

Carlisle Town Deal Board

Minutes

Friday 23rd April 2021, 10:00-12:00

MS Teams Meeting

No.	Item	Time	Owner	Paper
1	<p>Welcome and apologies</p> <p>Attendees:</p> <p>Emma Porter (Chair) - Story Contracting Cllr John Mallinson – Carlisle City Council Cllr Colin Glover - Carlisle City Council Cllr Paul Nedved – Carlisle City Council Alison Hatcher - Cumbria County Council John Stevenson MP Elaine Herbert - DWP Rob Brittain – Castles and Coasts Housing association Cllr Cyril Weber- Cumbria County Council Jane Meek- Carlisle City Council Mark Boyling - Carlisle Cathedral Julie Mennell– Cumbria University Paul Musgrave – Cumbria County Council David Jackson - Lanes Shopping Centre Andrew Mackay – Tullie House Jon Power– Cumbria LEP <i>Deputising for Jo Lappin</i> Rosie Jenkins- Cities and Local Growth Unit Peter Graham - New Skills Consulting Helen Joicey- New Skills Consulting Steven Robinson – Carlisle City Council Jenson Kemp - Carlisle City Council</p> <p>Apologies:</p> <p>Jo Lappin- Cumbria LEP David Allen – Cumbria CVS</p>	10:00	EP	N
2	<p>Minutes from previous meeting</p> <p>-Agreed</p>	10:05	EP	Y
3	<p>Progress update</p> <p>SR- Heads of Terms agreed and sent back to government, received offer letter back signed confirming the offer and outlining next steps.</p>	10:10	EP/JM	N

	<p>Meeting with ARUP around developing business case and how they can support this process, SR will be discussing this with project sponsors regarding what they need- this is part of the Town Fund Delivery Partner programme</p> <p>Large amount of work has gone into putting assessment framework together and completing stage 1 review.</p> <p>Starting work on specification for business case support.</p>			
4	<p>Prioritisation stage 1 overview</p> <p>PG- aim of reducing budget by 5.3M.</p> <p>Stage 1 working to identify reducing the request for individual projects, through identifying greater match, reducing scope or cost engineering.</p> <p>Sponsors have filled in new project proforma for identifying savings and reviewing the outputs. If full savings cannot be found through this process, then would need to initiate stage 2- re-prioritisation of projects against the TD objectives and removing lowest scoring projects (or descoping)</p> <p>Reduction of 2.8 M found- good progress but leaves savings of 2.4 M to be identified. Most of this has been from reducing costs, little match funding has been identified in addition to those that already exist. £210,000 match funding identified.</p> <p>Match funding of whole programme is 8%, meaning town deal intervention is high, at 92%.</p> <p>Lighting up Carlisle- reduction of 33% to £620,000, additional £70,000 match has been identified. Some sites have been taken, small reduction in outputs, still strong VFM.</p> <p>Market Hall, reduced by 1M, 25% reduction.</p> <p>Tullie House- reduced by 9%</p> <p>Citadels Business Infrastructure- still working to review the costs of this project, no savings identified.</p> <p>Digital Community Learning Hub- reduced by 500,000 (18%) reduced revenue costs, and capital costs by reviewing timeframe and bringing some service delivery in house.</p> <p>Southern Gateway- 143,585 (2%) reduction removing short section of resurfacing- now 7,806,415 total revised costs, potential to look again to identify further savings.</p> <p>Start with the Park- reduced by 832,576 (21%) reducing scale of cycling and walking route and public space delivery.</p> <p>EP- Asks Board members and project sponsors to consider whether further cost reductions can be secured, to avoid taking out a project.</p> <p>JuM- Citadels TD project has a strong link with citadels university campus project, notes that this project has a link to a wider scheme of £72 Million.</p> <p>JeM- Keen to review this process to avoid cutting a project from the package.</p>	10:20	PG / SR	Y

