

22 September 2022
Your reference:
Our reference: LAS/ZB
Ask for: Zuber Bapu

Member Services
Resources Directorate
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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 - 23 September 2022

You are requested to attend a meeting of the City of Preston Town Fund Board to be held on Friday, 23rd September, 2022 at 10.30 am on MS Teams. The calendar appointment for the meeting was circulated separately.

The Agenda for the meeting is set out overleaf.

Yours faithfully

Jackie Wilding

Director of Resources

City of Preston Town Fund Board
Friday, 23 September 2022

AGENDA

1. **Minutes** (Pages 1 - 4)

To confirm the minutes of the meeting held on 22 July 2022.

2. **Declarations of Interests**

Board Members are reminded to declare any personal and/or prejudicial interests in respect of the items on the Agenda.

3. **Towns Fund Implementation Report** (Pages 5 - 52)

Report and Appendices attached. A detailed presentation will be provided at the meeting.

4. **Away Day**

The Away Day is proposed to be held on Friday 14 October 2022. Board Members are asked to check their availability for this date prior to the meeting.

City of Preston Town Fund Board

**City of Preston Town Fund Board
22 July 2022**

Present: Mr J Chesworth in the Chair; Councillors M Brown and Borrow, Ms A Parkinson, Ms J Anthony, Mr R Binns, Ms M Close, Ms J Wilding and Mr A Phillips

Also in attendance:

Mr M Flemming	–	TIG
Mr M Allen	–	BEIS
Mr C Blackburn	–	Assistant Director (Head of City Growth and Regeneration)
Ms B Joyce	–	
Mr Z Bapu	–	Senior Member Services Officer

Apologies: Councillor Ms K Illingworth - Turner, Ms R Connor and Sir M Hendrick, MP

CD41 Minutes

Subject to amendments to the list of attendees and the final bullet point on the Communications update, the minutes of the previous meeting were confirmed as an accurate record.

CD42 Declaration of Interests

There were none.

CD43 Towns Fund Board Implementation Update

Mr M Flemming, TIG, introduced the report providing the Board with an implementation update on Towns Fund projects.

Ms B Joyce provided a detailed overview of the projects and their current status. Summary Plans for all projects were signed off by Government and the business case conditions were approved and appraised by TIG Leads and reviewed externally. The Towns Fund projects were progressing as expected and there were no matters that required flagging up to the Board. Updates on the tender process and the current stage for each project was highlighted to the Board. The Board was informed that although the Youth Zone project was catching up there were no risks identified in relation to

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reaching milestones. As part of the report the Board were asked to consider the change of name of the CEIAG project to 'Educate Preston'.

The Board were provided with an outline and remit of the proposed Monitoring and Evaluation Board and were requested to nominate a representative from the Towns Fund Board. Also the need for a Governance Review away day was highlighted.

The Board made the following comments and observations:-

- In relation to increase in costs due to inflation or other factors the Board was assured that there were mechanisms in place to manage these risks. These would be reviewed and managed on a case by case basis.
- Request was made that the Town Fund Board be included in the list of consultees for proposed developments in the project area. It was The Planning Department would be asked to include the Board in their consultation process.
- Concerns were raised in respect of potential risks to project delivery due to the current political issues and whether there was any soft intelligence of this from central Government. It was reported that as these were committed projects there was high degree of confidence that these will continue as planned.
- In response to a question the Board was informed that both internal and external legal people were involved on behalf of the Accountable Body in drafting and agreeing the GFAs and MoUs. In both cases best practice was followed and adapted for each project.

Resolved – That the Towns Fund Board:

- (i) Noted the Phase 3a monitoring report;
- (ii) Noted the proposed name change for CEIAG to 'Educate Preston';
- (iii) Approved the role of the Monitoring and Evaluation Board and nominated Anne-Marie Parkinson to represent the Towns Fund Board on the M&E Board;
- (iv) Approved the MoU for Harris Your Place; and
- (v) Requested that the Chair of the Board and the Chief Executive of the Accountable Body undertake a Towns Fund governance review for consideration by the Board in due course.

CD44 Any Other Business

It was suggested that a platform be made available for students from the colleges in Preston to get involved in the Towns Fund Board projects. There had been expression of interest from Business and Management students. The Board agreed that this was a great idea and would provide a much

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needed resource for the Towns Fund. Having students on board would also bolster stakeholder involvement. It was agreed that a work plan would be developed in time for September.

There was a proposal that the Town Fund Board should keep a regular review and align itself with funding opportunities when these arise to carry out mop-up projects which missed out from the list or even use underspends if these occur.

