

<b>Subject:</b>	THI Governance and Delivery Arrangements Review	<b>Status:</b>	For Publication
<b>Report to:</b>	Council	<b>Date:</b>	6 <sup>th</sup> July 2016
<b>Report of:</b>	Director of Business	<b>Portfolio Holder:</b>	Leader
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	No	Attached: No
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached: No
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<b>1.</b>	<b>RECOMMENDATION(S)</b>
1.1	To review the paper and consider its findings.
1.2	To agree to the proposed changes to governance, to be put into effect following this meeting, with a TOR agreed with the HLF and Board and updated accordingly.
1.3	To agree to the replacement of the existing JV arrangements by revised project delivery arrangements including a competitively tendered contractual arrangement and to proceed with Phase 2 of the Bacup THI project.
1.4	To delegate the establishment for the revised arrangements and their agreement with HLF to the Director of Business, Chair of the THI Board and Portfolio Holder for Regeneration.

## 2. PURPOSE OF REPORT

- 2.1 To reflect on the current working arrangements of the THI Board and update them to ensure that they are fit for purpose for Phase 2 of the scheme. To seek agreement to a variation in the delivery arrangements for the project.

## 3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting sustainable investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
  - **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
  - **Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

## 4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Good governance which reflects the roles, responsibilities and resources of a project is essential to success. The current governance arrangements could be strengthened to approve clarity of roles, communications and match to available resources;
  - Changes to governance need to be agreed with funding partners. Funding partners recognise the importance of good governance in risk mitigation and the changes are being discussed and agreed with them;
  - There is a risk that poor governance and project management could lead to programme delays and underperformance of the project. Strengthening the

management and governance arrangements should mitigate this risk.

- There is a risk that non-compliance with the grant terms and conditions could lead to non-payment and / or clawback of provided funds. This could have financial implications for the council. This is being mitigated by ensuring that all changes and updates to the programme are being agreed on a case by case basis with the HLF, and by ensuring that the governance and delivery arrangements are fit for purpose for Phase 2 of delivery.

## **5. BACKGROUND AND OPTIONS**

- 5.1 The current round of the Bacup THI project was agreed in 2013. It is a wide ranging project with a total value of £2,209,546, combining £1.5 million Heritage Lottery funding with landlord, RBC and other partner contributions to deliver significant construction improvements to key heritage buildings in Bacup with associated Highways, heritage skills, training and promotion activities.
- 5.2 Existing governance arrangements were laid out in the bid document as a structure chart and a Terms of Reference. These are attached below for reference purposes. Note, the appendices are not proposed for agreement, they are the original arrangements, already superseded by working changes, personnel changes etc.
- 5.3 Over time, membership has changed to reflect co-opted organisations, availability of individuals and other factors. There has not been a formal review since its inception in 2013.
- 5.4 The project is now moving from one phase to the next, and has been operating with working changes to board membership. As such a review of arrangements building on lessons learned in Phase1 is timely. The Board has numerous sub groups, a working group and a Project Manager.

### ***Key findings***

- 5.5 Although substantial, positive work has been delivered the project is currently behind schedule, and careful attention will be needed to close out phase 1 and understand how to learn lessons from that in improving the delivery of Stage 2. This will include better checks of buildings and programming of works, changes to project management, delivery and approvals arrangements and a comprehensive approach to procurement bearing in mind the core heritage skills and local craftspeople principles of the original project.
- 5.6 Although the governance arrangements are technically robust, individuals are required to attend multiple overlapping meetings, and it is difficult to match the diaries of people whose expertise the project relies on. Much of the remit of these meetings could be met via direct engagement between individuals, then shared at project meetings and the project board. It is proposed that the Sub groups are replaced by thematic Champions, who liaise between the Board, project working group and key experts to ensure that the project remains on track, and strengthen communications.
- 5.7 There is a risk of blurring of accountabilities at Board level, where project beneficiaries are also board members. It is a key precept of successful grant governance that the Board should be independent of the potential beneficiaries of individual awards. The level of project management detail required to be covered is also not relevant to all participants.
- 5.8 Barnfield Construction conducted the work detailed in Phase 1. They will now begin to focus on the work for Spinning Point and the redevelopment of Rawtenstall Town Centre. It is

proposed that we will therefore competitively tender the work for Phase 2 (the REAL Building at 6-8 St James Square and properties at 31-23 St James St), as new contractual arrangements will need to be secured to proceed. It is proposed that the delivery arrangements are revised, and competitively tendered, and so Member agreement to this variation from the original delivery model is sought.