	<p>AM- Tullie House project is a part of a wider scheme, and savings have been completed by a QS so while savings are small, they are accurate.</p> <p>JS- asks board to consider identifying a small number (2-3) projects where this should be fully funded, and then consider as a board which projects should be removed.</p> <p>CJM- view that any further cost reductions could start reducing the scope of the key projects at this stage.</p> <p>AH- what exercise shows is that this is difficult to find 5 M from wider scope, Southern Gateway could be reduced further but this would impact on the outputs significantly. View that Board needs to discuss which are the essentials and which are non-essential which can then be re-assessed.</p> <p>DJ- questions whether the Market Hall is potentially whether this is the weakest project due to the retail environment is currently.</p> <p>JeM- This project is about repurposing this building rather than maintaining the current retail offer.</p> <p>RB- Need to consider what the deliverability risks are, which would help the Board make an informed decision.</p> <p>JeM- suggests considering the stage 2 process as a way to consider how this</p> <p>CW- needs to look at strategic implications as well as the opportunity to find funding from other sources, endorses the approach given by JeM</p>			
5	<p>Stage 2 project assessment framework</p> <p>PG- highlights that undergoing this independent process is useful as different board members may have different priorities on what is the most strategically important project.</p> <p>Projects will be assessed by strategic fit, deliverability, and private sector growth notes RB's points and agrees that any project with significant deliverability risks be removed.</p> <p>EP- highlights that projects relating to skills and retaining young people are key given the context of Carlisle</p> <p>AH- priorities look strong, raised concern that this is a relatively long form and it may be a bureaucratic burden for sponsors.</p> <p>PG- notes this and this is a fair point, wanted to ensure objectivity by asking sponsors to complete this rather than using the information held already, but can consider this approach if sponsors would prefer.</p> <p>CW- asks if Council has considered feasibility of market hall repurposing without the Council taking ownership of the site.</p> <p>SR- we have looked at this option but the underlease the City Council has precluded it from doing this.</p> <p>EP- can we look at the existing project proformas and then discuss what our priorities are.</p> <p>AH, JuM and AM abstain from southern gateway, citadels, and tullie house discussion</p>	11:10	PG / SR	Y

	<p>The Board members highlighted their priority projects as follows:</p> <p>Most mentions</p> <p>Citadels Southern Gateway Tullie House</p> <p>The other projects received fewer mentions</p> <p>Digital Community and Learning Hub Market Hall Start with the Park Lighting Up Carlisle</p> <p>JeM useful to see priorities clearly emerging, and these align closely with the original priorities.</p> <p>EP- Asks if there is potential for citadels business hub and digital and community learning hub be aligned and combined?</p> <p>PM- could be looked at but noting that these are different offers, and original offer involved a hub and spoke model for</p> <p>RJ- may need to look at doing a project change form if projects where to be combined.</p> <p>After discussions Board agreed that the best way forward would be to reassess all projects, including the top 3, taking into consideration the preferred projects as this would ensure a full evidence base is provided for the board to make an informed decision.</p> <p>EP asks whether we can also consider reducing the scope of southern gateway as well as these considerations.</p>			
6	<p>Next steps</p> <ul style="list-style-type: none"> Commence stage two project assessment, will use the assessment criteria working with project sponsors to complete forms, all projects will be re-assessed but the top 3 will inevitably have a stronger weighting. Review costings for Southern Gateway, bringing a reduced scope version back to the board as part of the options assessment. Present results of stage 2 process and options for boards consideration for the next board meeting on the 10 May 	11.40	EP	N
7	<p>AOB</p> <p>EP- noted this was David Jackson's last meeting before retiring, chair thanked David's contributions as a board</p>	11.50	ALL	N

	member, but also for his wider contributions in helping make the city what it is.			
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CARLISLE TOWN DEAL BOARD

FRIDAY 23RD APRIL 2021, 10:00-12:00

ITEMS 1&2: Prioritisation of Town Deal Funding Offer - Update

1. Purpose of the Report

- 1.1 To provide an update on progress towards identifying the target £5.3m reduction in the Town Deal funding requirement.
- 1.2 To outline next steps in the funding prioritisation process.

2. Recommendations

2.1 The Board is asked to:

- **Note the progress made to date towards identifying the target £5.3m reduction in the Town Deal ask.**
- **Endorse the approach to stage 2 of the project assessments and the proposed next steps in the funding prioritisation process.**

3. Background

- 3.1 At the meeting on 12th March 2021, the Board was informed that MHCLG had made a Town Deal Heads of Terms offer to Carlisle for Towns Funding totalling £19.7m to deliver seven strategic projects as identified in the Town Investment Plan (TIP). As a result, it is necessary to identify a reduction of £5.3m in the Towns Fund request, compared to the £25m included in the original TIP submission.
- 3.2 Following the March meeting, the Board agreed by correspondence a proposal for a two-stage approach to identify how the available £19.7m Town Deal funding should be allocated across the eligible projects.
 - **Stage 1** - Consider the potential to reduce the Town Deal funding request on a project-by-project basis, by identifying the potential for each project to secure additional match funding from alternative sources and/or to reduce project costs. These changes may necessitate alterations to the project design, scope and scale, as well as to the quantified outputs and outcomes. The preference is that the full £5.3m saving would be identified through this stage 1 process. If it is not possible to achieve the full £5.3m saving from stage 1, it may be necessary to proceed to stage 2.
 - **Stage 2** - Projects would be scored and ranked against a set of objective assessment criteria, with the lowest ranked projects either being deselected from the Programme or being subject to the largest reductions in Town Deal funding.

