

Meeting of the TIP Subgroup 17th August 2021

In Attendance: Simon Yates (Chair), Paul Colman, Andy Butler, Charles Jarvis, Jez Goodman, Chris Jackson, Paul Goodwin (Deputy 151 Officer CEC), Aaron Lecroy (Principal Accountant, CEC)

Apologies: Doug Kinsman, John Adlen

I. Welcome and Introductions

SY welcomed everyone to the meeting and particularly Paul Goodwin and Aaron Lecroy who would be advising the subgroup on financial processes and providing oversight and assurance from the accountable bodies perspective.

SY outlined the tasks with which the Town Board had charged the subgroup with namely, oversight of the Business Case process, utilisation of the Capacity Fund and the formulation of recommendations to the Town Board.

II. Progress to date

The subgroup considered progress to date and agreed the following:

- a) 25th July – Government announcement of the Towns Fund offer of £23.9m**
- b) 5th August – Heads of Terms agreed between CTB, CEC and Govt.**
- c) £2m gap identified between the offer and the TIP submission, with all projects supported in the Towns Fund offer but with some conditions**
- d) 2 workshops attended by all 10 projects have been held to ensure that there is an awareness of the scale of the requirements given the confirmation that the Business Cases will need to meet the 5-case green Book standard**
- e) All project leads have received a written statement of what is required and that there is a good understanding of all that this entails**
- f) 8 of the projects are CEC lead and Officers are ensuring that there are clear plans in place to meet the initial requirements necessary for the next Board meeting. The 2 other projects (Flag Lane Baths and the High St. project) have demonstrated their understanding through the commissioning of consultancy support or with experience with other towns receiving Towns Fund offers**
- g) All projects are aware of the particular pressures on the Towns Fund as a consequence of the £2m shortfall, the growing problems of construction inflation and materials availability and that there needs to be complete confidence in the costs and spending profiles that are provided. To this end the CEC Capital Projects Team will review all the submissions and provide assurance to the subgroup**
- h) The attached Appendix 1 sets out the tasks and timescales identified for working with the projects**
- i) An expectation that the £22.9m will be insufficient to meet the revised costs of all 10 projects**
- j) Project Leads are required submit their costings by 24th September with the subgroup determining a recommendation to the Board during the following week**

III. Next steps/Board decisions

The subgroup considered the actions to be taken and the decisions to be taken by the Board as follows:

- a) On 1st October the Town Board will be required to agree whether to proceed with all 10 projects to full Business Case or to reduce the number of projects
- b) The October Board meeting will receive a detailed analysis and spend profile on each project together with the relevant impact studies, the outputs that the Govt. can expect and how any conditions will be met
- c) The Board will receive a recommendation from the subgroup on how each project should be taken forward given the analysis as detailed above. The recommendations may include a reduction in the spend or scope of a project and whether a project should be abandoned as far as the Towns Fund is concerned
- d) By 5th October the Town Board and CEC are required to submit that decision together with the supporting information to Govt.
- e) Following the Board`s decision the development of the Business Cases for those projects selected will commence. It is expected that all projects will need to submit their Business Case by 30th June to allow time for appraisal, summary documentation and review period by MHCLG prior to being submitted to Govt. by 5th August 2022
- f) Given the publication of the TIP including details of the 10 projects it will be important to ensure a communications approach which keeps the public informed and engaged and continues to provide assurance regarding delivery of the Towns Fund over the next 12 months

IV. Consultancy support for Business case development

The subgroup considered the use of consultancy support and agreed the following:

- a) Hatch was commissioned by the Board to develop the TIP and the activities associated with this including public engagement and a 2nd stage of Business Case development
- b) Hatch are currently contracted to provide further consultancy support as follows:
 - Support in addressing Heads of Terms conditions, basic business case advice/workshops for project leads (£5,000)

- Unspecified advice to support the development of individual projects Business Cases (£45,000)
- c) The Board and Cheshire East Council now have an obligation to deliver 5 case Business Cases for each project and based on previous experience e.g., FHSF, it is estimated that approximately £15,000 would be required for each project.
 - d) The Board has access to the Capacity Fund as a source to meet the costs of developing the Business cases. Income, expenditure and commitments to date being detailed in Appendix 2
 - e) Hatch had been requested to provide options to extend the existing contact with them to meet the Board`s obligations for Business Case development and these are detailed in Appendix 3 and Table 1
 - f) Any recommendation to the Board on the use of further consultancy support should be based on the number of projects to be supported rather than the cost of that consultancy.
 - g) An alternative to obtain consultancy support from other providers was discounted on the basis that Hatch had already been market tested, there was insufficient time available for a tendering exercise and experience from other Business Case contracts provided evidence that Hatch costs were competitive. Officers have also informally benchmarked the proposed fees with other consultancies.
 - h) CEC Procurement policy would limit the extent to which the existing contract could be extended to no more than 50% of the original order
 - i) The most appropriate option to recommend to the Board would be Option 2b. This would require all the remaining Capacity Fund to be committed and a contribution of £10K from CEC which would need to provide an assurance framework for the submission in October. Officers were asked to enter into further discussion with Hatch to determine whether this was feasible, reporting back to the next subgroup meeting on 27th August
 - j) CEC Officers were already considering how CEC could meet the costs of the independent appraisals of the Business Cases and provide further support to project leads in those parts of the Business Cases not supported by Hatch. The process for commissioning independent appraisals will commence by the Council shortly given the need for the 1st appraisals to take place early in 2022
 - k) Given the very tight timescales it is unlikely that projects would be able to access guaranteed further sources of co-funding before 5th October although this option could be accessed during the Business case development phase

V. Recommendations to the Board

- a) To note the actions taken by the subgroup to date and the supporting information as set out in the Appendices
- b) To note the decisions that the Board will be required to take at the October meeting

