

# DEWSBURY TOWN BOARD

18<sup>TH</sup> March 2021

## PROJECT DEVELOPMENT AND ASSURANCE

### 1.0 Introduction

- 1.1. The Dewsbury Town Investment Plan (TIP) was submitted to Government at the end of January 2021. It bid for c£26m of Government grant and was submitted by Kirklees Council on behalf of the Dewsbury Town Deal Board. Kirklees Council will be the accountable body for the implementation of the TIP.
- 1.2. In anticipation of a successful outcome of the bid thought needs to be given as to how the Council will deliver its obligations as accountable body and ensure that the appropriate governance and procedures are put in place that support the effective and efficient delivery of the programme. This paper outlines some issues and options as to how this might be best achieved.

### 2.0 Background

#### Kirklees Cabinet

- 2.1 Cabinet on the 19<sup>th</sup> January 2021 approved the TIP, the overall process and delegating authority to officers to negotiate and agree a Town Deal for Dewsbury.

#### Process after submission

- 2.2 The Government will carry out an assessment of the overall submission and the individual projects that comprise the TIP. An extract of the Government guidance showing the process is contained at Appendix One. If the bid is considered of sufficient quality MHCLG will send a Head of Terms offer to the Council. Once the Heads of Terms have been agreed the Town Deal will be announced.
- 2.3 The Heads of Terms will be in the form of a Memorandum of Understanding (MoU). And will set out the selected projects for business case development and this may take approximately 2 months. In the event that the Dewsbury TIP is considered of insufficient quality then the local partnership will be given another chance to resubmit. If the full request is not approved then there will be a need to reconsider the individual projects within the TIP and the new make up of projects and funding. **It is proposed that Avison Young are retained to assist in the negotiation of the Heads of Terms if this is required.**
- 2.4 Once Heads of Terms have been agreed then MHCLG guidance envisages that fully costed business cases for each project will be developed in more detail and the accountable body will carry out an assurance of these. In the case of more contentious projects the Town Hub will undertake an assessment. There is also the possibility to fast track those projects that have been identified in the submission as

suitable to fast track and which Government is agreed to do so. Three projects have been put forward for fast track; the Arcade, Dewsbury Market and Building Revival.

- 2.5 Once Heads of Terms have been agreed work will include the development and assurance of business cases, and Government guidance says could also include:
- Technical studies and assessments
  - Detailed project design
  - Planning actions, documents and processes
  - Community and stakeholder engagement
  - Discussions with potential private investors, work on funding agreements, etc.
  - Negotiation and agreement with other bodies
  - Setting in place delivery arrangements and plans with clear roles and adequate local capacity
  - Developing monitoring and evaluation frameworks, KPIs etc.
- 2.6 Once assessment have been undertaken then the Council will need to submit a summary document to MHCLG that provides the assurance that business case approval has been robust. At this stage MHCLG will decide whether the conditions of the Heads of Terms have been met and then agree final projects and funding. Appendix Two provides a graphical summary of process.

### **Timescales**

- 2.7 Overall timescales are dependent on a number of factors including:-
- When the Heads of Terms offer is made
  - How long it takes to negotiate the Heads of Terms which in turn will be influenced by:-
  - How long it takes to provide all the project information and business plans
  - How long it takes to undertake the assurance process
  - When Government officials are happy that the conditions of the Heads of Terms are met
  - When the Secretary of State is able to make the decision and subsequently wishes to make an announcement.
- 2.8 It would be reasonable to assume that it could take until the end of 2021 to have a signed Town Deal. Those projects accepted as 'fast track' should be able to be approved prior to the formal sign off of the Town Deal.

### **3.0 Assurance/ Appraisal - Factors and Issues to consider**

- 3.1 The Dewsbury Town Deal Board and the Council will need to agree the appropriate arrangements for assurance/appraisal of the business cases and the longer term programme management.
- 3.2 MHCLG assume that the majority if not all projects will use the agreed Accountable Body 's green book-compliant assurance processes. The Council will need to

demonstrate to MHCLG that the sufficiently robust process of project assurance has taken place, in order to fulfil the terms of the Heads of Terms.

