00	£123,448.00	£59,047.00	£59,047.00	£118,094.00	£496,069.40
Total Expenditure	£ 19,506	£ 26,932	£ 28,013	£ 44,172	£ 39,053	£ 122,388	£ 73,284	£ 67,167	£ 127,967	£ 74,458	£ 64,471	£ 126,195	£ 64,541	£ 101,120	£ 118,094	£ 496,069

FUNDING PROFILE																
	2021/22	2022/23					2023/24			2024/25			2025/26			Total (ALL YEARS)
Funding Source	Qtr 1 to Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total Yr	Apr-Sept	Oct-Mar	Total Yr	Apr-Sept	Oct-Mar	Total Yr	Apr-Sept	Oct-Mar	Total Yr	
	Actual	Actual	Actual	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Town Deal Funding CAPITAL						£ -			£ -			£ -			£ -	£ -
Town Deal Funding REVENUE	£ 15,800.00	£21,241.29	£21,241.29	£28,302.71	£28,302.72	£ 99,088.00	£50,063.00	£50,063.00	£100,126.00	£50,862.00	£50,862.00	£101,724.00	£51,805.00	£51,805.00	£103,610.00	£420,348.00
Match Funding Contribution:-																
Active Lancashire	£ 48.00	£ 198.00	£1,836.35	£ 2,298.00	£ 2,298.00	£ 6,678.35	£ 4,495.00	£ 4,495.00	£ 8,990.00	£ 4,495.00	£ 4,495.00	£ 8,990.00	£ 4,495.00	£ 4,495.00	£ 8,990.00	£ 33,648.35
PBC Funding	£ 933.00	£ 3,283.00	£ 2,725.05	£ 2,210.00	£ 2,210.00	£ 11,361.05	£ 6,242.00	£ 6,242.00	£ 12,484.00	£ 6,367.00	£ 6,367.00	£ 12,734.00	£ 2,747.00	£ 2,747.00	£ 5,494.00	£ 42,073.05
Total Funding	£ 16,781.00	£24,722.29	£25,802.69	£32,810.71	£32,810.72	£117,127.40	£60,800.00	£60,800.00	£121,600.00	£61,724.00	£61,724.00	£123,448.00	£59,047.00	£59,047.00	£118,094.00	£496,069.40

## Pendle YES Hub Outputs

Output/Outcome Indicator	2021/22	2022/2023					Forecast			Total all years
		Apr - Jun	Jun-Sept	Oct-Dec	Jan-Mar	Total Yr	2023/24	2024/25	2025/26	
Temporary FT jobs supported during project implementation (pa - sustained)	3	0	0	0	0	0	0	0	0	3
Closer collaborations with employers (The number of relationships between the YES Hub and employers)	8	10	4	4	4	22	22	22	22	96
Young people engaging in exercise	23	12	13	10	8	43	40	40	33	179
People per year supported to address and remove barriers and social issues to skills development and employment pathways	17	40	67	25	14	146	104	104	103	474
Learners supported to enrol at education/training facilities	6	3	23	17	38	81	80	80	78	325
Young people with increased confidence	19	27	16	23	34	100	100	100	81	400
Young people gaining new qualifications	7	1	8	15	16	40	40	40	33	160

## APPENDIX 2 – PROGRAMME RISK REGISTER (Updated December 2022)

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 approved for the final 2 and approval is being sought to merge these into 1	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 and the final Business Case is going through appraisal	1	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 appraisal completed for 6 projects. Assurance is on track for the final business case. Appraisers 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 submitted for Revitalised Nelson/Modernising Nelson's Industrial Potential in December. A draft has been submitted to CLGU	2	3	

Risk No	Risk	Mitigating Action	Owner	Mitigating Actions Update	Likelihood 1-5	Impact 1-5	Risk Rating
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 receive appropriate legal advice, with corrective actions as necessary.	PBC and Project Leads	No issues arising to date.	1	3	
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	



Risk No	Risk	Mitigating Action	Owner	Mitigating Actions Update	Likelihood 1-5	Impact 1-5	Risk Rating
9.	There is a risk that business cases do not demonstrate the level of public support and engagement required for Town Deals, caused by delayed, incomplete or inconclusive public engagement, resulting in failure to meet the expectations of Government and the ambitions reflected in the Town Investment Plan.	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 have been developed by project leads early in the business case development process. No issues to date.	2	1	
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. Town Deal website in place.	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	The Programme Manager has left the Council but additional resources have been brought in by the Accountable Body to undertake Monitoring and Evaluation	1	4	

Risk No	Risk	Mitigating Action	Owner	Mitigating Actions Update	Likelihood 1-5	Impact 1-5	Risk Rating
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	NO LONGER A RISK			
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.	1	4	
Business Resilience and Growth	Heads of terms project specific conditions are not met resulting in DLUHC 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	Funding approved by DLUHC subject to financial checks	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 December	2	5	

Project	Risk	Mitigating Action	Owner	Mitigating Actions Update	Likelihood 1-5	Impact 1-5	Risk Rating
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 Nelson's Industrial Potential	There is a risk that technical inputs required for business case are not completed in line with business case timeline due to link to procurement of a new JV partner for Pendle Council.	Ensure JV partner are aware of priorities at earliest possible time.	PBC	The Business Case has now been drafted and is going through the appraisal process	1	4	
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	. Revised proposals approved by Town Deal Board and Pendle's Policy & Resources Committee. Draft PAR submitted to CLGU for comment before formal submission in December	3	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