**5.9 PROPOSED ARRANGEMENTS**

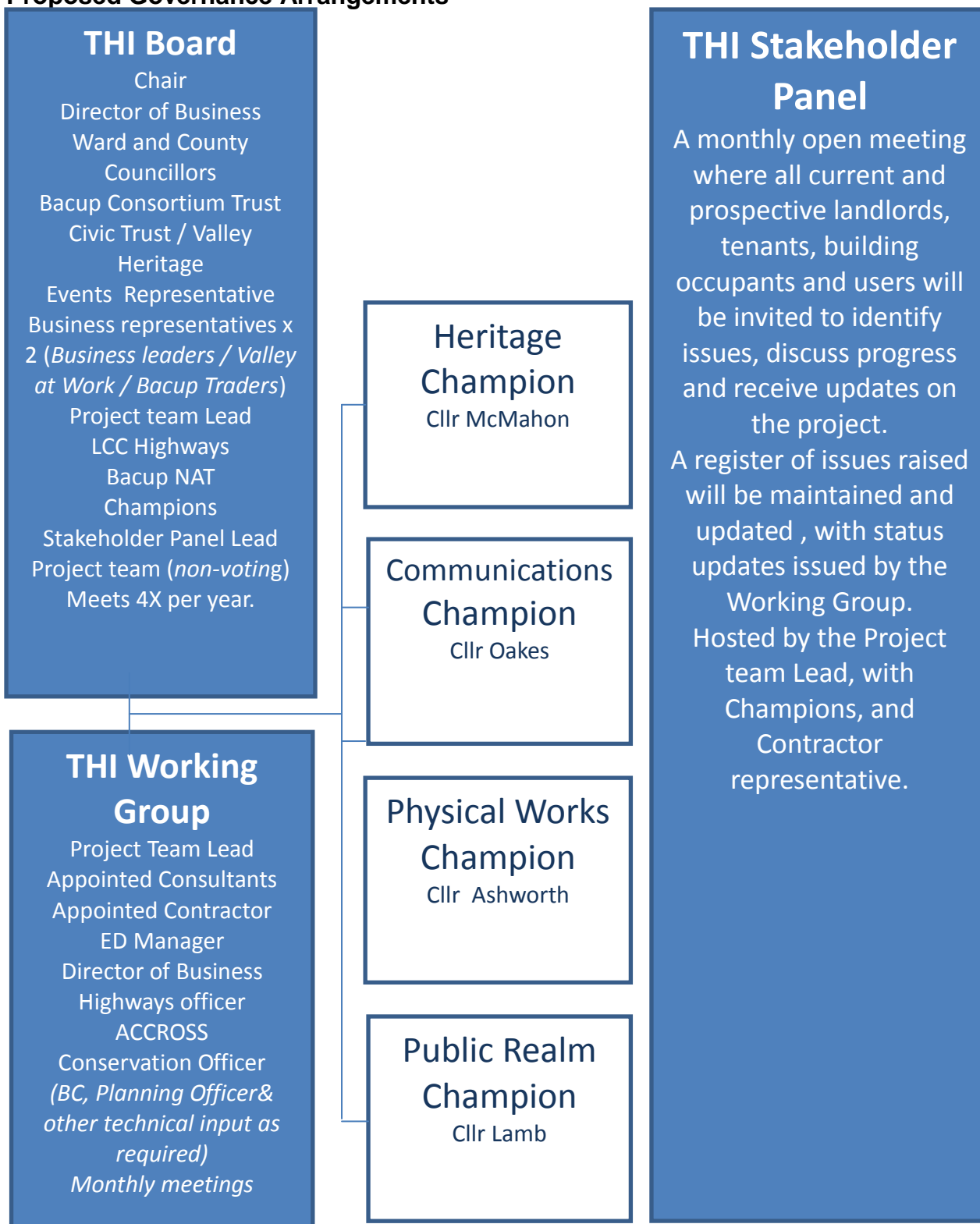
It is proposed that these arrangements could be strengthened by establishing:

- a stakeholder panel for the management and maintenance of communications with the project beneficiaries (landlords and tenants). A rolling membership of this can reflect the different phases of the project;
- a refreshed Board membership to realign with the thinking behind the original bid and ensure key partners;
- a new tendering arrangement to replace the existing Joint venture delivery arrangement, and review of the contract structures and project roles and responsibilities to strengthen project delivery; and
- thematic Champions for key matters, acting as a liaison between experts, the Board and the Working group to ensure that key project elements stay on track.

