



Committee name: Cabinet

Committee date: 08/03/2023

Report title: Town Deal Fund Programme Update

Portfolio: Councillor Waters, Leader of the council

Report from: Executive director of development and city services

Wards: All wards

OPEN PUBLIC ITEM

KEY DECISION:

Purpose

This report is to update Cabinet on the NCC Towns' Fund Programme. It provides an update on progress being made in delivery on the towns' fund programme, outlines the governance and oversight measures that have been put in place to manage the programme and gives an overview of the budget situation. It is intended that similar update will be provided annually for the duration of the programme.

In addition to providing an overview of progress in relation to all projects, the report also seeks delegated authority to award a contract for the refurbishment and operation of The Digital Hub project at Townshend House in order to minimise delay to that project.

Recommendation:

1. To note the current position regarding delivery of the Towns' Fund programme
2. To delegate authority to the Executive Director of Development and City Services, in consultation with the portfolio holder for sustainable and inclusive growth, to award the contract for refurbishment of Townshend House and operation of the Digital Hub, subject to approval of the PAR request and the budget limits as set out in para 47 of this report

Policy Framework

The Council has five corporate aims, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.

- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the 'Norwich has the infrastructure and housing it needs to be a successful city' corporate priority

This report addresses the 'provide and encourage others to provide new homes, open spaces, and infrastructure for residents' and the 'secure and manage funds from a range of sources to invest in the city' priority or action in the Corporate Plan

This report helps to meet housing strategy adopted policy of the Council

This report helps to meet the housing, regeneration, and development objective of the COVID-19 Recovery Plan

Report Details - Town Deal Programme Update

Background

1. The council established the Town Deal Board in January 2020 as detailed at cabinet in March 2020. This Board met monthly to develop proposals in line with the key themes and requirements of the funding and Norwich's 2040 Vision. The Town Deal Board remains in place and meets monthly to oversee the delivery of the programme. It's membership, terms of reference and minutes of meetings can be found [here](#).
2. In July 2020 Cabinet endorsed the submission of the Town Investment Plan which set out a comprehensive package of eight schemes for investment totalling £26.13m.
3. By October 2020 the Council was notified that its bid had been successful. Norwich was one of only 4 places nationally that were successful in being offered the full £25m of funding available. This was reported to Cabinet which delegated authority for the offered town deal to be accepted. This was duly done on 16 November 2020.
4. Following the formal acceptance of the Town Deal, further detail was required to be submitted about each project. Budget profiles of projects, statements of community engagement and programme confirmation documentation were agreed by Cabinet at its meeting on 20th January 2021. Cabinet also delegated authority to allow the sign off of individual project business cases. Over the period January 2021 – July 2021 the eight detailed business cases were prepared and approved for submission to government. These were grouped in two themes (skills and enterprise infrastructure and urban regeneration) as follows:

5. Skills and enterprise infrastructure

This package of projects supports how we will grow the digital and creative economy and ensure our residents and businesses have the advanced skills in digital, construction and engineering they need to prosper.

Digital hub – a new city centre workspace with start-up and grow on space for digital businesses.

The Halls – investment to update and refurbish the venue including the development of a state-of-the-art making space for collaboration and high value cross sector partnerships between culture, digital and tech.

Digi-tech factory – a new skills facility at City College providing digital tech, engineering and design courses.

Advanced construction and engineering centre – a new technological advanced training facility at City College, supporting the application of digital technology to construction, manufacturing and engineering sectors.

6. Urban regeneration

These projects offer opportunities for significant levels of housing growth and employment space creation to accommodate the needs of a growing city.

East Norwich and Carrow House – investment to accelerate the development of a new high-quality urban quarter in east Norwich. Including support for the masterplanning exercise that is currently being commissioned and the purchase

of Carrow House complex from Norfolk County in order to give the City Council a greater stake in the redevelopment and to ensure that the historic Carrow works site can be redeveloped as a whole.

Revolving fund – investment to unlock brownfield sites to deliver modern homes and workspaces for the growing economy.

Public realm – investment to enhance the city centre public and urban spaces and improve connectivity and navigation.

Branding – communicating what the city has to offer by developing a commercial proposition for Norwich as the place for business and a city to live, learn and invest in.

7. Two of the projects (East Norwich and Carrow House, and the Digitech Factory) were promoted as fast track projects which allowed spending to be incurred in 20-21.
8. By August 2021 the Council was notified that all eight business cases had been approved by MHCLG [now DLUHC], making it one of the first areas nationally to have approval and award of the Town Deal Funding.
9. In total £23.645m of government funding has now been drawn down from DLUHC. A progress report was given to cabinet in Feb 2022. This report updates on progress made over the past year.