The criteria would focus on assessing each project based on: strategic impact; deliverability; and value for money.

3.3 Stage 1 of the process was completed on 16th April 2021, and the outcomes are summarised below.

4. Outcomes from Stage 1 of Project Review Process

4.1 The attached spreadsheet (Annex A) shows the original costs for each of the seven projects as per the Town Investment Plan, including Towns Fund request, and match funding, as well as the original outputs / outcomes. It also shows the revised project details following the stage 1 review process, including revised Towns Fund request and match funding, value and percentage change to the Towns Fund ask, and updated outputs and outcomes. The spreadsheet also includes a final column with notes highlighting how any reduction in the Towns Fund request has been achieved for each project.

4.2 The key messages following completion of stage 1 are:

- The Town Deal funding ask has been reduced by a total of £2.88m through the stage 1 review. A further Town Deal reduction of £2.42m is required to meet the target of £5.3m.
- Six of the seven projects have reduced the Towns Fund request.
- In most cases, the Towns Fund request has been reduced as a result of cost savings, rather than increases in match funding. In total, an additional £110,000 of match has been identified by the six projects. Match funding contributes £1.9m (8%) towards the total cost of all seven projects combined. The overall Town Deal intervention rate is high, at 92%.
- Some projects have identified significant savings, reducing their Towns Fund request by up to one-third. Other projects have identified only minimal savings.
- The balance of Towns Funding between investment themes is broadly unchanged following the stage 1 review. Originally 48% of funding was allocated to Urban Regeneration; 28% Skills and Enterprise, and 24% Arts, Heritage and Culture. The revised balance is 50% Urban Regeneration; 29% Skills and Enterprise; and 21% Arts, Heritage, and Culture.
- Three of the seven projects have slightly reduced outputs to reflect changes in the scale and scope of the project. This does not have a material impact on outputs and outcomes at the overall programme level.
- The changes identified to individual projects to date are summarised in Table 1.

Table 1 - Project level changes following stage 1 review

Project	Project Sponsor	Original Towns Fund Request (£)	Revised Towns Fund Request (£)	Reduction (£)	Reduction (%)	Increase in Match Funding	Summary of Changes
Arts, Culture and Heritage							
Lighting-Up Carlisle	Carlisle City Council	£925,000	£620,000	£305,000	33%	Yes	<ul style="list-style-type: none"> Removed request for Town Deal revenue funding. Additional £70,000 revenue match identified. Some revenue costs capitalised. Outputs adjusted to take account of changes e.g. 115 new jobs (139 previously); 100,000 new visitors pa (117,500 pa previously); £6.18m additional visitor spend (£7.48m previously)
Carlisle Market Hall	Carlisle City Council	£4,025,000	£3,015,151	£1,009,849	25%	Yes	<ul style="list-style-type: none"> Additional £40,000 match funding identified from City Council Purchase price of Market Hall reduced Outputs are unchanged
Tullie House	Tullie House	£1,000,000	£913,684	£86,316	9%	No	<ul style="list-style-type: none"> Cost savings identified (professional fees, contingency budget, project management) Outputs are unchanged
Skills and Enterprise Infrastructure							
Citadels Business Infrastructure	Cumbria County Council	£4,000,000	£4,000,000	£0	0%	No	<ul style="list-style-type: none"> Information not yet provided on revised project costs and funding Assume no change to Towns Fund request, match funding, and outputs

Project	Project Sponsor	Original Towns Fund Request (£)	Revised Towns Fund Request (£)	Reduction (£)	Reduction (%)	Increase in Match Funding	Summary of Changes
Digital and Community Learning Hub	Cumbria County Council	£2,850,000	£2,350,000	£500,000	18%	No	<ul style="list-style-type: none"> Revenue savings achieved by reviewing delivery timescales (e.g. funding for marketing only required in year 1; development of course content from year 3) Capital savings achieved by bringing work in-house, and reducing work specification Outputs are unchanged
Urban Regeneration							
Southern Gateway	Cumbria County Council	£7,950,000	£7,806,415	£143,585	2%	No	<ul style="list-style-type: none"> Cost savings identified by removing a short section of resurfacing, and by delivering a lower cost solution to road treatment on Botchergate. Reduction of 450sqm in road infrastructure and in public realm improvements.
Start with the Park	Carlisle City Council	£4,000,000	£3,167,424	£832,576	21%	No	<ul style="list-style-type: none"> Cost savings achieved by reducing project scale and scope. Outputs adjusted to take account of changes i.e. 9km new cycling and walking routes (12km previously); 100ha of new public space (200ha previously); 1 new recreational area (3 previously)
TOTAL		£24,750,000*	£21,872,674	£2,877,326	12%		

