

14 April 2021
Your reference:
Our reference: LAS/ZB
Ask for: Zuber Bapu

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**To: Members and Officers of
The City of Preston Town Fund Board**

Dear Sir/Madam

City of Preston Town Fund Board - 16 April 2021

You are requested to attend a meeting of the City of Preston Town Fund Board to be held on Friday, 16th April, 2021 at 10.30 am via MS Teams (invite to the meeting was circulated separately).

Members are reminded of their responsibility to declare any personal interest or disclosable pecuniary interest in respect of matters contained in this agenda.

The Agenda for the meeting is set out overleaf.

Yours faithfully

Jackie Wilding

Director of Resources

City of Preston Town Fund Board
Friday, 16 April 2021

AGENDA

1. **Minutes**

Minutes of the meeting held on 5 March 2021 (**to follow**).

2. **Towns Fund- Implementation Update** (Pages 1 - 12)

Report and Appendices attached.

Report to City of Preston Towns Fund Board**Towns Fund– Implementation Update****Meeting to be held on 16 April 2021****Appendix 1 – Heads of Terms****Appendix 2 – Technical Implementation Group Terms of Reference****1. Summary**

- 1.1 The City Of Preston Towns Fund Board submitted a City Investment Plan (CIP) to government at the end of July 2020. The CIP sets out a 15 year plan for the city centre including a £24.98m Towns Fund investment programme focussed on the Harris Quarter.
- 1.2 On March 3 2021 government issued a Preston Towns Fund Heads of Terms of £19.9m. This was signed by the Board Chair and Chief Executive of the City Council as Accountable Body and returned to government on March 24 2021.
- 1.3 Following acceptance of the Heads of Terms the Board and Accountable Body have an eight week period in which to submit a project plan which provides updated project information, reprofiling and timescales for completion of individual project business cases.
- 1.4 The Board had previously proposed the establishment of an Investment Panel and Technical Implementation Group (TIG) to support the Board and project sponsors in the next phases of project development and Towns Fund programme implementation. Terms of Reference for the TIG have been prepared and the TIG has drawn up a work programme, with the initial phase focused on the preparation of the project plan. Hatch, who supported the Board in the development of the City Investment Plan are to be retained to support the next phases of work. Further guidance on the process for business case development and the local assurance requirements and the progress made by the Board confirms that the proposed remit of the Investment Panel is now subsumed by the remits of TIG and the Board.
- 1.5 The Towns Fund Heads of Terms sets out conditions of support for six projects with maximum Towns Fund contribution totalling £23.76m with the actual Towns Fund award being £19.9m. Project reprofiling needs to be undertaken to ensure affordability within the £19.9m envelope. The project review work has commenced and initial analysis indicates that the Renewal of Harris Quarter Assets and the Illuminate and Integrate projects best fit reprofiling requirements.
- 1.6 An update presentation on progress will be made at the Board meeting.

Recommendations:

The Board is asked to:

- (i) Consider and approve the proposed Terms of Reference for the TIG;
- (ii) Note that the proposed remit of the Investment Panel is now subsumed by the remits of TIG and the Board
- (iii) Note that Hatch are to be retained to support the TIG and the Board;
- (iv) Agree that the financial reprofiling is focussed on Illuminate and Integrate and Renewal of HQ Assets projects;
- (v) Request that the financial and outputs impacts of the re-profiling be approved by Board prior to submission to government;
- (vi) Note ongoing work on the Assurance Framework and request that the draft Framework is brought to Board in due course

3. Information

3.1 The City Of Preston Towns Fund Board submitted a City Investment Plan (CIP) to government at the end of July 2020. The CIP sets out a 15 year plan for the city centre including a £24.98m Towns Fund investment programme focussed on the Harris Quarter.

3.2 In March 2021 the government issued a Preston Towns Fund Heads of Terms offer of £19.9m. This was signed by the Board Chair and Chief Executive of the Accountable Body and returned to government in March 2021. A copy is attached at Appendix 1. In summary the following 6 projects are supported: Harris Your Place; Animate; Preston Youth Zone; Illuminate and Integrate; Renewal of Harris Quarter Assets; and Careers, Employment, Information, Advice and Guidance (CEIAG). The following projects are not supported: Cultural Capacity Building; Towns Fund Programme Management; Community Health and Well Being Capacity Building.