Programme Governance

10. The Town Deal programme governance for Norwich City Council follows the guidance of DLUHC. The Town Deal Board continues to operate under the chairmanship of Andrew Dernie of Aviva and Chair of Norwich BID, and it meets monthly to review progress in relation to all projects. Details of the Town Deal Board can be found [here](#).
11. As Norwich City Council is the accountable body for the programme and is responsible for delivering five of the eight approved projects, an Internal Programme Board has been established to ensure the programme is managed in an effective, efficient, and compliant manner. A new dedicated programme manager post and project manager post have been appointed to ensure sufficient resources are available to the programme.
12. The reporting procedures within the governance structure are as follows:
 - The Town Deal Project Managers report to the Town Deal Programme Manager.
 - The Programme Manager reports to The Norwich Town Deal Board and the NCC Internal Town Deal Programme Board;
 - Internal Town Deal Programme Board reports to CLT, Cabinet or Council as required.
13. The governance structure ensures that all required decisions are authorised by Senior officers via the Internal Town Deal Programme Board, Cabinet, and Town Deal Board as appropriate.
14. The Internal Town Deal Programme Board, chaired by the Executive Director of Development and City Services, works at the operational level, and makes

recommendations for decision to officers, cabinet, or for consideration at CLT or the (external) Norwich Town Deal Board.

15. The Internal Town Deal Programme Board is accountable for the following:

- Programme planning of the in-scope programmes to meet programme and project objectives
- Provision of sufficient financial, staff and other resource to meet objectives
- Programme level risk, action, issue, and decision management
- Escalation of matters as required
- Agreeing decisions made under delegated powers (where approval has been gained from cabinet), to ensure required momentum is upheld in each of the internal TD projects

16. The Internal Programme Board meets monthly to oversee the 5 NCC lead Town Deal funded projects, referred to in paragraph 18. The Internal Board monitors the projects progress and risk, and escalates decisions to CLT if required, with recommendations.

Project Progress

17. Overall, there has been very considerable progression with the Towns Fund projects since the February 2022 update. The Fast-Tracked projects that were awarded early funding by DLUHC, which included East Norwich masterplan, Carrow House and the DigiTech factory, have all been completed. The ACE Centre and Branding projects are also complete, and the remaining capital projects are all progressing and are expected to complete by the DLUHC deadline of 31st March 2025.

18. The below table summarises the achievements of each of the Towns Fund projects over the past year and key upcoming milestones.

Project	Achievements	Key Milestones
Digital Hub	Design work and building layouts have been completed, and a combined tender has been issued for the refurbishment of Townshend House into The Digital Hub and the operational management of The Digital Hub.	Tenders submitted – Early April 2023 Award Design and Build Contract – Beginning of May 2023 Anticipated contractors start on site – Beginning of July 2023
The Halls	Project team consultants have been appointed and are currently progressing the RIBA Stage 3 design. A Building condition survey of the Halls carried out in August 2022, identified a number of urgent issues with the building fabric. Further detailed surveys identified costs and funding has been requested from the capital fund to do these works at the same time as the Town Deal The Halls project.	Appointment acoustic consultant – March 2023 Complete design stage ready for construction tender issue – End April 2023 Anticipated start on site – September 2023 Cabinet/council consideration of budget amendment to allow

	The Arts Council application for capital funding was unsuccessful.	remedial works to the Halls to be undertaken alongside Towns Deal project
DigiTech Factory	Accelerated Project. Officially opened 20 th October 2021	Project completed
ACE Centre	Building project completed and open to students in October 2022. Some technical equipment was outstanding initially but has now been installed. Official opening 24 th Feb 2023	Project completed
Carrow House	Purchase of Carrow House completed – Sept 2021 Construction contract for New Carrow House completed – June 2022. Construction contract for Old Carrow House completed – February 2023.	Project completed. Property being marketed.
East Norwich Masterplan	Town Deal Funded stages of the project completed with endorsement of stage 2 Masterplan by Cabinet in June 2022.	Project completed. Information and updates can be found here .
Revolving Fund	Negotiations with site owners are continuing, and a number of sites have been progressed by developers after communication from the team. Authority to CPO 2 sites approved by cabinet – Dec 2022. Further sites have been identified to request authority to CPO. One site appears likely to progress via negotiation	Site purchase negotiations – ongoing Milestone agreements are being concluded with the site owners of the land cabinet approved for CPO in Dec 2022, to ensure continued development progress. The list of sites to be include in the second stage of negotiations with will be concluded by May 2023. Further report to Cabinet due in June/July.
Public Realm	Project has been descoped due to escalating construction costs jeopardising both areas of the project. It was agreed to postpone St Giles Street and remove it from the Public Realm project. Hay Hill is progressing well. The team have appointed Tarmac to carry out the construction works. This appointment is being arranged via the Norfolk County Council framework.	St Giles detailed design - Mar 22. Hay Hill structural Engineer appointment – Feb 22 Hay Hill planning application for removal of sculptures – Mar 2023 Anticipated start on site – End April 2023.
Branding	WiN launched October 2022	Project completed. A link to the website is here .

