

OPEN REPORT
ASHBOURNE REBORN PROGRAMME BOARD

Ashbourne Reborn Programme Board – 12 December 2023

ASHBOURNE REBORN PROGRAMME UPDATE

Report of the Director of Regeneration and Policy

Report Author and Contact Details

Laura Simpson, Principal Regeneration Officer
01629 761146 or laura.simpson@derbyshiredales.gov.uk

Wards Affected

Ashbourne North and South

Report Summary

The report summarises activity to progress the *Ashbourne Reborn* Programme, highlights key programme risks and sets out next steps.

Recommendations

1. That the Ashbourne Reborn Link Community Hub Project Board Terms of Reference are approved by the Programme Board, in accordance with Governance requirements and the Highways and Public Realm Project Control Board Terms of Reference are considered and approved following finalisation by the Project Control Board.
2. That the Procurement Strategy/Guideline document for the Link Community Hub is circulated to the Programme Board and considered for approval under written procedures.
3. That the Board considers progress to date and the position regarding programme, cost, deliverables and risks be received and noted.
4. That the proposed approach to seeking advice from DLUHC on the Project Adjustment Request process is approved.

List of Appendices

- Appendix 1 Link Community Hub Project Board Terms of Reference
Appendix 2 Minutes of the H&PR Project Control Board 07/11/23
Appendix 3 Minutes of the LCH Project Board 07/11/23

Background Papers

- Ashbourne Reborn Programme Board Update Report 27 September 2023.
Ashbourne Reborn Programme Board Update Report 26 October 2023.

Consideration of report by Council or other committee

No

Council Approval Required

No

Exempt from Press or Public

No

ASHBOURNE REBORN PROGRAMME UPDATE

1. Background

- 1.1 Ashbourne Reborn is a £15.22m programme aimed at transforming Ashbourne town centre through significant improvements to highways and public realm and the development of the Link Community Hub. The programme is principally funded by the UK Government through a £13,373,509 funding allocation from the Levelling Up Fund, Round Two. The programme comprises the following projects:

Project 1: Public Realm & Highways Improvements led by Derbyshire County Council- £8.804m

Project 2: Link Community Hub led by Ashbourne Methodist Church - £6.418m

- 1.2 Derbyshire Dales District Council is the Accountable Body for Ashbourne Reborn. Matters that could have a significant impact on the programme, potentially resulting in a change to the approved bid / Memorandum of Understanding between the District Council and the Department for Levelling Up, Housing and Communities (DLUHC) in terms of deliverables, timescales, cost, outputs / outcomes and risk should be matters for decision by the strategic Programme Board and are required to be escalated by Project Boards.
- 1.3 Where Levelling Up funded projects are predicted to reflect a greater than 30% change in funding profile, measured cumulatively across the years of the programme, or a 30% or greater change to project outputs and outcomes, these changes are required to be referred to DLUHC through a formal Project Adjustment Request (PAR) process.
- 1.4 Under the PAR process, the Accountable Body is required to inform DLUHC of the potential requirement for a PAR through their designated Area Leads. DLUHC should then discuss the potential PAR with the Accountable Body to determine whether it can be addressed under delegated power. If it is decided that departmental approval is required, the PAR proforma is issued to the Accountable Body to complete. DLUHC aims to respond with a decision within 20 working days from the point at which DLUHC has confirmed that all required information has been provided. Any agreed adjustments are then reflected in MoUs and grant funding agreements.

2. Key Issues

Governance

- 2.1 Ashbourne Reborn Project Board Terms of Reference documents are required to be finalised with reference to the recently revised governance arrangements and provided to the Programme Board for approval, as requested by Programme Board on 27 September 2023. The Link Community Hub Project Board Terms of Reference document has been approved by the Project Board and is provided for approval in Appendix 1. The Highways and Public Realm Project Control Board Terms of reference has also been drafted and is due to be considered by the Project Control

Board at its meeting of 5 December. It is proposed to be circulated on or before 12 December Programme Board meeting.

Project Progress, Procurement and Risks:

- 2.2 Partners continue to work collaboratively to progress both projects. Brief project-based updates are set out below, with further detail provided in Appendix 2 – Draft Minutes of the Highways and Public Realm Project Control Board 07/11/23, and Appendix 3 - Minutes of Link Community Hub Project Board 07/11/23. Further updates from the Project Board meetings on 5 December will be provided verbally with Minutes to follow as the timing relative to Programme Board means it is not possible to circulate them with the Programme Board document pack.

Highways and Public Realm Project:

- 2.3 The DCC-led Highways and Public Realm Project is continuing to progress work related to detailed design as it moves towards RIBA Stage 4 design. Procurement of Stage 4 design has now been resolved and work has continued in the interim on final work packages associated with Stage 3 to prepare for Stage 4, for example survey work to provide required detail.
- 2.4 Work also continues to align designs for Millennium Square and Shrovetide Walk, that benefit from existing planning consents, with Stage 4 design work for the other project elements. Gap analysis has identified some areas of the current designs where additional detail is required to support further cost estimates and plans for construction. These areas will need to be addressed and work is ongoing to confirm associated costs.
- 2.5 Early Contractor Involvement (ECI) continues with framework contractor Galliford Try to support the development of the scope of work and associated work programme, including a Workshop on 28 November. Following completion of the Grant Funding Agreement, it is anticipated that the contract will begin in December.
- 2.6 ECI is key to providing more detailed cost estimates and information about the construction period and methodology. This will help to mitigate project risks and enable a smooth transition into the construction period. Early engagement has also enabled consideration of appropriate options for locating the main site compound and a separate site office in Ashbourne to support effective day to day communications with local businesses and residents through the construction period.
- 2.7 The submission for Listed Building Consent for work on the Market Place and Victoria Square was approved at Planning Committee on 14th November. Work to confirm the approach to hostile vehicle mitigation measures for the Market Place, including those associated with Martyn's Law, is being continued through a partner working group, including consideration of the need for any potential amendments or additions to the consented scheme.