3.3 Following acceptance of the Heads of Terms the Board and Preston City Council as Accountable Body have an eight week period 24 March in which to submit a project plan which provides updated project information and timescales for completion of individual project business cases. This work is now underway and a presentation will be made at the Board meeting. Within one year from acceptance of Heads of Terms all business cases will need to have been prepared, appraised, approved locally with confirmation from government, through submission of summary plans, to enable financial draw down.

3.4 The Board had previously proposed the establishment of an Investment Panel and Technical Implementation Group (TIG) to support the Board and project sponsors in the next phases of project development and Towns Fund programme implementation. Terms of Reference for the TIG have been prepared and are attached at Appendix 2. The TIG, an advisory group to the Board, is chaired by Mark Flemming (UCLan) and comprises officers with the necessary experience and expertise from the City and County Councils and UCLan.

3.5 A work programme has been drawn up which sets out four phases of work:

- | | | | |
|-------|---------|-----------------------|---|
| (i) | Phase 1 | March – May 2021 | Project confirmation and Re-profiling |
| (ii) | Phase 2 | March 21 – March 2022 | Business Cases and
Summary Plan(s) preparation |
| (iii) | Phase 3 | up to March 2026 | Programme Management |

(iv) Phase 4 throughout and beyond Monitoring and Evaluation

3.6 The Phase 1 work is now underway and comprises 4 main tasks.

- (i) Project reprofiling to fit the funding envelope;
- (ii) Assessment of business case readiness and timescales for completion
- (iii) Finalising the local assurance framework
- (iv) Assessment of capacity and stakeholder engagement

3.7 The primary output for the Phase 1 work will be the completion of project proforma templates and proposed responses to the general conditions set out in the Heads of Terms, for approval by the Board prior to submission in government in mid-May. Hatch, who supported the Board in the development of the City Investment Plan are to be retained by the Accountable Body to support the TIG in the development of Phase 1 and Phase 2 work.

3.8 The Towns Fund Heads of Terms sets out conditions of support for six projects with three revenue projects totalling £1.25m not supported. The maximum Towns Fund contribution to the six approved projects is £23.76m, as set out below:

Supported Projects	Max Towns Fund
Harris	£4.1m
Animate	£3.5m
Youth Zone	£5.4m
Illuminate and Integrate	£4.6m
Renewal of HQ Assets	£6m
CEIAG	£160,000
Total	£23.76
Actual	£19.9

3.9 However the total Towns Fund award is only £19.9m therefore project reprofiling is required to reduce the overall Towns Fund contribution to the programme by £3.86m needs to be undertaken to ensure affordability within the £19.9m envelope. At its meeting in March 2021 the Board agreed that the Harris Your Place project be ringfenced from the project re-profiling exercise in anticipation of an announcement for Heritage Lottery Funding support for the project.

3.10 The project review work has commenced and the TIG chair supported by Hatch and Towns Fund programme lead have now met with all project leads. Following these meetings, the initial analysis suggests, based on: scalability; deliverability; value for money; and outputs that the Renewal of Harris Quarter Assets and the Illuminate and Integrate projects best fit reprofiling requirements. Subject to Board confirmation of this approach further work will be undertaken to assess the most appropriate scaling back of these two projects.

- 3.11 It is proposed that the Board meet on the 14th May to consider the draft submission to government, which needs to be submitted no later than the 19th May and which will include the revised maximum Towns Fund allocation for the Harris Quarter Assets and Illuminate and Integrate projects along with the impact on outputs arising from the (likely) reduction in project scope.
- 3.12 The Board may recall that it had previously agreed to establish, at the appropriate time an Investment Panel which would in turn made recommendations on investment decisions to the Board. Further guidance on the process for business case development and the local assurance requirements and the progress made by the Board confirms that the proposed remit of the Investment Panel is now subsumed by the remits of TIG and the Board.
- 3.13 Further guidance and advice on the preparation of business cases continues to be issued by government and its Towns Fund advisors. The repeated emphasis is on local decision making. At its meeting in November the Board received a report on the role and purpose of the Assurance Framework (AF), which is required to enable accountable decision making; ensure value for money; and provide for effective monitoring and evaluation. The Board agreed that the “national local growth assurance framework” provided an appropriate template upon which to draw up Preston’s Towns Fund AF and approved the scope of the AF. It is proposed that the final draft of the AF form part of the project plan and that the AF be brought to the next meeting of the Board for endorsement.
- 3.13 An update presentation on progress will be made by the TIG Chair and Towns Fund programme lead at the Board meeting.