Project budget and Forecast Outturn

19. Various amendments have been made to budgets in year to ensure the Towns Fund Programme can be delivered within budget. This includes additional Council investment has been secured to ensure delivery of the project at Carrow House. There is a proposal to do something similar to The Halls (subject to cabinet endorsement on 28th Feb-23 and subsequent Council consideration)
20. The cost increases on Digital Hub project are being met by a proposed PAR from the Public Realm project as the Public Realm project has been descoped to ensure sufficient finance is available to deliver a high-quality public realm in Hay Hill (approved by DLUHC) and there remains a considerable underspend in relation to the revolving fund as negotiations continue on the sites
21. Following these amendments all the projects are projected to be delivered within budget at present. Further detail is set out in **Appendix A, Table 1**
22. All the projects are projected to be delivered on budget or are showing an underspend at present. It should be noted that the scope of works in some projects has been reduced to enable the projects to remain within budget. A decision was made to descope the Public Realm project removing the St Giles element, due to construction cost pressures. Please see **Appendix A Table 2**

Overview of risks and issues

23. Since the project Business Cases were submitted to DLUHC there has been increasing cost inflation in the construction market as well as supply chain challenges. This ongoing pressure in the market means that all capital Town Deal projects price and programmes have been impacted, with the exceptions of Branding, which was a revenue only project, Revolving Fund, which is not a typical capital project, and DigiTech Factory, which was completed prior to the bigger impact of the increased costs.
24. On 13th October 2021 a paper was presented to cabinet regarding the award of contract for Carrow House. Similar issues are affecting the remaining 3 'traditional' Town Deal capital projects (The Halls, The Digital Hub and the Public Realm), however these projects are progressing well, and officers are aware and working to mitigate these problems wherever possible. DLUHC is also aware of the national construction industry pressures, which are being experienced by all 101 Town Deal programmes and has worked with the team to approve project descoping and project adjustment requests, to ensure the schemes remain viable and deliverable.
25. Now that all the remaining projects are entering their development phase, each project manager is revisiting their programme of works and project costs, with a view, if required, of going back to DLUHC to reprofile the funding between projects to ease budgetary pressures. Scope from other funding sources is also being explored at this time.

26. The programme for each project is evaluated regularly by the project team, including the programme manager, and at the monthly Internal Town Deal Programme Board and The Norwich Town Deal Board. At the time of writing, the internal NCC projects are all programmed to be completed during 2024, which is within the final DLUHC funding end date of 31st March 2025.
27. The overriding risks to the capital projects are cost inflation in the construction market and supply chain challenges, as previously mentioned. These risks may impact on both budget and programme, however the extent of this will not be known until projects have progressed to a tender stage for the works, and officers are working to mitigate the impact. The Digital Hub is now out to tender, and we are aware of a funding shortfall, therefore officers have submitted a request to DLUHC for a virement of funds (a PAR) from the Public Realm project, which has excess funding due to the project descoping. If this funding virement is approved by DLUHC this will ensure the project will continue and that both the Hay Hill Public Realm project and the Digital Hub projects are fully deliverable.
28. Project risks are discussed at the Norwich Town Deal Board and Internal Town Deal Programme Board monthly meetings. Individual Project Highlight Reports are produced which detail all project risks for discussion, and a programme level risk register is also completed and reviewed at these meetings.
29. **Appendix B** contains the programme and project risk logs. Please note that although this follows a similar methodology to the Council's corporate risk management approach, the risks have been assessed and are managed on a programme basis, and this risk log will evolve as the programme develops.

Future Programme Updates

Cabinet will receive an update on the Town Deal Programme yearly for the duration of the programme. The next update is due to be made to Cabinet in March 2024.

Update on the Digital Hub Project

30. Townshend House is a council-owned office block in Norwich city centre. The successful Towns Deal business case sought investment to support a comprehensive renovation and upgrade of the building into a Digital Hub, creating new, digital hub workspace in the city centre to support fast-growing knowledge businesses, cross-sector collaboration, generating digital scale-ups and lifelong learning opportunities.
31. The Digital Hub is designed to provide accommodation to attract smart, ambitious, like-minded entrepreneurs and companies; co-locating them in scalable facilities with connections to high quality business support, investors and potential customers. Accelerator programmes will be run on a wide range of business and technical topics. Overall, the Digital Hub will provide a focus to raise the profile of digital and the opportunities within the sector, increasing digital start-ups, scale-ups and business growth in Norwich and supporting the retention of ideas, talented people and knowledge jobs in the Norwich economy.
32. A successful building and wrap-around business support offer will also deliver:
 - Wider stimulation of Norwich's office market.
 - Increased employment density in knowledge sectors.
 - Increased digital sector jobs and businesses.
 - Increased individuals engaged with digital learning
 - Creation of sustainable employment opportunities providing career progression and higher than living wage.
 - Increased collaboration between Higher Education, graduates and business.
33. The Digital Hub will be a new and unique business space in the heart of the city centre, which will enable the clustering of tech start-ups and established digital businesses. It will also provide the right environment for these firms to grow and scale-up, and through this create new jobs in Norwich.

Capital Works and Operational Management Procurement Background

34. The original business case was developed on the basis that NCC would oversee the design and refurbishment works, and finally appoint managers to operate The Digital Hub. Through early engagement with the digital community and the project's design progression it has become clear that a more efficient way to commission the contract was for the NCC team to lead the design up to RIBA stage 3, and then tender as a design, build and management contract, to allow specialist organisations, who will run the facility, to input into its design.
35. It is intended that Townsend House will be leased to the management operator, as part of the combined tender. The proposed lease will be a 15-year lease, with a 5-year break. The value of the lease will ensure that the revenue generated from it is in line with the revenue shown in the Business Case.
36. NPLaw have undertaken a comprehensive review of the combined tender proposals and advised throughout the process.