*£25m Town Deal ask includes £250,000 towards programme management costs

5. Moving to Stage 2 - Project Assessments, Scoring and Ranking

- 5.1 As Stage 1 of the review process has not delivered the full £5.3m reduction in the Town Deal ask, we now need to move to Stage 2 of the process. This will involve scoring and ranking all seven projects against agreed assessment criteria focused on strategic impact, deliverability, and value for money. This process is likely to result in the lowest ranked project/s either being removed from the Towns Fund package altogether or being subject to very large reductions in Towns Funding.
- 5.2 The proposed assessment form and framework to be used in stage 2 of the process (including criteria, weighting, and scoring) is attached for information (Annex B).
- 5.3 Stage 2 is now underway. On 19th April all project sponsors were invited to complete the project assessment form, with a submission deadline of Wednesday 28th April. New Skills Consulting will then undertake an independent assessment of the projects, using the results to create a ranked list of projects, with the highest scoring projects ranked at the top of the list.
- 5.4 Based on the assessment results, New Skills will identify options to secure the remaining £2.42m Towns Fund reduction, needed to reach the target of £5.3m. This may include de-selecting the lowest ranked project / projects and removing them from the programme, and / or recommending significant Town Deal funding reductions to the lowest ranked projects. The remaining package of projects will be assessed to understand the impact of the funding reductions on the effectiveness and deliverability of individual projects, as well as on the strategic focus and benefits of the overall investment programme.
- 5.5 New Skills will endeavour to identify alternative options / packages capable of delivering the required savings. The assessment results and options will be summarised and presented to the Town Deal Board, for final consideration and decision at the meeting on 10th May 2021.
- 5.6 The selected projects will then be notified to MHCLG as the final agreed project package for Carlisle, to be delivered within the £19.7m funding envelope (subject to business cases). Carlisle City Council (accountable body) and the Town Deal Board have until 15th May 2021 at the latest (two months following acceptance of the Heads of Terms offer) to inform MHCLG of the final agreed package.

6. Conclusions and recommendations

- 6.1 While some good progress has been made in identifying reductions to the Town Deal funding request, further work is needed to identify the full saving of £5.3m. As a result, it is now necessary to progress quickly to the stage 2 project assessment and ranking process. This is likely to result in the lowest ranked project/s either being removed from the Towns Fund package altogether or being subject to very large reductions in Towns Funding.

6.2 The Board is asked to:

- Note the progress made to date towards identifying the target £5.3m reduction in the Town Deal ask.
- Endorse the approach to stage 2 of the project assessments and the proposed next steps in the funding prioritisation process.

Officer

NAME	DESIGNATION	CONTACT DETAILS
Steve Robinson	Regeneration Manager – Carlisle City Council	Steven.robinson@carlisle.gov.uk

Annexes

Annex A - Carlisle Town Deal - Stage 1 Costs and Funding Review Summary

Annex B - Assessment Form and Framework

Carlisle Town Deal Funding Allocation

Stage 2 Project Assessment Form FINAL V7 (19-04-21)

Project Name:		Completed by:	
Project Sponsor:		Date completed:	

ASSESSMENT CRITERIA, RESPONSES, AND SCORING

PART 1 - STRATEGIC IMPACT	Score	Weighting	Weighted Score	Explanation / notes
S1: The project will make a strong and direct contribution to achievement of the vision and the five strategic objectives of Carlisle's Town Investment Plan.		2		
Response				
S2: The project will add value to / complement <u>other key strategic investments</u> in Carlisle. The key strategic investments include: Future High Streets Fund programme; Carlisle Station Gateway; Citadels; St Cuthbert's Garden Village; and Caldew Riverside. Please explain how the project will address this criterion. What would be the impact on these other strategic investments if the project did not go ahead? What are the interdependencies?		2		
Response				
S3: The project will stimulate private sector-led growth and investment in Carlisle. Please explain how it will do so.		2		
Response				