Recommendations

The Board is asked to:

- (i) Consider and approve the proposed Terms of Reference for the TIG;
- (ii) Note that the proposed remit of the Investment Panel is now subsumed by the remits of TIG and the Board
- (iii) Note that Hatch are to be retained to support the TIG and the Board;
- (iv) Agree that the financial reprofiling is focussed on Illuminate and Integrate and Renewal of HQ Assets projects;
- (v) Request that the financial and outputs impacts of the re-profiling be approved by Board prior to submission to government;
- (vi) Note ongoing work on the Assurance Framework and request that the draft Framework is brought to Board in due course



Ministry of Housing,
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3 March 2021

Dear Mr Chesworth and Mr Phillips,

Preston Town Deal

In September 2019, the Government announced the initial 101 places invited to develop Town Deal proposals as part of the £3.6 billion Towns Fund.

Preston was included in this initial 101 places and I was pleased to receive Preston's Town Investment Plan in July. I am grateful for your hard work, and that of your team and Town Deal Board, in developing this set of project proposals to deliver long-term and sustainable economic growth in Preston.

I am delighted to be offering you a Town Deal for Preston to a value of £19.9m. The Draft Heads of Terms for this deal are attached to this letter. A list of the projects that we are content to support within this funding envelope is also attached, with conditions as appropriate: it is for Preston to choose which projects to proceed with.

I understand that you will need to secure the agreement of the Town Deal Board to take up this offer. I would therefore request that you do so and return to us the signed Heads of Terms as confirmation by 24 March 2021. My officials are of course on hand to answer any questions you may have.

This is an exciting opportunity to come together to drive long-term economic and productivity growth in Preston, particularly as we meet the challenges presented by Covid-19. I look forward to working with you to make Preston's plans a reality.

Yours sincerely,

LUKE HALL MP

Heads of Terms offer for Preston Town Deal

Introduction

Preston sits at the heart of the £32 billion Lancashire economy and is its principal commercial and service centre. The city has a major contribution to make in delivering sustainable and inclusive growth. Whilst Preston has many strengths and opportunities: location and accessibility, business base, growth sectors, anchor institutions, leisure and cultural assets, investment is needed to tackle deep rooted barriers to growth: lack of investment, low levels of innovation, supply of quality workspace, graduate retention, skills shortage and incomes deprivation. Covid-19 has further intensified the need for diversification and regeneration of Preston, with its cultural, retail and leisure economy amongst the hardest hit of all sectors.

The TIP addresses Preston's priorities with a strong focus on the historical Harris Quarter. Five of the proposed projects are strongly interlinked to achieve the towns ambitions for the Harris Quarter as a hub for regeneration, skills and employability, the creation of new jobs, homes and retail/leisure facilities.

Government will work with Preston City Council and its Town Deal Board to support the delivery of a Town Deal, with the ultimate goal of ensuring all Preston's residents have a share in the town's success.

The commitment

This document lays out the Heads of Terms offer to Preston, under the Towns Fund. This is not a contractually binding document and the offer is subject to various conditions being met. The Heads of Terms will act as a Memorandum of Understanding for the future development and delivery of Preston's Town Investment plan and project proposals. It sets out our joint expectations as Preston enters the business case development phase.

Government will provide up to **a total of £19.9 million from the Towns Fund**, which will be used to deliver sustainable and inclusive growth. It builds on Preston's location at the heart of Lancashire and strengths/opportunities such as on its business base and leisure/cultural assets.

Preston has proposed a range of projects that will contribute towards achieving this vision. These include:

- Re-imagining the Harris
- Animate cinema and leisure
- Illuminate and integrate
- CEIAG
- Renewal of Harris Quarter and;
- Youth Zone

Preston will need to prioritise these projects within the funding envelope being offered. Funding for individual projects will be subject to successfully completing Phase 2 of the Towns Fund process. This includes detailed project development and business case assurance at local level.

