

Thursday, 17 June 2021

Report of the Leader of the Council

Future High Street Fund: Terms of Reference and Programme Update

Not Exempt

Purpose

The FHSF Terms of Reference (TOR) seeks to create a governance arrangement that is clear in terms of decision making and the application of financial guidance, the purpose of which is to allow decisions to be taken quickly and at the appropriate level of seniority within the authority.

Recommendations

It is recommended:

1. to approve the report.
2. To approve the indicative Programme Timeline in accordance with the Terms of Reference.

Executive Summary

In December 2020 the authority was notified that it was one of only 15 places to receive its full Future High Street Fund (FHSF) ask towards its specified programme of £21.65m. The total programme cost is circa £40million with additional funding from partners and the Borough Council.

The FHSF award of grant represents a significant capital programme for the Borough to deliver with project completion required by spring 2024. Work has begun with the appointment of an interim Programme Manager and a project officer who are mobilising the project, have created a programme timeline and have begun the procurement of a specialist multi-disciplinary team who will design and manage the various projects. Some enabling activity is also underway with the procurement of specialist surveys and bespoke design and quantity surveyor advice to move projects forwards.

There are five project components:

- Relocation of South Staffordshire College to a new build on the site of the current Co-op department store;
- Refurbishment of the locally listed section of the Co-op department store into an Enterprise Centre;
- Enhancements of the area around the Castle gatehouse and Market Street properties;
- Refurbishment and demolition of parts of Middle Entry including the introduction of a new semi-permanent structure for startups and niche businesses; and
- Refurbishment of St Editha's square.

This is an ambitious work programme requiring substantial demolition of significant parts of the town centre followed by challenging new builds or historic refurbishments.

As part of the mobilisation phase of the project it has become clear the timeline of three years requires the Borough Council to move forwards on this programme of works consistently every week and without delay.

To be successful in delivering the FHSF programme it is therefore necessary to put in place good governance structures, which will ensure that programme objectives are met, and that risk and performance is being monitored and addressed. Governance arrangements also need to ensure that processes are streamlined and efficient so that decisions, particularly in relation to finance, are understood by those involved in the project. Decision making needs to be delivered by the most appropriate officers to ensure both accountability and that the programme can continue onwards without having to wait, for example, for more senior input.

The Terms of Reference, Appendix 1, captures the Governance Structure and provides a decision-making framework.

Programme Board TOR

The Board currently meets monthly as the programme gathers momentum but may revert to less frequent meetings as the programme progresses. The Board will provide overall strategic direction and guidance and is ultimately responsible for the overall success of the programme. The Board will ensure the completion of key tasks/milestones before giving approval for the Programme to move forwards. These centre on procurement or award of key contracts and the purchase of buildings and also key programme design stages. The Board can also set project change authority levels following the successful completion of RIBA Stage 3, which are set out in Appendix 1 in paragraph 1.10. Importantly the TOR defines that expenditure of contingencies within the overall budget is deemed to be expenditure of the approved budget. Any spend outside of the overall budget would therefore require Cabinet approval.

Included on the Board will be two external executives. The first is the Chief Executive of South Staffordshire College, to reflect the need for partnership working on this jointly funded flagship project. The second will be the Chief Executive of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership, to link in with opportunities and strengthen the collaborative approach with the wider sub region.

Programme Delivery Team TOR

Unlike the Board, the Delivery Team is concerned with the delivery of the project at an operational level. Meeting monthly, the Programme Delivery Team will collect and collate data that informs the Board meetings including the preparation of risk and action logs, progress against the programme timeline and budgets/cashflow and also the delivery of highlight and change request reports.

The Delivery Team provides support to ensure that the Board have all the information necessary to govern the project at a strategic level. The Delivery Team provide a critical role that links the FHSF team with the Programme Board.

Programme Timeline

Paragraph 1.5 of the TOR refers to the Programme Board monitoring the master programme and overall programme budget, following approval from TBC Cabinet and Full Council respectively.

Approval of the FHSF budget was at Cabinet and Full Council prior to the commencement of the new 2021/22 financial year. This TOR requirement is fulfilled.

The Interim Programme Manager has been preparing a master programme that presents a timeline for the FHSF projects. This Programme forms a requirement in the TOR that Cabinet approve it.

The master programme in its entirety is a large document detailing the sequence of works required to firstly enable the project, then to design the buildings and associated works, and finally to undertake construction. Set out over three years the programme outlines the interrelationship between activities, key milestones and deliverable stages.

The full Programme is located on the Memberzone. Final Project details are in the latter stages of development and, as such, are subject to amendment and change. Significant work is underway to identify any sensitivities this programme may cause in each regeneration area, which are directly related to the onsite proposals.

The following sets out the key delivery stages. Members are asked to agree to the following headline dates for specific activities, the detail of which is in the master programme. Work is underway by officers to identify opportunities to structure the work programme differently to enable works quicker. This is particularly the case with the Castle Walls project where there are a number of moving parts within the project requiring multiple workstreams to be coordinated and sequenced to allow for FHSF objectives to be met.

