

## TOWNS FUND BOARD

### Notes and Action Points

**Friday 6 August 2021, 8.30-10.10 am via Zoom**

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

ITEM	NOTES	ACTION
1.	<p><b>Welcome / Attendance &amp; Apologies / Declarations and Register of Interest</b></p> <p>LR welcomed everyone to the meeting, especially since it was called at short notice. LR acknowledged that the Board faced a difficult task in terms of making decisions about the projects. However, she reminded them of the original objectives of the Towns Fund and that decisions must be made on that basis.</p> <p>Apologies were as noted above.</p> <p>Declarations of Interest:</p> <ul style="list-style-type: none"> <li>• LR works for the Rural Media Company, although she has not been involved in its project proposals</li> <li>• DL as NMITE have put forward two projects for funding</li> </ul>	
2.	<p><b>Minutes of Last Meeting and Matters Arising</b></p> <p>The Minutes of the last Board meeting, held 23 July 2021, were agreed as a correct record.</p> <p><b>Matters Arising:</b></p> <ul style="list-style-type: none"> <li>• <b>Item 3: Project Delivery Group, note 2:</b> LR advised that a meeting regarding matched funding opportunities had yet to take place.</li> </ul>	<b>LR/JF/All</b>

	<ul style="list-style-type: none"> <li>• <b>Item 3: Project Delivery Group, note 3:</b> VAT issues would be discussed at today's meeting.</li> <li>• <b>Various discussions LR/JN:</b> Lauren will organise a meeting with JN.</li> <li>• <b>Item 4, Budget Development, notes 1 and 2:</b> LR confirmed that OH had written to confirm that 5% of total funding would be immediately available to cover initial project costs. The action regarding relative proportion of capital to revenue funding is outstanding.</li> </ul>	<p>LR</p> <p>OH</p>
<p>3.</p>	<p><b>Project Viability and Scope for Reduction Assessment</b></p> <p>3.1 LR introduced this item. Board Members were being asked to take a view as to how the required funding reductions could be made.</p> <p>3.2 IA explained that since the circulated Hereford Towns Fund Assessment grid had been prepared, additional discussions had taken place with the three project owners considered by the PDG to have greatest scope for reductions: Greening the City; Electric Buses; River Wye. Although the Greening of the City project owners agreed that they could make reductions, the other two projects said they could not.</p> <p>3.3 On this basis, IA suggested that the Board had three options as to how to meet the required funding reductions:</p> <ul style="list-style-type: none"> <li>i. A blanket approach whereby all projects were cut by the same percentage (c8%). This, IA, said would cause significant problems to some smaller or more vulnerable projects;</li> <li>ii. Revert to the PDG's recommendations and make the necessary reductions to the three projects considered to have greatest scope for savings;</li> <li>iii. Similar to i. but do not apply cuts to the most vulnerable projects, their portion being met by the more resilient projects (maximum of 12% for the larger projects). This scenario has been modelled in IA's new spreadsheet (tabled) under column J.</li> </ul> <p>3.4 FM suggested the Board refrains from using the word 'cuts' as alternative sources of funding would be sought to cover any project elements that could not be included in the STF. OH reminded the Board that each town has to submit summary business cases for all projects within 12 months, ie by the end of June 2022. This will need to be factored into any deferral options.</p> <p>3.5 IA referred Board members to his tabled spreadsheet, column B, where a risk score for each project is indicated. However, he reminded the Board that they had previously agreed not to make any decisions on this rating only, the overall value contributions of each project also being taken into account. However, IA pointed out that those projects which came further down this overall value contribution list were also those considered to be more easily able to accommodate cost reductions.</p> <p>3.6 LR asked each Board member in turn for their views on IA's options (i. ii. and iii. In para 3.3 above):</p> <ul style="list-style-type: none"> <li>i. FS – in favour of option iii.</li> <li>ii. FM offered a fourth option – ii plus deferral of certain items, eg Pontoons for the River Project. Also, the Greening of the City has a 'shopping list of ideas', some of which he was confident could be funded by alternative sources at a later date.</li> <li>iii. PS stated his ongoing concerns regarding the river project, in the context of current pollution problems. He agreed with FM's assessment regarding the Greening of the City project.</li> <li>iv. KH referred to the STF's original aims and stated that the Electric Buses were the only connectivity element of the TIP. She queried</li> </ul>	

	<p>whether the option of leasing rather than buying buses was viable. She also reminded the Board that in her conversations with young people, connectivity was their key issue. She expressed her preference for option iii. above.</p> <ul style="list-style-type: none"> <li>v. JV expressed his support for FM's comments. Although he said he understood KH's concerns, hard decisions have now to be made based on the reduced funding now available to the city.</li> <li>vi. JN stated that he didn't have a particular angle in respect of any of the projects; he wanted what was best for Hereford City. He also stated the importance of the Board's commitment to the vision of each project, including exploring options such as the Infrastructure Bank where there is scope for funding.</li> <li>vii. EC stated that she understood why the PDG had suggested reductions to the three selected projects. However, both the Electric Buses and Greening of the City were important connectivity projects. She also queried whether pollution should be a factor in decisions about the River Project.</li> <li>viii. EC also queried Programme Management Costs and asked whether a Special Purpose Vehicle was needed. IA replied that this is just one option as a means of administering long term project management. Although OH stated that he was not aware of any other STFs that had adopted this approach, IA stated that he did know when such an approach had been taken. He stated that this option was being discussed by the PDG with Strategic Alliance on Monday at 2.00 pm. Anyone else on the Board who is interested is welcome to attend.</li> <li>ix. EC further queried JN's recommendations regarding the Infrastructure Bank, which would be providing loans rather than grants.</li> <li>x. DL agreed with FM's approach. He felt that if a blanket approach was adopted, it would disadvantage and increase the risk of failure of some of the community led projects. He also felt that the Investment Bank could provide opportunities for bigger thinking and planning.</li> <li>xi. RP suggested the Board looks at what people surveyed during the earlier part of the STF bid said they wanted and whether any reductions in budget could be aligned with this. She asked about the likely timescales that would be involved for any deferment of project elements. LR stated that this would be investigated.</li> </ul> <p>3.7 PW asked for clarification regarding how decisions on project funding would eventually be made. IA said that this was of central importance. He referred the Board to the risk levels of the three projects identified as having greatest scope for savings; two of which were also rated as relatively high risk.</p> <p>3.8 IA reminded the Board that there is no suggestion that any of the three projects identified by the PDG would be removed. Also, that the reductions did not have to applied equally across all three projects.</p> <p>3.9 On this basis, LR, FM, DL and EC stated that they wanted the PDG to explore option ii. in greater detail. EC asked the Board to note that no project should be considered for additional funding from the STF.</p> <p>3.10 LR asked IA to return to the options and summarise them for Board. She suggested a vote might be necessary before asking Board observers for their comments.</p> <p>3.11 PW stated any decision on funding envelope must be based upon criteria.</p> <p>3.12 PS proposed a 5th option - for PDG to explore reduction of funding to Greening the City and River project only.</p>	<p>IA/CD to refer to TIP consultation papers</p>
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	3.13 LR asked for advice on voting on proposals/options discussed. Following a short discussion, it was agreed that full and clear options should be detailed in an email ahead of the 13 August Board Meeting to inform a final decision by Board.	
<b>4.</b>	<b>Preparation for Longer Term Project Management</b>  To be discussed at Board Workshop on 11 August.	
<b>5.</b>	<b>Any Other Business</b>  None.	
<b>6.</b>	<b>Date of Next Meeting</b>  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	