**5.10** The governance, delivery and procurement arrangements outlined below were discussed and agreed in principle at the THI Board Meeting on 22<sup>nd</sup> June 2016. Following the Council's agreement to them, they will be drafted in a revised TOR to be agreed under the terms of our arrangements with the HLF and delegated authority. This requires a 14 day circulation period for Board comments.

The following diagram summarises the proposed revision to governance.

## Proposed Governance Arrangements



## COMMENTS FROM STATUTORY OFFICERS

### 6. SECTION 151 OFFICER

6.1 No further comments.

### 7. MONITORING OFFICER

7.1 As already highlighted in the body of the report this proposes a change to the contractual arrangements for the delivery of an externally funded project. This will need to be agreed with the funding body and new procurement contracts will need to be established. Procurement activities will need to comply with local government and grant provider's policies.

### 8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

8.1 The preparation of this report and its principles was discussed with the Lead officers and portfolio holder, and is based on a review and lessons learned from feedback from the THI Board and key stakeholders.

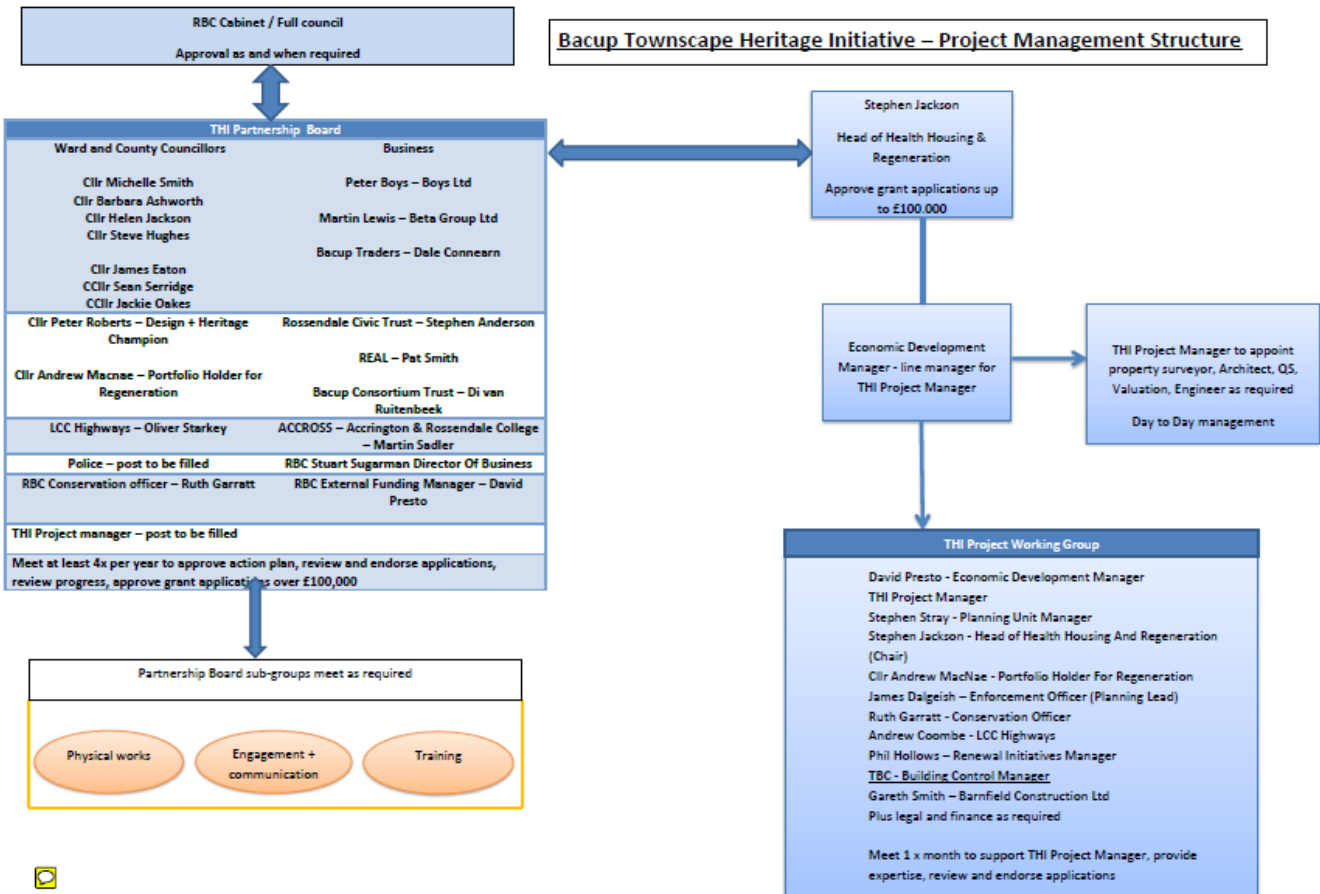
### 9. CONCLUSION

9.1 The Bacup THI project will deliver significant regeneration benefits to the area. In order to ensure the efficient, effective delivery of the project and reflect changes in key stakeholders, changes to governance, project management and delivery arrangements are required.

#### Background Papers

Document	Place of Inspection
Bid agreed Board membership	Attached below as Appendix 1
TOR from original bid	Attached below as Appendix 2









**PREVIOUS TERMS OF REFERENCE: BACUP TOWNSCAPE HERITAGE INITIATIVE  
PARTNERSHIP BOARD: Project Delivery**

**1. AIMS AND OBJECTIVES**

The aims of the Partnership Board are:

- To guide the management and delivery of the Bacup Townscape Heritage Initiative (THI)
- To provide additional skills, expertise and capacity to the project team where possible in order to ensure the delivery of the project.

**2. FUNCTIONS AND RESPONSIBILITIES**

The key functions and responsibilities of the Partnership Board are:

- To advise on, manage and monitor performance and delivery against the Bacup THI project plan;
- To ensure that links are established and maintained with other relevant regeneration activity;
- To regularly feedback and inform Board Members' individual organisations of the delivery of the THI scheme and identify areas where their organisations may add to the capacity of the THI programme team.