Legal advice

37. NPLaw advised that the procurement position is, the tender forms a “mixed procurement” as set out in Regulation 4 of the Public Procurement Regulations on the basis that the two components of the project, the works, and the concession arrangement, are objectively inseparable for reasons that:
 - a. both component parts together form an ‘indivisible whole’ and otherwise the prospects for securing a best value outcome would markedly reduce.
 - b. procuring the refurbishment in isolation may be unattractive to a potential operator with wasted time and resources
 - c. awarding separate contracts could compromise the overall management of the contract
 - d. there are sound and objective reasons to have both parts performed by the same contractor (e.g. a consortium)
38. In addition to overarching principles of transparency, and equal treatment in terms of compliance with the procurement regulations, this procurement can be deemed a sub-threshold procurement, the key resulting requirement being to advertise on the Find a Tender service.
39. As a condition of the lease, the successful bidder will be bound to a Service Level Agreement that will ensure that objectives of the City Council are delivered.

Combined Tender

40. The proposed combined tender process was approved by the Internal Town Deal Programme Board on the 18th October 2022.
41. An Expression of Interest was published on Contract Finder/Find a Tender on 24th October 2022.
42. Following completion of the tender package, the Invitation to Tender was published on Contract Finder/Find a Tender on 24th January 2023, with a tender submission date of first week of April and likely date for award of contract falling in May 2023.
43. In order to avoid any delay to the project by waiting until Cabinet meets in June to agree the contract delegated authority is sought to allow the contract to be entered into.

Finances

44. The forecasted capital costs of the Towns Deal Digital Hub Project is £3.18m including £0.16m of contingency, the funding available is only £2.78m giving a £0.4m shortfall (**see Appendix A – Table 3**).
45. Per the project budget section earlier in the paper, the capital and revenue funding totals £2.98m (see Appendix B), £0.2m relates to allocated and spent revenue costs to vacate the building, leaving £2.78m of funding for capital costs.

46. The primary sources of funding are £2.45m from Towns Deal, £0.32m from Norfolk County Council, £0.13m from Norwich City Council and £0.08m from DLUHC £1m Accelerated funding.
47. The £0.4m shortfall is expected to come from a closed Towns Deal project from this round of funding, the closed project has sufficient funds to cover the shortfall.
48. A PAR (Project Adjustment Request) has been submitted to DLUHC to request approval of a £0.4m transfer to the Digital Hub project.

Conclusion

49. In accordance with the Council's constitution, contracts that are greater than £500k in value must either be determined by Cabinet or delegated by Cabinet to Officers. The value of the contract is expected to be approximately £2.5m and exceeds the criteria for a key decision and hence contract award requires a cabinet decision. However, it is likely that the contract will need to be awarded and works will need to commence before the next cabinet in June 2023 and therefore it is recommended that the decision to award the contract is delegated to the Executive Director of development and city services, in consultation with the portfolio holder for sustainable and inclusive growth, subject to approval of the PAR so that the budget is available.

Implications

Financial and Resources

50. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget.
51. See paragraphs 42 – 46 on financial resources and funding

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	All Towns Fund projects have been designed to support a positive contribution to equalities, particularly in the delivery of improved accessibility, skills infrastructure and access to employment.
Health, Social and Economic Impact	The Towns Fund projects provide significant improvements in economic regeneration and skills infrastructure in Norwich in line with the Norwich 2040 Vision and the Norwich Economic Strategy. They make a major contribution to delivering key priorities and outcomes in partnership with a wide range of key stakeholders.
Crime and Disorder	No implications

Consideration	Details of any implications and proposed measures to address:
Children and Adults Safeguarding	No implications
Environmental Impact	All the projects have been developed to support clean growth and particularly development of skills associated with a transition to a carbon zero economy.

Risk Management

Risk	Consequence	Controls Required
Please see Appendix B		

Other Options Considered

52. With regards to the Digital Hub update, consideration was given to waiting until the cabinet meeting in June 2023, however this would mean that works are unlikely to commence on site until the middle of August 2023, and this creates a high risk to the project programme.

Reasons for the decision/recommendation

53. With regards to the Digital Hub update, the decision is recommended to ensure the Town Deal Digital Hub project programme continues in line with the information given to the Department of Levelling Up, Communities and Housing.

