

TOWNS FUND BOARD

Notes and Action Points

Friday 23 July 2021, 8.30-9.30 am via Zoom

Chair:	Lauren Rogers	LR	Project Manager, Rural Media
Board Present:	Ellie Chowns	EC	Cabinet Member, Environment and Economy, HC
	Judith Faux	JF	Trustee, HVOSS
	Kath Hey	KH	Councillor, Herefordshire Council
	Frank Myers	FM	Herefordshire Business Board / Marches LEP
	David Langley	DL	Chief of External Engagement, NMITE
	Ruth Parry (end)	RP	Director Operations & Marketing, Simple Design Works Ltd
	Felix Smithson	FS	Hereford 6 th Form College, Youth Representative
	Paul Stevens	PS	Hereford Business Improvement District (HBID)
Other Attendees:	Ivan Annibal	IA	Rose Regeneration
	Rebecca Collings	RC	Consultant, The Nichols Group
	Christian Dangerfield	CD	Rose Regeneration
	Olli Hindle	OH	MHCLG Representative
	David Hitchiner	DH	Leader of the Council, Herefordshire Council
	Joni Hughes	JH	Portfolio Manager, Capital Development, HC
	Andrew Lovegrove	AL	Chief Finance Officer, Herefordshire Council
	Will Vaughan	WV	Hereford Pedicabs and Pedicargo
	Paul Walker	PW	Chief Executive, Herefordshire Council
Apologies:	Jesse Norman	JN	MP for Hereford and South Herefordshire
	Julian Vaughan	JV	Managing Director, Green Dragon Hotel
	Nick Webster	NW	Economic Development Manager, Herefordshire Council
Notetaker:	Jan Bailey	JB	Herefordshire Business Board

ITEM	NOTES	ACTION
1.	<p>Welcome / Attendance & Apologies / Declarations and Register of Interest</p> <p>LR welcomed everyone to the meeting. Apologies were as noted above. There were no Declarations of Interest.</p>	
2.	<p>Minutes of Last Meeting and Matters Arising</p> <p>The Minutes of the last meeting, held 9 July 2021, were agreed as a correct record.</p> <p>With regard to JF's email circulated prior to the last Board meeting, LR asked attendees to note that discussions on matched funding were ongoing with all projects.</p>	
3.	<p>Project Delivery Group (Paper 1 – circulated)</p> <p>IA provided an overview of the document 'TOWNS FUND BOARD – MEETING 23 JULY 2021, Paper 1, Project Delivery Group Progress Update', circulated prior to today's meeting. In particular, he highlighted:</p> <ul style="list-style-type: none"> • What needs to be done before the Government's deadline of 31 August and the challenges from that point forward; 	