- 3.3 Factors and issues to consider are outlined below:-
- 3.4 Scale and nature of the project assurance work to be undertaken: All projects will need to undergo a Green Book Treasury style of assessment. Experience of the WYCA 'quality assurance' system has demonstrated that there is a significant amount of information required and some is of highly technical nature (economic appraisal). Nine projects were included in the TIP and it is anticipated that each of these will require a business case producing during this year. It is possible that some projects will need to be split in their key constituent parts and separate business cases produced for them. This has implications from both a project appraisal viewpoint and also from the project applicant.
- 3.5 Two Council projects that have been through the WYCA process (exc transport schemes). Consultants were used to provide the economic assessment e.g. GVA, BCR of the projects and worked closely with project managers to produce the business case. Project Managers oversaw the submissions and arranged for the rest of the information to be provided to WYCA. Even with consultancy support this generated a substantial workload for the lead officers.
- 3.6 Timescales: It is likely that there will be an intense period of work for 9-12 months following the approval of the Heads of Terms. How well the provision of project information and project assurance is resourced and organised will be a key determinant of how quickly the overall process can be completed. If and when the formal Deal is agreed there will be a less intense and longer period of programme management stretching across the 5 year programme.
- 3.7 Conflict of Interests: 8 of the 9 of the projects are being led by Council officers, with the remaining one with a large Council input. The Town Centres Team is responsible for project managing 4 of those. Appendix 3 has details of lead organisations & teams. Consideration needs to be given to the division of responsibilities between those who are leading/promoting the projects and those appraising them. This issue could apply equally to staff and/or consultants.
- 3.8 Respective roles of the Dewsbury Town Deal Board & Kirklees Council in this field of activity: Although the Council is the accountable body, the Board will also need to be content with the arrangements put in place to meet the assurance thresholds and that the project assurance have been carried out to the right level. There may be occasions where appraisal recommendations are not in line with Board aspirations and therefore clarity will be needed on how this is resolved. Ultimately it is the Council who is accountable for the expenditure.

## **Project Development**

- 3.9 It is the project promoters, in most cases Council officers, who will need to be in a position to provide as much of the information as possible to enable an 'appraisal' to take place. Experience has already shown that some of this expertise e.g. market research, economic analysis, and calculating benefit cost ratio is not available within

the Council and will need to be brought in. The lead responsibilities for delivering the projects in the TIP are summarised in Appendix 2.

3.10 **It is recommended that external expertise is procured to provide the technical aspects of the business plans that are required that cannot be provided by Kirklees officers.** This would be made available to all TIP projects, including those not led by the Council. This would include the Union Art Centre, Fieldhouse.

3.11 There are two main options:-

- Competitive open tender for a consultancy to undertake this work.
- Use of a Framework contract for a consultancy to undertake this work

### **Project Assurance**

3.12 There is unlikely to be sufficient resources available within the Council to undertake all the project appraisal/assurance. For project appraisal there are a number of options and **it is proposed that the Council examine the options more closely to establish the best way forward. This will cover establishing appropriate systems and staff resources and looking at other areas within the Council which may be able to assist.**

## **4.0 Finances**

### Business Plan Development

4.1 The costs of the above will vary depending on which route is chosen. However, it would not be unreasonable to expect a cost of £20,000 per project which would equate to £160,000 for the business planning support for the projects that require it (8 of the 9 projects).

### Project Assurance

4.2 It is more difficult to estimate the revenue resource required to operate the assurance process. A figure of £50,000 p.a. would not be unreasonable.

### Funding

4.3 There is £42,000 uncommitted within the Grant received from MHCLG to support the development of the Town Deal proposal. This may reduce if the Council draws upon consultancy support to assist with the negotiation of the Heads of Terms. The money above could be used for business plans development and/or operating the assurance system.

4.4 Following an invitation from the Government to apply, the Council submitted a request by the deadline of 17<sup>th</sup> February 2021 for £120,000 of 'delivery grant' to assist in the business planning process.