Appendices:

Appendix A Towns Deal Programme and Project Risk Logs


Appendix B Financial Tables and Notes

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	<p>If you would like this agenda in an alternative format, such as a larger or smaller font, audio or Braille, or in a different language, please contact the committee officer above.</p>
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APPENDIX A

FINANCIAL TABLES AND NOTES

Table 1

Town Deal and Match Funding

Summary of Total Funding

Projects - Capital	Original Budget	Townsfund Funding Committed	Towns fund PAR Adjustment	Match Funding Committed	Match Funding UnCommitted	£1m Accelerated Fund Adj. (Note 1)	Revised Budget
	£000s	£000s		£000s	£000s	£000s	£000s
Capacity Funding	173	173		5	-		178
£1m Accelerated Fund	1,106	1,000		106	-	(355)	751
Sub-Total	1,279	1,173		111	-	- 355	929
Programme Management	581	581		-	-		581
Digital Hub	2,848	2,450		457	-	75	2,982
The Halls	3,706	3,426		-	100	280	3,806
Carrow House	4,192	4,192		728	-		4,920
East Norwich MasterPlan	100	100		-	-		100
Revolving Fund	5,472	5,472		-	-		5,472
Public Realm - St Giles	1,806	1,744	- 942	180	-		982
Public Realm - Hay Hill	2,290	2,209	942	81	-		3,232
Digitech Factory	1,500	1,500		-	-		1,500
ACE	3,100	3,100		-	-		3,100
Branding	180	180		-	-		180
Sub-Total	25,774	24,953	-	1,446	100	355	26,853
Grand Total	27,053	26,126	-	1,556	100	-	27,782

Funding Table 1 Comments:

Various amendments have been made to budgets in year to ensure the Towns Fund Programme can be delivered within budget.

This includes:

Total funding for each project, includes:

- The agreed Town Deal funding per project
- Match funding confirmed
- Match funding unconfirmed
- The uncommitted funding column above shows £0.1m for the Halls, we are awaiting confirmation for the funding and the value, as a larger contribution maybe available.
- The separate column for the £1m Accelerated Fund adjustment above, shows the transfer of funds of £0.36m from the £1m Accelerated fund to the Digital Hub and The Halls shown as match funding for these projects.

Table 2

Town Deal Summary

Summary of Towns Deal Actuals and Committed Costs to 31st January 2023

Capital and Revenue Costs

Internal External Projects	WIP or Completed	Projects	YTD Actuals	Future Committed Costs	YTD Actuals & Committed Costs
Internal			£000's	£000's	£000's
Internal	Completed	Capacity Funding	178	-	178
Internal	WIP	£1m Accelerated Fund	519	232	751
Total Capacity Funding and £1m Accelerated Funding			697	232	929
Internal	WIP	Programme Mgmt	282	146	428
Internal	WIP	Digital Hub	351	9	361
Internal	WIP	The Halls	407	214	622
Internal	WIP	Carrow House	4,331	381	4,712
Internal	Completed	East Norwich MasterPlan	100	-	100
Internal	WIP	Revolving Fund	134	122	256
Internal	WIP	Public Realm - St Giles	219	-	219
Internal	WIP	Public Realm - Hay Hill	155	74	229
Total Townsfund Internal Projects & Programme Management			5,980	947	6,927
External	Completed	Digitech Factory	1,500	-	1,500
External	Completed	ACE	2,042	1,058	3,100
External	Completed	Branding	180	-	180
Total Townsfund External Projects			3,722	1,058	4,780
Grand Total			10,398	2,237	12,635

Original Budget	Revised Budget	Forecast Outturn	Variance
£000's	£000's	£000's	£000's
173	178	178	-
1,106	751	751	(0)
1,279	929	929	- 0
581	581	581	0
2,848	2,982	3,381	(399)
3,706	3,806	3,806	0
4,192	4,920	4,919	0
100	100	100	0
5,472	5,472	5,471	0
1,806	982	219	763
2,290	3,232	3,232	(0)
20,994	22,073	21,710	363
1,500	1,500	1,500	0
3,100	3,100	3,100	(0)
180	180	180	0
4,780	4,780	4,780	- 0
27,053	27,782	27,419	363

% of YTD Actuals & Committed costs vs Forecast Outturn	46%
% of completed projects	27%

Actuals, Budget, and Outturn Table Notes:

- 1) The Towns Deal Public Realm, St Giles project has been approved by DLUHC to be closed for this Towns Deal funding round, leaving St Giles with available funds of £1.7m after sunk costs.

DLUHC and NCC approved that Hay Hill (part of the Public Realm Project) would receive £0.94m of St Giles funding, leaving a remaining £0.76m.

- 2) The Digital hub forecast outturn is £3.38m capital and revenue, of which £3.18m relates to capital as discussed in this paper. A Project Adjustment Request (PAR) has recently been submitted to DLUHC to request £0.4m of the St Giles funds be vired to cover the shortfall.
- 3) The ACE project is being completed by City College Norwich (CCN), this project is now completed and £0.6m was approved and paid to CCN in February 2023 in addition to £2m in actuals above. Invoices for the remaining amount excluding retention costs are expected later in the year.