College/TEC Project:

- Enabling/pre-planning/design: now until Spring 2022
- Planning Consent: Spring 2022
- Demolition of modern Coop building: Spring - Summer 2022
- Separation of services/utilities between demolished building and locally listed Coop building: Summer 2022
- Commencement of College build: Autumn 2022
- Commencement of TEC refurbishment: Autumn 2022
- Completion of new TEC: late 2023
- Completion of college: Summer 2024

Castle Walls and Middle Entry Projects:

- Enabling/pre-planning/design: now until Spring 2022
- Planning Consent: Spring 2022
- Demolitions - Castle Wall: Summer 2022
- Demolitions - Middle Entry: Summer 2022
- Refurbishment of Castle Walls: 2023 to early 24
- New build Middle Entry: 2023 to early 24

The FHSF money has to be spent by April 2024 however work can continue beyond this point in time providing the funding to do so is from partner organisations so for example the Borough Council or College. The college is the flagship project and a large scheme, the delivery of which will extend beyond the end of the FHSF spend profile of April 2024. That said, the college will be open to new students in September 2024 so whilst the build will take longer, it will still need practical completion by July 2024 at the very latest.

There will be issues along the way that will require adjustments to the timeline however there is flexibility at this point to allow that to happen and meet FHSF expectation for financial spend. The TOR will assist in moving the programme of projects efficiently forwards by providing the framework within which decisions will be taken without the need to delay processes to seek specific approval.

Programme Manager

At the Appointments and Staffing Committee in April 2021 a proposal was approved to create a FHSF team comprising a Programme Manager (3 Years) a project officer (3 Years) and a project officer (2 Years). The committee requested an update following recruitment to the Programme Manager and Project Officer (3 Year post).

The 3 Year Project Officer role has been successfully filled by an internal candidate. Recruitment to the second Project Officer role will be next year to take account of increasing workload when the enabling phase completes and the build commences.

Unfortunately recruitment to the Programme Manager role was unsuccessful. Upon investigation, it would appear that there are a number of reasons for this.

- Salary not attractive to market – the starting salary was circa £55k, with market supplement and additional council benefits. This is appropriate within a public sector setting such as a Local Authority and was extensively benchmarked prior to advertising. Unfortunately the level is considerably below starting salaries for similar jobs in the private sector that offer more permanency. Private sector roles in this market have a starting salary of c £70k.
- Live competition – at the time of advertisement there were two similar West Midlands located jobs of identical salary, albeit more Town Centre Regeneration focused but permanent with far less accountability and responsibility.
- Active market – the property / construction sector is extremely buoyant, with consultants and property professionals moving to similar roles in other firms for £20k salary difference. The public sector interim market is also very buoyant with many places seeking the same skill sets to deliver FHSF, Towns Fund and Levelling Up Fund. Demand is likely to continue to increase as many local authorities have only recently received funding.

As an interim measure and via a financial waiver to the procurement requirements of Financial Guidance a consultant Programme Manager has been involved in the Project Since March 2021. The input they provided has been invaluable and exceptional, enabling the project to move forwards quickly during this enabling phase of the workload. This interim measure guided Council officers whilst recruitment for a 3 year Programme Manager appointment was undertaken.

At the FHSF Programme Board on the 24 May a decision was taken, supported by an options appraisal paper, to continue with this interim appointment for the three year post, the details of which are underpinned by a bespoke resourcing plan and the ability to directly appoint both legally and demonstrating value for money via a procurement framework. This role is key and critical to the project and will be externally facing and programme manage the construction related workload. The programme manager is a trusted member of the team and clearly has the experience, skills and knowledge to deliver the Programme, which again is key to the success of the overall scheme. There are appropriate review points within this appointment to ensure full accountability.

To further facilitate the appointment various activities within the Programme Manager role have been moved to the AD Growth and Regeneration such as managing the Governance arrangements of the Programme, stakeholder management and line management of Project Officers.

Reporting to Members

It is proposed to update the Infrastructure Safety and Growth Committee and Cabinet on a quarterly basis. The format of the update will closely follow that of the Programme Board and importantly will include changes to the master Programme and progress against it.

Options Considered

Not having good governance structures and a clear framework of decision making, accountability and responsibility would lead to potential delays in moving the programme forwards. Officers would not be clear on who can make decisions and there would be a lack of oversight in terms of what decisions were being taken and why.

Resource Implications

The TOR provides a framework within which Borough Council resources can be allocated. Resources relates both to staffing required to facilitate the delivery of the programme and finances. Resources will be kept under regular review, which is written into the Programme Board TOR.

The Programme is within the approved capital budget allocated.

Legal/Risk Implications Background

There are no legal issues.

The TOR will reduce risk to the authority by setting out a clear governance arrangement.

Equalities Implications

There are no equalities issues.

Sustainability Implications

There are no sustainability issues.

Background Information

None.

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List of Background Papers

Appointments and Staffing Committee 6th April.

Appendices

1: FHSF Terms of Reference.