Process, governance and assurance

Local partners will work with government to demonstrate the feasibility, viability and value for money of their projects by developing and submitting the Town Deal Summary Document, including (as per the Further Guidance and Stage two guidance: business case development):

- A list of agreed projects
- Details of business case assurance
- An update on actions taken in relation to the Heads of Terms key conditions
- A Delivery Plan (including details of the team, working arrangements and agreements with stakeholders)
- A Monitoring and Evaluation Plan
- Confirmation of funding arrangements and financial profiles for each project
- Undertaking Public Sector Equalities Duty analysis
- Approval from the Town Deal Board and Lead Council

Preston should conduct project assurance in line with agreed routes for each individual project, and should:

- Demonstrate how the community and business sector consultation has influenced and supported the development of the project, this should be developed further in an action plan supporting the business cases.
- Ensure that there is sufficient capacity and alignment of the proposed projects with existing and ongoing initiatives and match funding.

If the priority projects identified for funding do not progress, we cannot guarantee that funding can be assigned to alternative projects or that if it is those will be to the same value. This may result in an overall reduction in the amount of funding received.

Within two months of accepting this offer, Preston should confirm in writing details of projects being taken forward and a plan for addressing key conditions relating to those projects and the overall Town Investment Plan. This should be sent to towns.fund@communities.gov.uk, copied to the town lead.

Preston must complete business cases for the projects being taken forward and submit the Summary Document within 12 months of the deal being agreed. MHCLG will provide the agreed funding up to the maximum agreed amount of £19.9m, provided that all of the conditions are met.

Signed:

Chair of the Town Deal Board

Chief Executive of lead Council

MHCLG Secretary of State / Minister

Date

ANNEX TO THE HEADS OF TERMS: PROJECTS WITHIN SCOPE OF THE TOWN DEAL

Our Town Deal offer is a maximum of £19.9 million of MHCLG funding in total.

Within this maximum amount Preston may take forward projects selected from those listed below. The Cultural capacity building, Health and Wellbeing capacity building and Animation of public spaces projects cannot be taken forward under this offer.

This funding will be subject to successfully completing Phase 2 of the Towns Fund process as set out in the Towns Fund Further Guidance, including detailed project development and business case assurance at local level. It is also dependent on final spending profiles, including the RDEL/CDEL split being provided, and the further project-specific conditions set out below being met.

Project	Funding offer (max)	Match	Expected outputs and outcomes	Conditions	Fast tracked (Y/N)
Re-imagining the Harris Restoring and redeveloping The Harris as a cultural Quarter	£4.1m	£7.4m	Preston to provide expected outputs and outcomes	N/A	N
Animate cinema and leisure scheme Delivering new leisure facilities adjacent to the Harris Quarter.	£3.5m	£36.5m	Land remediation (0.8 hectares), development of quality residential or commercial space (15,000 sqm), new public space (0.12 ha), 350,000 visitors and a new cultural venue.	N/A	N
Illuminate and integrate Delivering pedestrianisation and cycleway infrastructure on the southern section of Friargate as well as public realm improvements in the Harris Quarter.	£4.60m	£0.96m	3 new community assets, 1.3km new/upgraded cycle/walking paths, wider cycling infrastructure such as cycle parking.	N/A	N
Careers, Employment, Information, Advice and Guidance (CEIAG)	£0.16m	£0.03m	2,500 new learners	N/A	Y

Delivering a hub for skills and careers advisory services in the Harris Quarter.					
Renewal of Harris Quarter assets Redevelopment of buildings for cultural and community activities in the Harris Quarter.	£6m	£14m	Remediation of 4 abandoned sites, 32 residential units, 522sqm of commercial workspace, 2 upgraded community facilities.	Requires more information on match funding and development options. Requires more information on outcomes and costs.	N
Youth Zone Delivering a state-of-the-art facility for young people, providing social, sporting and artistic spaces.	£5.4m	£6.9m	1 Community hub, 1 skills facility, 0.23 ha of redeveloped land, assist 2,500 new learners. Please see point below.	More information on securing match funding. Provide a more detailed delivery plan and further information on outcomes and long-term benefits.	N

General conditions

There are also the following requirements for the process and governance:

- **TIP improvements:** Provide more information on delivery (in particular capacity) and project risks. Provide information on how public and private sector engagement has influenced the TIP and project development.
- **Assurance:** The business cases for projects will be taken through Preston City Council, in line with local assurance processes.
- **Public Sector Equalities Duty:** Preston will undertake programme-wide level impact assessment, relevant project-level impact assessment and relevant Environmental Impact Assessments.