Table 3

Forecasted capital costs of the Towns Deal Digital Hub

Towns Fund - Digital Hub Full Project Costs <i>February 2023</i>								
Description	20-21 £000's	21-22 £000's	22-23 £000's	23-24 £000's	24-25 £000's (Retention costs)	Sub Total £000's	Contingency £000's	Grand Total £000's
Construction Works (inc. Prelims, Design)				2,558	39	2,597	130	2,727
Consultants and Surveys	6	23	78	127		234		234
Main Construction + Other Costs Part of Oxburys Costings	6	23	78	2,685	39	2,831	130	2,961
Consultants	6	14	13	1		34	27	62
Internal Staff Costs		29	54	46		129		129
Legal Costs		4	9	11		24		24
Additional Costs	6	47	75	58	-	187	27	215
Total Capital Costs	12	71	153	2,743	39	3,018	157	3,175
Total Capital Costs per annum (Inc. Contingency)	12	71	153	2,900	39	3,175		
						Funding Available	2,776	
						Potential Virement from alternative TD project	399	
						Total Funding	3,175	
						Forecast Variance to funding	0	

APPENDIX B

Town Deal Programme and Project Risk Logs

Project: Town Deal Fund Programme High Level Risks 31/01/2023

Current overall Programme risk			Owner:			Category:		Risk Direction:	
			Current Residual Risk			Target Risk			
Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score		
21/12/21	3	3	9		2	2	4		

Risk: Covid – 19			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
The Government forces a country/local lock down. Covid and flu illness in project staff, including NCC staff, Consultants and Contractors.	Delay in progressing programme, resulting in funds being unspent within the DLUHC time frames.	All PMs have close contact with Programme Manager so their work can be covered in the event of illness. External project PMs competent to take over if needed. Internal PMs aware of all current progress if External PM off.	21/12/21	3	2	6		3	1	3
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Communication between all team members		Programme Manager		ongoing	01/23 – The risk of a Covid lockdown is significantly reduced, however the increased occurrences of significant illness in staff have increased in the last 3 months		

Risk: Construction Industry			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Impact of the pandemic and BREXIT on the construction industry.	Increasing costs and programme delays due to issues in the supply of materials, and staff shortages.	Credit checks done on companies prior to appointment. Continued monitoring of the situation for each project. Working with Project Procurement Officer Reprofile funding with DLUHC into future financial years. Constant cost monitoring across all TD projects to enable virements between project budgets where possible (subject to DLUHC consent).	21/12/21	4	3	12		2	3	6
			Risk Control Action							
			Action		Owner	Target Date	Update			
			Continued Monitoring		Programme Manager Project Manager	Ongoing	10/22 – impact war in Ukraine and Brexit impacting on construction costs and supplies of materials and workforce 01/23 – above still applies and effecting costs and programme.			

Project: Town Deal Fund Programme High Level Risks (continued)

Risk: Staff			Owner:				Category:	Risk Direction:		
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Key project staff leaving the employment of the Council.	There is one person for each project and admin role. If a member of staff resigns, this will impact the progress of the projects and the well-being of the other staff due to excessive workload to cover.	Ensure recruitment advertising is managed quickly. Ensure all staff have a 1:1 fortnightly and an annual review, so that managers are aware of their workload and well-being.	21/12/21	4	3	12		3	3	9
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Continued Monitoring		Programme Manager		Ongoing	10/22 – recruitment continues to be a significant issue 01/23 – recruitment continues to be a significant issue due to availability of the correct candidates and significant increase in daily rates impacting budget		

Risk: Consultant/Contractor			Owner:				Category:	Risk Direction:		
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Contractor or consultant abandoning works or going into insolvency.	Significant delays to programme and budget	Credit checks done on companies prior to appointment. Continued monitoring of the situation for each project. Working with Project Procurement Officer Reprofile budgets where needed. Constant cost monitoring across all TD projects to enable virements between project budgets where possible.	21/12/21	5	3	15		3	3	9
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Continued Monitoring		Programme Manager Project Procurement Officer		Ongoing	10/22 – impact of war in Ukraine, UK Inflation rates and Brexit are the construction industry, making companies vulnerable at the current time. 01/23 – above still applies and significant inflation increasing the possible risk		

Project: The Halls Make Space

Risk: Match Funding			Owner:				Category:	Risk Direction:		
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
The Council fails to secure match funding Consolidated Charities	Reduced project budget.	Value Engineer works. Reallocate funds within TD Projects. Apply for alternative funding, partners to identify areas of help. Reprofile funding with DLUHC into future financial years.	21/12/21	4	2	8		2	2	4
			Risk Control Action							
			Action		Owner	Target Date	Update			
			Continued contact with, and responses to, Consolidated Charities.		Project Manager	30/11/22	04/02/22 – Meeting to discuss possible options with Consolidated Charities. 06/22 – continued communication with CC but no progress with obtaining funds. 08/22 – continued communication with CC. CC has proposed a meeting in October 08/22 – continued communication with CC. CC has proposed a meeting in November 11/22 – CH met with CC and the proposals were met with interest. CH invited back to present again to the Board to hopefully secure funding in February			

Risk: Unknown Building Condition Issues			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Unknown issues with current building. Due to the age of the building, issues may be uncovered during construction works.	Increase project budget, and reduce project scope.	Instruct condition surveys where possible, to reduce number of unknown issues Apply for alternative funding, partners to identify areas of help.	02/08/22	4	3	12		4	2	8
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Close monitoring with design team.		Project Manager		30/11/22			

The Halls – Make Space (continued)

Risk: Funding for Condition Survey works			Owner:				Category:	Risk Direction:		
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Recent condition Survey highlighted significant issues in the building fabric which are not part of the Town Deal Funded works. Alternative funding needs to be sort from NCC Capital reserves but waiting until the February Cabinet meeting will delay the TD project programme. Not doing the works within the Town Deal construction project will mean that the Halls will suffer an extended time of closure and therefore loss of revenue, and the costs of the works will increase significantly.	A delay in deciding if these works will be funded, will delay the Town Deal Project	Additional surveys to be carried out to provide more detail on the urgent works and to inform what could be included in the PPM. Funding decision made before the February Cabinet meeting to reduce programme delay Project team made aware of the condition issues and incorporating internal issues within the current design where needed	02/08/22	4	4	16		3	2	6
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Senior level decision required		HoS Property and Economic Services		30/11/22	01/23 – detailed survey completed, cost of works is estimated at £1.6m The budget paper to cabinet in Feb 23 is requesting £950k. Additional funding will be required now a more accurate estimate has been obtained.		