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Towns Fund Board Meeting to be held on 23 September 2022	
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TOWNS FUND IMPLEMENTATION REPORT APPENDICE '1' and '2' REFERS

1. Summary

- 1.1 This report provides the monitoring report for Phase 3a Towns Fund projects and a general update on the Towns Fund work programme. The Towns Fund Board has previously approved a template form of both the Grant Funding Agreement (GFA) or a Memorandum of Understanding – MoU - where the City Council is both the Accountable Body and Project Sponsor). These agreements need to be entered into prior to Towns Fund Grant monies being drawn down and the related schedules for Animate, Illuminate and Integrate, Educate Preston and Renewal of Harris Quarter Assets are set out in this report. The outputs for Illuminate and Integrate have been revised as a result of a necessary value engineering exercise which has not had a material impact on the Benefit Cost Ratio. Government have issued further guidance on the Towns Fund Assurance Framework and it is proposed that the Monitoring and Evaluation Board consider this and report to the Board. The Terms of Reference for the Towns Fund Board have been reviewed by the Chair and Chief Executive of the Accountable Body and it is proposed the Chair be requested to continue as Chair for a further three year term.

2. Decision Required

- 2.1 The Towns Fund Board is recommended to:

- (i) Note the September Monitoring report;
- (ii) Note the revised outputs for Illuminate and Integrate and arising reduction in the Benefit Cost Ratio from 3.53:1 to 2.06:1;
- (iii) Approve Towns Fund Memorandums of Understanding schedules for Animate, Renewal of Harris Quarter Assets and Illuminate and Integrate and the Grant Funding Agreement schedules for Educate Preston;
- (iv) Request that the Monitoring and Evaluation Board oversee any final amendments required to complete the Memorandums of Understanding and Grant Funding Agreement prior to execution;
- (v) Request that the Monitoring and Evaluation Board present a report on Local Assurance at the November meeting; and
- (vi) Request that the Chair be asked to continue as Chair for a further three year term.

3. Information

3.1 Background and Advice

- 3.1.1 The City of Preston Towns Fund Board (the Board) submitted a City Investment Plan (CIP) to Government at the end of July 2020. In March 2021, Preston Towns Fund Heads of Terms were signed by the Board Chair and Chief Executive of the City Council as Accountable Body (AB). The Harris Quarter Investment Programme comprises six projects with a total Towns Fund grant allocation of £19.9m, which combined with the Harris Quarter Pop Ups project form a total investment programme of over £200m. The six projects are Renewal of Harris Quarter Assets; Animate; Illuminate and Integrate; Educate Preston; Preston Youth Zone; and Harris Your Place.
- 3.1.2 At meetings in December 2021 and March 2022 the Board considered and approved investment recommendations for the Towns Fund projects following the preparation and appraisal of treasury compliant “Green Book 5 case” business cases. In March 2022 the Summary Plans were submitted to Government. In June 2022 the Accountable Body received confirmation that the Summary Plan was approved by Government and the Accountable Body is now in receipt of Towns Fund grant.

3.2 Monitoring Report

- 3.2.1 The Technical Implementation Group has developed an approach to project monitoring which incorporates:
- Phase 3a milestones - monitoring of milestones required to be completed prior to grant draw down;
 - Phase 3b milestones – monitoring of any milestones which will be achieved following grant draw down but prior to commencement on site; and
 - Construction milestones – monitoring of high level construction milestones.
- 3.2.2 The Phase 3a monitoring report is attached at Appendix 1. A presentation on progress will be made at the Board meeting and there are no matters arising from the September monitoring report which require Board decisions.

3.3 Grant Funding Agreements

- 3.3.1 The Board and the Accountable Body have previously approved a template form of Grant Funding Agreement (GFA). All project leads need to enter into a GFA with the Accountable Body (or a Memorandum of Understanding (MoU) where the Project Sponsor is also the Accountable Body) prior to drawing down Towns Fund grant monies.
- 3.3.2 The Board requested that final draft GFA / MoUs be brought to the Towns Fund Board prior to being entered into. The purpose of this is to provide assurance to the Board that GFA / MoUs reflect (i) project outputs considered and (b) conditions arising through the business case appraisal process. The MoU for Harris Your Place was approved by the Board in July 2022 and has now been executed.
- 3.3.3 The MoUs and Grant Funding Agreement incorporate the following schedules:
- (i) Project schedule
 - (ii) Output schedule

- (iii) Conditions schedule
- (iv) Sustainability statement

3.3.4 The schedules for Animate and Renewal of Harris Quarter Assets MoUs are now agreed with mitigation plans in place for any outstanding conditions. Final review and amendments to Educate Preston GFA and schedules are ongoing and set out at 3.3.5. Changes to outputs for Illuminate and Integrate are set out at 3.3.5 to 3.3.8. Final draft schedules are set out at Appendix 2. It is proposed that the Monitoring and Evaluation Board ensure that final amendments are made to the MoUs and GFA and ensure that the relevant agreements are entered into prior to grant draw down.

3.3.5 The three partners in Educate Preston have agreed that UCLan enter into the GFA on behalf of the partners with final drafting nearly complete. One of the conditions arising from the business case appraisal process was that the Partnership Agreement be entered into prior to the GFA being entered into. On the basis that UCLan is now confirmed as the contracting body it is proposed that the Partnership Agreement can be entered into after the GFA is executed and that a copy of the Partnership Agreement be provided to the Accountably Body in due course. UCLan is providing a statement confirming that the grant satisfies the Subsidy Control regulations.