If the priority projects identified for funding do not progress, we cannot guarantee that funding can be assigned to alternative projects or that if it is those will be to the same value. This may result in an overall reduction in the amount of funding Preston receives.

Within two months of accepting this offer, Preston should provide the following information to towns.fund@communities.gov.uk, copied to the town lead (annex a in business case guidance):

- Details of the projects being taken forward (including for each project the capital/revenue split and the financial profile)
- Overall capital/revenue split and financial profile for the Town Deal
- A plan for addressing key conditions relating to those projects and the overall Town Investment Plan.

Preston must complete business cases for the projects being taken forward and submit the Town Deal Summary Document within 12 months of accepting this offer. We expect the Lead Council to complete business cases following its usual assurance processes and in partnership with the Town Deal Board.

If Preston wishes to alter the projects being developed, change them for other projects, or otherwise depart from the conditions placed on the projects above, they should inform the Towns Hub as soon as possible setting out clear justifications and evidence. A form for requesting such changes is in the business case guidance.

CITY OF PRESTON TOWNS FUND TECHNICAL IMPLEMENTATION GROUP

TERMS OF REFERENCE AND WORK PLAN

Composition

1. The Technical Implementation Group (TIG) comprises representatives from the Towns Fund Board organisations. The Group will be supported by specialist advisors and consultants.
2. The Chair will be Mark Flemming, UCLan. A nominee / substitute may be made if the Chair is not in attendance.

Administration of Meetings

3. Preston City Council (PCC), as accountable body for the Towns Fund, will provide administration services for the TIG.
4. The Chair and the accountable body will agree the Agenda and papers will be circulated 3 working days before the meetings – where possible.
5. PCC shall produce minutes of all meetings of the TIG which will be circulated in draft 3 working days after the meeting and submitted with the Agenda for approval at the next TIG meeting

Meeting Frequency

6. The Steering Group shall meet according to operational need at a convenient time during business hours on weekdays and at a convenient place

Role and Work Plan

7. The TIG is a technical advisory working group established to support the Board. The TIG will support the Board over the following four phases:
 - a. Phase 1 **Project assessment** (March – May 2021)
 - b. Phase 2 **Summary Plan** (March 2021 – March 2022)
 - c. Phase 3 **Programme Management** (up to March 2026)
 - d. Phase 4 **Monitoring and Evaluation** (throughout)
8. The TIG shall be used to:
 - a. **Phase 1:** make recommendations to the Board on business case readiness, project reprofiling to fit the funding envelope and finalising the local assurance framework. During this phase the TIG will meet three times (minimum). Representatives of the TIG will engage with project sponsors and leads. The output of this phase will be a recommendation to the Board re the submission to government in mid-May.

- b. **Phase 2:** Enable the submission of the Summary Plan by the Board and the accountable body to government no later than 24 March 22. The Summary Plan will set out that business cases have been signed off locally and will set out an annual draw down profile. The TIG will support project leads in the preparation of the business cases and will oversee the independent appraisal of the business cases. The TIG will support the accountable body in the preparation of any grant funding agreements. The TIG is expected to meet monthly during this phase. The output of this phase will be the recommendation to the Board re the submission of the (final) Summary Plan to government. (business cases can be signed off in tranches – ie could be more than one Summary Plan)

 - c. **Phase 3:** The TIG will support the accountable body in the management of the programme. Tasks will include: agreeing format and frequency of project report; receiving and reviewing reports submitted by the project sponsors; preparing programme summary reports for the Board. Preparing and monitoring the risk register. Agreeing / making change control recommendations to the Board.

 - d. **Phase 4:** Further guidance is awaited on evaluation and monitoring however in line with good practise it should be embedded at the business case stage and throughout the programme term. The TIG will need to oversee the preparation of the M&E framework and make recommendations to the Board.
9. **Publication of papers.** The Assurance Framework, Business Case Templates etc will all be published. It is not proposed that the agendas and minutes for this group be published as it is not a formal sub-committee of the Board– but Nolan Principles apply.