Project: Carrow House

Risk: Unknown Elements in OCH			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Increased project budget due to unknown element of building works in Listed Building area.	Project will go over budget.	Value Engineer works Old Carrow House. Prioritise construction works in areas of unknow risk. Constant cost monitoring across all TD projects to enable virements between project budgets where possible.	02/08/22	2	1	2		1	1	1
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Close monitoring of onsite construction works.		Project Manager		01/12/22	10/22 – Mitigation works continue and unknow costs are being reduced by surveys and continued work. 01/23 – 95% of works completed and risk significantly reduced		
			Regular meetings with external project manager.		Project Manager		01/03/23	02/23 – continue until expected handover w/c 06/02/23		

Risk: Unknown Drainage Condition Issue			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Programme delay and Increased project budget due to discovery of collapse Victorian combined drainage to the rear of NCH	Project will go over budget.	Drainage and engineering surveys carried out to establish extent and cost of works. Depending on cost, it is possible that the contingency could be utilised to cover the overspend.	02/08/22	3	3	9		2	2	4
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Close monitoring of costs		Project Manager		01/02/23	01/23 – detailed surveys being carried out w/c 23/01/23		
			Regular meetings with external project manager and contractor		Project Manager		01/02/23			

New Carrow House (construction contract completed 27/06/22)

Risk: NCH Marketing			Owner:				Category:	Risk Direction:		
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Marketing of the office space.	If both New and Old Carrow are not occupied at the rate shown in the business case, income will be lower than expected. Hold cost will increase and impact NCC budget.	Appoint a marketing agent by Jan/Feb 2022. Ensure all external landscaping is well kept and inviting to potential tenants. Look at alternative options	21/12/21	4	4	16		2	2	4
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Option paper for alternative use. Monitoring of onsite construction works at OCH.		Project Manager		01/03/23	06/22 – Handover of New Carrow House 27/06/22 10/22 – OCH construction works ongoing. PM notifies contractor of any external visits to NCH. 01/23 – OCH will handover 03/02/23		
			Early appointment of agent.		Project Manager Programme Manager		28/01/22	06/22 – Roche have been appointed as letting agent and have begun marketing. 10/22 – dual marketing approach has been adopted to ensure maximum number of possible tenants can be reached.		

Risk: NCH EPC			Owner:				Category:	Risk Direction:		
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Since the original design for refurbishment was agreed, the way the EPC rating is calculated has been changed. The result is that instead of increasing to an EPC C rating, the building has gone down. The current EPC stands and is EPC E	If the EPC is not improved NCC will be unable to lease the offices	MEES assessments and reports are being carried out to establish methods and costs of improving the EPC rating of the building. Option paper is being completed to establish the ways forward for the building.	21/12/21	4	4	16		3	3	9
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Work with MEES surveyor to finalise costs.		Project Manager		01/03/23			
			Agree options with CLT		Project Manager		01/03/23			

Project: Digital Hub, Townshend House

Risk: Budget			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Budget estimates have been produced for the design; however due to construction industry cost increases budget is expected	If costs escalate the viability of the scheme described in the business case will be negatively impacted and the programme will be delayed.	Value Engineer design. Constant cost monitoring across all TD projects to enable virements between project budgets where possible. Alternative tendering of works to include, design/build and manage in one tender.	21/12/21	4	3	12		3	2	6
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Continued communication with design team		Programme Manager Project Manager		01/12/22	06/22 – progressing procurement and legal discussions regarding tender package. 10/22 – Combined tender package agreed by Boards, and team moving forward with this. 01/23 – Combined tender issued 24/01/22		
			Budget reprofile		Programme Manager		1/12/22	01/23 – virement request submitted to DLUHC w/c 30/01/23		

Risk: Tender			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Tender package to include construction, management and lease of building. We may not get tenders for the whole package	Programme delay, abortive costs. Cost increases	Communicate with all likely tenderers. Work closely with legal advisors Abort process and revert to traditional tender process in good time if problems encountered.	02/08/22	3	2	6		2	2	4
			Risk Control Action							
			Action		Owner	Target Date	Update			
			Continued communication with design team, legal and procurement		Programme Manager Project Manager	01/10/22	06/22 – progressing procurement and legal discussions regarding tender package. 10/22 – Combined tender package agreed by Boards, and team moving forward with this. 01/23 – tender issued 24/01/23			

Project: Public Realm

Risk: Budget			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Budget estimates have been produced for both St Giles Street and Hay Hill, however costs are expected to rise due to construction industry pressures	If costs escalate the viability of the scheme, described in the business case, will be negatively impacted.	Value Engineer works on both project areas. Constant cost monitoring across all TD projects to enable virements between project budgets where possible.	21/12/21	1	1	1		1	1	1
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Design and cost evaluation		Project Manager		01/03/22			
Project/Programme budget monitoring		Programme Manager		01/03/22	06/22 – Costs for St Giles project significantly increased. Looking for alternative funding or reallocation of funding to Hay Hill. Hay Hill awaiting cost analysis but expected to increase significantly. 10/12 – request submitted to DLUHC Aug 22, awaiting response. Further cost plan sort for Hay Hill. 01/23 – DLUHC approved the descoping and removal of St Giles.					