3.3.6 Following further detailed design and costing work for Illuminate and Integrate a value engineering exercise was undertaken by the scheme sponsor (the City Council) and the proposed delivery partner, Eric Wright Civil Engineering to ensure the scheme can be delivered within the fixed budget available. An affordable scheme has now been designed. While still achieving the overall project objective the redesign has impacted on the outputs which were appraised in the business case.

3.3.7 The Benefit Cost Ratio (BCR) for Illuminate and Integrate, as set out in the business case, was 3.53:1 (delivering high Value for Money). The TIG requested that Hatch (the economic consultants who supported the business case process) review the revised outputs in order to understand what impact the changes would have on the BCR. Hatch advised that the business case included “monetised” and “non-monetised” benefits, with the monetised benefits enabling a BCR to be calculated. The monetised benefits were *Wider Land Value Uplift (LVU) of existing residential and commercial properties in the area and reduction in crime*. The reduction in crime benefits arose from the lighting scheme which was excluded from the value engineering exercise so no impact to those benefits. The Wider LVU was derived at a programme level for all of the Preston Towns Fund projects and then apportioned between the projects. Given the scale of the public realm improvements decreases from 3,657m² to 2,088m², this represents a 42.9% decrease in coverage. The original business case presented the following benefits:

- Wider LVU – Residential: £4,486,007
- Wider LVU – Commercial: £4,321,931

Applying a 42.9% reduction to these benefits, would mean

- Wider LVU – Residential: £2,561,510
- Wider LVU – Commercial: £2,467,823

3.3.8 Based on the above, the updated BCR for Illuminate and Integrate would be in the region of 2.06:1, which still represents good Value for Money (VfM). Table 1 summarises the non-monetised outputs. Initial discussions with Civil Servants have taken place and on the basis that the BCR is not materially impacted and the amendments to the non-monetised outputs are not significant in the scale of the overall Preston Towns Fund Programme it is not envisaged that any formal project adjustment approval from the Department will be required. Final clarification will be provided and reported to the M&E Board.

3.3.9 All other outputs and conditions remain as previously reported to the Board, with Appendix 2 provided for information purposes.

	Original	Revised	
Total length of new cycle ways	0.23km	0.14km	Change
Total length of pedestrian paths improved	0.47 km	0.27km	Change
Amount of public realm improved	3,657m ²	2,088m ²	Change
Amount of area subject to lighting improvements	14,958m ² .	14,958m ² .	No change

3.4 Monitoring and Evaluation

3.4.1 The Board agreed the Terms of Reference for the Monitoring and Evaluation (M&E) Board in July with the first meeting of the M&E Board scheduled for later this month. One of the tasks of the M&E Board is to ensure that final GFA and MoU documents are in place and monitored and as set out at 3.3.4. The M&E Board will ensure that the final amendments set out above are made prior to any grant draw down.

3.4.1 The Board will recall that the Board and Accountable Body have previously approved a Local Towns Fund Assurance Framework. Government has recently circulated further guidance on Towns Fund Assurance and template documents. A key task of the M&E Board is to ensure the Assurance Framework is continually reviewed and the M&E Board will therefore review the latest guidance from Government and will report to the Board's November meeting.

3.5 Towns Fund Communications

3.5.1 The Board has previously approved a brief and procurement process for external communications to work alongside the City Council and Board partners communications teams. This process has nearly concluded with an appointment expected to be confirmed before the end of September.

3.6 Towns Fund Board Governance Review

- 3.6.1 The Towns Fund Board provided the strategic direction for and oversaw the preparation of the Preston City Investment Plan and the Harris Quarter Towns Fund Programme. The Board has been established for over 2.5 years and the Towns Fund projects are now moving into the delivery phase which provides a timely opportunity to undertake a focussed governance review.
- 3.6.2 The Board has also previously agreed the need for a focussed session to set the Board's future work plan and priorities. The establishment of the M&E Board, and clarity on its role provides the right conditions for that session to be productive. At its July meeting, the Board requested that the Chair and Chief Executive of the Accountable Body be requested to scope the agenda for the focussed session and undertake the governance review.
- 3.6.3 This review has been undertaken and the Terms of Reference (ToR) for the Board remain substantively fit for purpose. The ToR set out that The Chair shall be for a maximum 3 year term. Given the need for continuity as the Towns Fund Programme moves more fully into the implementation stage, it is proposed that the Chair be asked to remain as Chair for a further 3 year term.

The Towns Fund Board is requested to:

- (i)** Note the September Monitoring report;
- (ii)** Note the revised outputs for Illuminate and Integrate and arising reduction in the Benefit Cost Ratio from 3.53:1 to 2.06:1;
- (iii)** Approve Towns Fund Memorandums of Understanding schedules for Animate, Renewal of Harris Quarter Assets and Illuminate and Integrate and the Grant Funding Agreement schedules for Educate Preston;
- (iv)** Request that the Monitoring and Evaluation Board oversee any final amendments required to complete the Memorandums of Understanding and Grant Funding Agreement prior to execution;
- (v)** Request that the Monitoring and Evaluation Board present a report on Local Assurance at the November meeting; and
- (vi)** Request that the Chair be asked to continue as Chair for a further three year term.

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HARRIS QUARTER

Towns Fund Investment
Programme

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