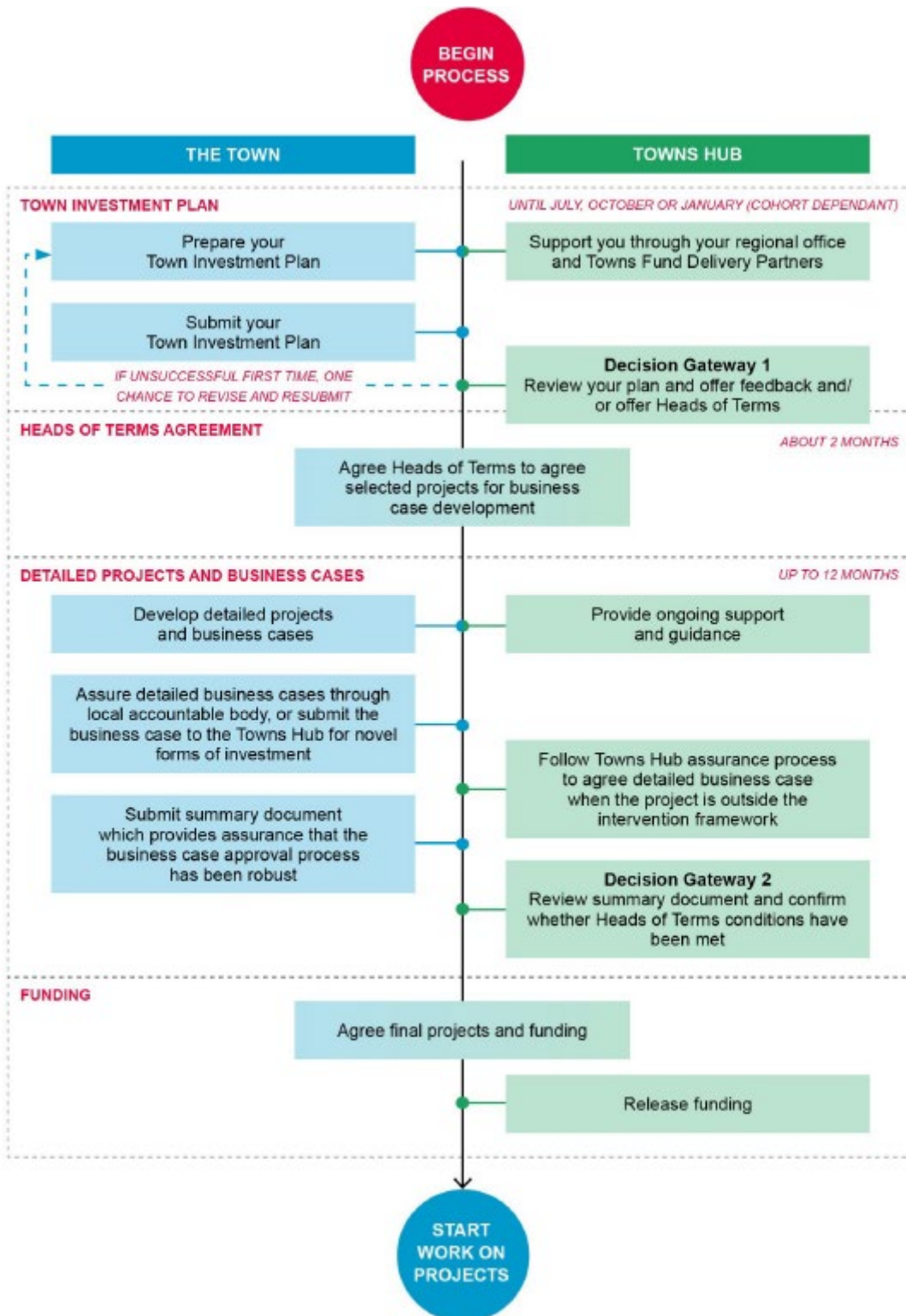
4.5 Thought will also need to be given to ongoing revenue requirements, once the TIP is in delivery mode.

## **5.0 Recommendations**

- 5.1 The Dewsbury Town Board is asked to approve the proposals for completing the heads of terms, business plan development, economic impact assessment and project assurance as described in this report (see in particular sections 2.3, 3.10 and 3.12) utilising capacity funding and any future delivery grant as the primary source of funding to support this.

8<sup>th</sup> March 2021

## **APPENDIX ONE: APPROVAL PROCESS**



## APPENDIX TWO: PROJECT LEADS

<b>Project</b>	<b>Lead Organisation</b>	<b>Project Lead Council Team</b>
The Arcade	Kirklees Council	KC Town Centres
Dewsbury Market	Kirklees Council	KC Town Centres
Urban Realm	Kirklees Council	KC Town Centres
Creative Culture Programme	Brigantia Creative for Arts Centre Kirklees Council for Arts Programme	Brigantia KC Creative Economy
Building Revival	Kirklees Council	KC Town Centres
Daisy Hill Neighbourhood	Kirklees Council	KC Housing Growth
Construction Skills Village	Kirklees Council with Kirklees College	KC Business
Fibre Capability	Kirklees Council	KC Major Projects
Sustainable Travel	Kirklees Council	KC Major Projects