Project: Public Realm cont'd

Risk: Sculptures			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Removal and relocation of sculptures in Hay Hill. The sculptures are difficult to relocate due to the subject.	The sculptures must be moved to allow for the new scheme and intended use. A suitable alternative location is difficult to find, and this could result in a reputational risk for NCC.	Discuss possible options with NCC stakeholders, the Norwich Society, and the Thomas Browne Society. During the stakeholder and public consultation, suggestions can be sought for its location.		4	3	12		1	2	2
			Risk Control Action							
			Action		Owner	Target Date	Update			
			Communication with stakeholders Supporting statement to Planning Relocate sculptures to alternative location.		Programme Manager		06/22 – NUA and UEA interested in relocating sculptures, meetings with both have been arranged. 10/22 – Alternative location identified and communicated with Artists and Thomas Brown Society. 01/23 – planning app submitted for relocation of sculptures to Elm Hill. This has received objections and will go to committee Feb 23.			
			Public consultation		Project Manager		06/22 – public consultation complete with an excellent response from the public and stakeholders. Generally supportive of the scheme.			

Risk: Statue			Owner:				Category:	Risk Direction:		
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Relocation of the Thomas Browne statue within Hay Hill may be resisted by Historic England.	The statue is currently located in a position that inhibits our ability to design a widely useable community space.	Early discussions with Historic England to ensure they are aware of the reasons for the relocation within Hay Hill.		2	2	4		2	1	2
			Risk Control Action							
			Action		Owner	Target Date	Update			
			Communication with HE		Project Manager		06/22 – continued communication with HE, who appear supportive of relocating within Hay Hill.			
							10/22 Continued communication with HE is positive about the relocation of the statue within Hay Hill			
			01/23 – HE have not currently objected.							

Project: The Revolving Fund

Risk: CPO Associated Costs			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Cost escalation due to CPO purchase route for sites would reduce the number of sites we could purchase.	This is a reputational risk as the approved DLUHC business case identifies a rotation of sites to enhance the local community's environment and well-being	Work closely with the property consultant to ensure the most viable sites are purchased. Monitor budget spend, and number of CPO sites selected.	21/12/21	4	3	12		2	2	4
			Risk Control Action							
			Action		Owner	Target Date	Update			
			Continued contact with property consultant		Project Manager Sarah Collins	01/03/22 for 1 st stage	06/22 – Phase 1 property advice report completed. 10/22 – continue to monitor the most appropriate option to purchase sites. 01/23 – ongoing			
			Budget monitoring		Programme Manager	ongoing	06/22 – Property advisers are recommending initial negotiation offers for 3-4 sites in phase 1. 10/22 – this is ongoing. 01/23 – on going			

Risk: Budget Underspend			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
Significant underspend of budget.	We have an agreed programme spend with DLUHC which, if the programme is not monitored, may result in the money being withdrawn	Close monitoring of budget spend and landowner communications. Work closely with property consultant to ensure the correct sites are selected to ensure acquisitions can be made and further sites are selected for evaluation and acquisition. Reprofile funding with DLUHC into future financial years. Establish alternative sites	21/12/21	4	3	12		2	2	4
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Monitoring of spend and communication		Project Manager		ongoing			
Reprofiling		Programme Manager		01/12/22	06/22 – Property advisers are recommending initial negotiation offers for 3-4 sites in phase 1. If these offers are accepted then reprofiling will not be required, however we will not know the outcome of this until October/November 22 10/22 – negotiated offers are being made and cabinet paper to be presented in November to request CPO powers. 01/23 – ongoing					

Project: Advanced Construction and Engineering (ACE) Centre

Risk:			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
PROJECT COMPLETE										
			Risk Control Action							

Project: East Norwich Masterplan

08/06/22 – Stage 2 of the ENMP approved at cabinet. The Town Deal Funding funded these stages and therefore is now completed.

Risk:			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
PROJECT COMPLETE										
			Risk Control Action							

Project: Branding

23/10//22 – Branding (Work in Norwich) was launched 06/10/22. The Town Deal funded Branding project is therefore now completed.

Risk:			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
PROJECT COMPLETE										
			Risk Control Action							
			Action		Owner		Target Date	Update		

Project: DigiTech Factory

Risk:			Owner:				Category:		Risk Direction:	
				Current Residual Risk				Target Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
PROJECT COMPLETE										
			Risk Control Action							
			Action		Owner		Target Date	Update		