- To ensure that systems are in place for monitoring the progress of the THI programme;
- To review the THI Project Plan on a regular basis in the light of progress, and to advise on updates as necessary;
- To oversee the delivery of a marketing, promotion and publicity programme;
- To oversee the delivery of the education and skills training strategy agreed and submitted as part of the Round 2 bid and within the context of the THI Project Plan;

**3. GRANT AID APPLICATIONS**

- To agree limits for delegated applications for grant aid eligible works under eth THI scheme for determination by the Head of Health, Housing and Regeneration within the approved budgets, in accordance with the criteria set
- To determine non-delegated applications for grant aid eligible works under the THI scheme within the approved budgets, in accordance with the criteria set
- To undertake regular reviews of the Partnership's management and delivery processes (including the membership of the Board) in the interest of optimising progress against the THI Project Plan;

#### 4. MEMBERSHIP

The following organisations/sectors shall provide a named voting representative to sit on the Partnership Board and a named deputy:

<b>RBC Portfolio holder for Regeneration, Leisure &amp; Tourism</b>	<b>1 Vote</b>
<b>RBC Ward Councillor - Greensclough</b>	<b>1 Vote</b>
<b>RBC Ward Councillor - Greensclough</b>	<b>1 Vote</b>
<b>RBC Ward Councillor – Irwell</b>	<b>1 Vote</b>
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<b>RBC Ward Councillor - Irwell</b>	<b>1 Vote</b>
<b>LCC County Councillor – Rossendale East</b>	<b>1 Vote</b>
<b>LCC County Councillor – Whitworth</b>	<b>1 Vote</b>
<b>RBC Heritage &amp; Design champion</b>	<b>1 Vote</b>
<b>RBC Director of Business</b>	<b>1 Vote</b>
<b>RBC Economic Development &amp; External Funding Manager</b>	<b>1 Vote</b>
<b>Bacup Consortium Trust</b>	<b>1 Vote</b>
<b>Real Ltd</b>	<b>1 Vote</b>
<b>B &amp; B Boys Ltd</b>	<b>1 Vote</b>
<b>BETA Group Ltd</b>	<b>1 Vote</b>
<b>Bacup Traders Group</b>	<b>1 Vote</b>
<b>Rossendale Civic Trust</b>	<b>1 Vote</b>
<b>Accrington &amp; Rossendale College</b>	<b>1 Vote</b>
<b>LCC Highways</b>	<b>No voting rights</b>
<b>THI Project Manager</b>	<b>No voting rights</b>
<b>Police</b>	<b>No voting rights</b>
<b>Joint Venture Vehicle</b>	<b>No voting rights</b>
<b>RBC Conservation Officer</b>	<b>No voting rights</b>

#### 5. ADVISORS

The Partnership Board may, at its discretion, invite other relevant organisations to appoint a representative to serve on the Board (with or without voting rights) or to attend as an observer.