S4. The project will deliver short and medium-term outcomes and benefits that will have a clear and positive impact on Carlisle (e.g. new jobs created, additional investment attracted, improved perceptions of the City, better skills).		2		
Response				
S5: Town Deal funding will deliver strong additionality. Town Deal funding is needed at the full amount requested (adjusted following stage 1 review of funding and costs) to allow the project to go ahead.		2		
Response				
<u>NOT SCORED. FOR CONTEXT ONLY.</u> What would happen to the project if it did not receive Town Deal Funding at the level requested? (it would not go ahead at all; it would go ahead on a smaller scale or over a longer time period; alternative sources of funding would be sought; other). Please explain the reasons for your answer. What are the interdependencies with other projects prioritised for Town Deal funding, and what would be the effect on these other projects if this project didn't go ahead, or went ahead on a smaller scale?		-		
Response	n/a	n/a	n/a	
Strategic Impact (Total Score)		-		
Maximum possible weighted score	-	-	100	

PART 2 - DELIVERABILITY	Score	Weighting	Weighted Score	Explanation / notes
D1: The project has demonstrated that it has genuinely maximised all opportunities to secure match funding from other sources, in order to minimise the Town Deal funding ask. Please identify all potential sources of match funding that have been considered and explored to support the project (including project sponsor's own budgets / funding, external grant funding, private funding, other). For each specific source of funding that been ruled out, please justify / explain the reasons.		2		
Response				
D2: The project's match funding package is secure and the risks to match funding are low. Please identify the match funding needed for the project to go ahead (amounts and sources). For each source of funding please describe: current status of the application / discussions with the funder; the main risks to successfully securing the funding; and the level of confidence that the funding will be secured.		1		
Response				
D3: The land / buildings needed to deliver the project are securely in the ownership or control of the project sponsor, enabling them to deliver the project as proposed. Please describe the current ownership status of the land / buildings. If they need to be secured from third party/s, please describe the current status of discussions with the owner/s, and the main risks associated with securing control (likelihood and impact of risks).		1		
Response				
D4. The risks of failing to secure planning consent for the project, and any other essential statutory approvals, are low.		1		

Please explain the current status of applications and / or discussions with the planning authority, and any other key statutory agencies. Describe the main risks associated with securing the necessary consents (likelihood and impact of risks).				
Response				
D5. There are no other significant risks or constraints that are likely to prevent successful project delivery Please identify any other key issues likely to delay or put at risk successful project delivery (e.g. listed building / conservation issues; objections from local businesses or residents). Explain the likelihood and potential impact of these risks		1		
Response				
D6: A feasibility and / or demand study has been completed demonstrating that the project is feasible and financially sustainable. Please explain the work you have done / the evidence you have in place to demonstrate the feasibility of delivering the project, and its ongoing financial sustainability (revenue income) after completion of the capital works (If applicable)		1		
Response				
D7. The proposals for project management and delivery are clear and convincing. The project has robust governance arrangements in place. The organisations and individuals involved have the necessary skills, experience and capacity needed to deliver the project successfully, and have significant track record in delivering similar initiatives.		1		
Response				

Deliverability (Total Score)		-		
Maximum possible weighted score	-	-	80	

PART 3 - VALUE FOR MONEY	Score	Weighting	Weighted Score	Explanation / notes
<i>This assessment will be undertaken by the consultancy team, based on the agreed REVISED project costs, Town Deal funding request, and quantified outputs and outcomes, following any changes arising from the Stage 1 assessment process.</i>		-		
V1. The Town Deal funding request equates to less than 80% of the total project cost. Other match funders are contributing to the project costs. The project's match funding has been increased in order to reduce the Town Deal funding requirement.		2		
V2. The Town Deal cost per output / outcome for this project is lower than that for other Carlisle Town Deal projects delivering the same types of outputs / outcomes.		1		
V3: The project will create new jobs (this is a priority outcome / benefit and mandatory reporting requirement in the Towns Fund monitoring framework).		2		
V4. The project will deliver other HARD, DIRECT, MEASURABLE benefits 'Hard' direct benefits include: businesses supported to grow; people supported to develop skills; visitors attracted; additional visitor spend generated; higher land and property values.		1		

Value for Money (Total Score)		-		
Maximum possible weighted score	-	-	60	

PROJECT SUMMARY

	Actual Total Weighted Score	Maximum Possible Weighted Score	
		Value	%
Strategic Impact		100	42%
Deliverability		80	33%
Value for Money		60	25%
TOTAL		240	100%

SCORING FRAMEWORK

Rating	Score
Excellent. Meets the criteria in full with no gaps or weaknesses.	10 (there is a larger four-point gap between excellent and good give greater weight in the scoring to the strongest projects)
Good. Largely meets the criteria with only minor gaps or weaknesses.	6
Satisfactory. Meets the criteria in part with some moderate gaps or weaknesses.	4
Unsatisfactory. Barely meets the criteria and there are significant gaps and weaknesses.	2
Does not meet the criteria.	0