	<ul style="list-style-type: none"> • The processes in place to meet the Government’s deadline; • The scoring and weighting process which is being used to ‘rank’ the projects; • How that process might provide some basis upon which decisions on budget reductions can be made. <p>The following comments/observations from attendees were noted:</p> <ol style="list-style-type: none"> 1. EC: Need to fully understand the criteria used for scoring each project. 2. EC: Want to understand how and when decisions on budget reductions for each project will be made as part of the processes outlined by IA. FM responded that, in his opinion, all projects have ‘nice to have’ and ‘deal breaker’ components. He stated that he was encouraging all projects he was meeting to think about these different aspects. LR wondered whether IV/CD could look at a phasing audit for the Board to consider. IA said that once the PDG has a better understanding of where each project is, it was likely that some efficiencies might emerge naturally. In fact, this was already happening as projects were beginning to see opportunities for collaboration with others or to do things differently. Although it isn’t expected that these efficiencies would amount to the full £1.6M savings required, they could make a significant difference. With that in mind, IA asked for the Board’s agreement to defer a full consideration of how the budget reduction could be applied until after 31 July when all Outline Business Cases will have been received. JF stated her opinion that applying a blanket percentage cut across all projects was a blunt instrument and that it was better to get the projects that can be afforded right rather than all projects struggling to achieve their objectives. PW agreed that a top-slicing approach to all projects was not appropriate, but suggested that budget reduction should be at the forefront of all projects’ minds, ie where could reductions be made, if needed. JF urged attendees not to forget the possibility of matched funding. LR and JF agreed to meet separately to discuss this possibility in more detail. Members of the Board were asked to let LR know if they would be willing/ interested in getting involved with these discussions. 3. JF: Raised concerns about the impact of VAT on project budgets IA responded that projects should all have been fully aware of the position with regard to VAT at the outset. However, a suggestion has been put forward to use a portion of Capacity Funding to provide VAT advice to those projects who need it. DL agreed that expert VAT advice is necessary and urgent, as well as an understanding by projects of likely procurement rules, public sector funds, etc. It was agreed that IA and AL would discuss the procurement of VAT advice after today’s meeting. 4. Email from JN received 22 July The contents of JN’s email to Board members were noted. In particular LR made reference to JN’s comments on a repayable loan and his request to be kept up to date with regard to planning applications for the Skills Foundry project. LR stated that she would contact JN with regard to his queries after today’s meeting. 5. Additional Paper – Capacity Funding Commitments (circulated) FM apologised for the lateness of this paper, which asked for Board approval for the PDG to commit expenditure from the Capacity Fund up to £5,000 per individual capacity fund proposal to an overall ceiling of the £57,000 in the fund. LR stated that if expenditure from the fund were to be requested from projects supported by the Rural Media Company, she would not be involved in the 	<p>LR/JF/All</p> <p>IA/AL</p> <p>LR</p>
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	<p>decision. There being no objections, this proposal was approved.</p>	
<p>4.</p>	<p>Budget Development (Paper 2)</p> <p>IA provided an overview of the document 'TOWNS FUND BOARD – MEETING 23 JULY 2021, Paper 2, Budget Development', circulated prior to today's meeting. In particular, he highlighted:</p> <ul style="list-style-type: none"> • Programme management/administrative costs – suggestion that a 1.5-2.0% levy is applied to all projects to pay for these costs. • Concerns regarding the costs that would be required by each project to move to a 'shovel ready' position • Issues to do with local assurance/accountable body frameworks • Longer term opportunities for funding <p>IA drew attendees' attention to the conclusions on page 14 of his circulated report.</p> <p>The following comments / observations from attendees were noted:</p> <ol style="list-style-type: none"> 1. EC: Concerns that costs of managing projects aren't being properly funded by Government OH stated that there was no prospect of additional funding from Government for project management. However, he confirmed that Government had agreed to release 5% of total funding immediately to help projects with initial costs. This has only just been agreed and OH will confirm in writing. 2. EC: Clarification requested regarding relative proportion of capital/ revenue funding IA confirmed that although original verbal guidance had indicated a balance of 10% revenue/90% capital funding, this had since been confirmed as 7% revenue. He confirmed that this issue was being discussed at PDG. He acknowledged that the management/administrative levy (1.5-2.0%) would be a revenue cost, but didn't envisage this would cause any particular difficulties to projects since they had been advised to assume funding would be primarily for capital costs. OH indicated that there is the potential for some of the project management costs to be capitalised, with the agreement of AL. EC asked for this position to be put in writing by OH. 3. AL: Seeking to understand the boundaries between individual project management costs and project management costs of the Towns Fund as a whole With reference to the release of the 5% of funding outlined by OH (above), AL said that whereas some projects would have their own project management capacity, others would not. With that in mind, he suggested work would need to be undertaken to decide how and to whom this initial release of funding could be provided. LR suggested that the Board workshop scheduled for 11 August will consider this issue. DL suggested that projects would do their own project management but that a programmatic project manager will be required. He highlighted the fact that the strength of Hereford's Stronger Towns Bid lay in the abundance of small, innovative projects and the importance of supporting them to report and understand what is required from them. WV suggested that the extent of project management ability be accommodated within the project scoring process outlined previously by IA. LR replied this was already included. EC queried weather Project 	<p>OH</p> <p>OH</p>

	<p>Management training could be provided through the Capacity Fund for those who needed/wanted it.</p> <p>4. IA: Alignment of Towns Fund with longer term opportunities IA outlined possible future investment opportunities available through the Investment Bank/Public Loans Board (eg for projects that didn't receive funding from the Stronger Towns Fund, or 'nice to have' aspects of current projects). IA stated his understanding from JN was that a number of packages of support are available and that there is an opportunity and encouragement for early engagement with this organisation. IA mooted the possibility of a future workshop on this subject as well as other bidding opportunities that may become available. LR will discuss Investment Bank Opportunities with JN.</p>	LR
5.	<p>Any Other Business</p> <p>1. LR referred to the lease of the ground floor property at Maylord Orchards to the DWP and to JN's email request to make a formal request to Council that it renegotiates the lease with the DWP. EC stated that the contract has been signed between the Council and the DWP and therefore she did not believe this to be a viable request. She apologised for not having realised the full implications when she was verbally advised that discussions of this nature were taking place earlier in the year with the DWP. However, her view is that the DWP being on the premises doesn't jeopardise the Library/Maylords project as a whole and that full details of the reconfigured project would be in the forthcoming Outline Business Case. FM supported EC's view stating that he was confident that all parties could work together to develop a collective approach to the project and to resolve any issues that arose. LR to write to JN to say that the Board would not be making such a formal request to the Council, but for him to do so unilaterally if he so wished.</p> <p>2. Apologies for forthcoming PDG (30 July) Noted – EC and DH unable to attend. Gemma Davies will be attending in their stead.</p>	LR
6.	<p>Date of Next Meetings</p> <p>30 July, 8.30-9.30 am – PDG Meeting, via Zoom 11 August – Workshop, TF Board and Herefordshire Council, Hereford location, Joni Hughes organising. 13 August, 8.30-9.30 am, Full Board Meeting, via Zoom</p>	