#### 6. RESPONSIBILITIES OF INDIVIDUAL BOARD MEMBERS

Board members will be responsible for securing any necessary approvals from their individual organisations, both to the continuing commitment to the Partnership and, when required, in respect of specific projects within the THI Action Plan that they have agreed to help take forward

All Members of the Partnership Board will have a duty to respect the confidentiality of information received in their capacity as a Member of the Partnership Board.

#### 7. QUORUM

No business shall be undertaken at any meeting unless there are a minimum

of **five** voting members present.

## **8. AGENDAS**

Agendas and accompanying reports shall be in advance of each meeting and circulated to all members of the Board and – subject to any requirements of confidentiality – to invited advisors. Minutes to be circulated within a week of the previous meeting for reference.

## **9. DECLARATIONS OF INTEREST**

It is the responsibility of the Board to ensure that its business, and that of the Partnership as a whole, is conducted in an open and transparent manner. Board members must therefore declare any personal or business interest in any item for discussion. Once such an interest is declared, members may speak on the item by invitation of the Chair and with the agreement of the Board, but must not vote on it. The Chair may ask Board members who have declared an interest to absent themselves in the case of any item of business where their presence might inhibit discussion.

A register of interests shall be established and completed by all Board members; this register shall be available to the Chair at all meetings. Members do not have an interest by virtue of employment by, or membership of, a body which is represented on the Board. The following interests of a Board member, his/her spouse or any family member must be entered into the register, and must be declared each time a relevant item comes up for discussion:

- Ownership of, or any other interest in, any property which is the subject of, or is likely to be materially affected by, a THI grant request; or is the subject of a planning application awaiting decision;
- Directorship of, ownership of or employment by any company or partnership owning or occupying any property which is the subject of, or is likely to be materially affected by, a THI grant; or is the subject of a planning application awaiting decision.

## **10. VOTING**

Decisions will be made by consensus. In the event of a disagreement it will be for the Chair to seek to resolve the differences and if this fails a vote will be taken. Voting on any matter shall take the form of a show of hands and will be determined by a simple majority.

In the case of an equality of votes, the Chair shall have a second or casting vote.

Where appropriate, urgent matters may be dealt with by written procedure.

## **11. APPOINTMENT OF OFFICERS**

The Partnership Board shall appoint a Chair and up to two joint Vice Chairs from amongst its membership. Preferably, the three appointments will be representative of the public sector, private

sector and voluntary sector. In the absence of the Chair for any meeting, one of the joint Vice Chairs will be elected Chair of that meeting.

Rossendale Borough Council will carry out the role of Accountable Body and provide secretarial support to the Board.

The Partnership shall operate at all times and from time to time in accordance with Rossendale Borough Council's Standing Orders and Financial Regulations.

## **12. SUB GROUPS**

The Board may establish Sub-Groups to undertake work on any subject area that falls within its overall remit, and may, subject to the financial, legal and other requirements of the Accountable Body, delegate decision-making powers to them. Decisions taken by Sub-Groups must be consistent with the same statutory, financial and other frameworks (particularly those relating to Rossendale Borough Council's Accountable Body responsibilities) as those taken by the full Board.

No Sub-Group may undertake any business unless and until the Board has agreed Terms of Reference and the limits of delegated authority. Sub-Groups may, with the agreement of the Board, contain members who are not members of the Partnership Board. Any Sub-Group must contain a minimum of **two** Board members, and may only make decisions if at least **both** board members are present.

Decisions made by Sub-Groups must be reported in writing to the next meeting of the Partnership Board.

## **13. CHANGES TO THE TERMS OF REFERENCE**

The Partnership Board may amend the Terms of Reference of the Partnership Board at any meeting, subject to a majority vote. 14 days' notice must be given of any proposed amendment.