- 2.8 A working group is also being set up to consider the management of future events in Ashbourne following completion of Ashbourne Reborn. This will take into account licensing arrangements, the extent of a potential canopy to support flexible use of the Market Place, a palette of materials for street furniture allowed by future 'sitting out' type licences and associated work elements to ensure the enhanced event space can be used effectively. As advised by the District Council at bid submission stage, the management of event spaces upon completion of the works will be a matter for local partners.
- 2.9 Following agreement on the approach to risk sharing, the Grant Funding Agreement (GFA) between DCC and DDDC has been finalised.
- 2.10 The cost plan for the Highways and Public Realm project was updated by Bentley Project Management following the completion of RIBA Stage 3 design and will be further developed through ECI. The current cost plan indicates a potential overspend of less than 5%. While this can currently be absorbed within associated contingency within the project budget, this increases the risk of cost overruns later and it will be important to understand how value engineering can be used to address this. The potential for cost overruns remains the most significant risk for the Highways and Public Realm Project.
- 2.11 While there is a mitigation strategy and associated governance in place to manage identified budget pressures through a collaborative approach and escalate recommendations through the Project Control Board, the GFA process highlighted the issue of cost overruns during construction due to unforeseen events, which are not possible to predict or quantify. To enable the completion of the GFA, the approach to risk sharing agreed by DCC and DDDC to address this issue takes statutory responsibilities into account.
- 2.12 Unavoidable financial risks would be associated with unforeseeable issues such as unexpected objects found underground or extreme weather events that could result in additional costs from contractors being unable to work on site or damage to exposed work areas. Subsequent de-scoping of later elements could help to recoup such costs but, if the unforeseen event is towards the end of the construction period, there may not be sufficient appropriate elements to descope. This could result in additional costs of closing work areas and making them safe, even if such costs could be limited, for example by not completing work to the maximum intended specification. Such circumstances also mean that only the exposed work areas are at risk at any one time, which helps to limit the extent of the risk.
- 2.13 Risks of unforeseen cost overruns are proposed to be mitigated by:
- Value engineering and descopeing to remain on budget, subject to agreement through the project governance structure and, where necessary, with DLUHC.
 - Costing each element of the works package, as far as practicable, and programming/phasing construction, prioritising the core elements of the works package to enable descopeing of later elements in the event of unforeseen and unmitigable events leading to cost increases. To

note, this approach may be limited by priorities around traffic management and limiting disruption through the construction period as well as the need to consider cost efficiencies in delivery.

- Break clause/early termination clause within the main construction contract, should this become necessary.
- Effective use of Early Warning Notices.
- Exploration of other funding options, reflecting where appropriate the Parties' statutory responsibilities and resources.
- In the event that the above mitigations are unable to fully resolve all cost implications of unforeseen events, DCC will have responsibility for issues relating to highways and DDDC will have responsibility for the approach re: public realm, and will work with other land owners to provide a solution.

Link Community Hub:

- 2.14 The Grant Funding Agreement between DCC and Ashbourne Methodist Church has also been finalised.
- 2.15 The Link Community Hub Project, led by Ashbourne Methodist Church, is progressing well through RIBA Stage 4 detailed design and currently remains on track for completion by July 2025. The Planning Application submitted at the end of September is on the agenda for the 12 December Planning Committee. While responses from some statutory consultees have been slow to arrive, officers have been pro-active in trying to mitigate any associated delays.
- 2.16 The Procurement Guidelines/Strategy for the construction contract for the Link Community Hub has been updated and will be provided to the Programme Board when in final form. The approach to procurement of a Main Contractor has benefitted from District Council procurement advice. Reflecting this and the need to maintain the programme, Main Contractor procurement processes have begun positively, with good indications of interest in the project.
- 2.17 Work continues to consider solutions to remain on budget and address the estimated 15% cost gap for the Link Community Hub identified by Greenwoods Projects Ltd on behalf of the Methodist Church Project Team. The high rate of inflation since the bid and associated market pressures have resulted in the need for extensive value engineering and de-scoping is being considered to remain within budget. Any potential implications for agreed outputs from the project will be provided to the Programme Board as soon as possible with an indication of whether they are significant enough to require a Project Adjustment Request to DLUHC.
- 2.18 Highest scored risks for the Link Community Hub Project continue to include project costs and unforeseen costs, the potential outcome from intrusive surveys e.g. building fabric / structure, worse than anticipated and failure to obtain sufficient tenders for the construction work within the budget.

Potential Project Adjustment Request (PAR)

- 2.19 The next stage for both projects is to progress detailed design and continue with contractor procurement, with ECI used effectively to provide greater cost certainty, inform detailed design and help to mitigate project risks.
- 2.20 However, within the Quarter 2 Monitoring Return in October, advice was sought from DLUHC about a potential PAR, having noted that satisfying DLUHC's request for a realistic funding profile into the 2025/26 financial year was likely to exceed the thresholds for permitted changes and trigger a PAR process.
- 2.21 There has been no feedback received to date from DLUHC about the Quarterly Monitoring Return or the need for any related PAR. As the related guidance places the onus on the Accountable Body to highlight any need for a PAR, it is proposed that further contact is made with DLUHC through the designated Area Lead.
- 2.22 As work to further develop cost estimates and related budget management activities continues on both projects, it is proposed that a suitable date be negotiated with DLUHC to submit any required PAR that will allow this work to get to a suitable stage that should avoid the need for any further PARs. This should be towards the end of March 2024. Aligning this approach with the issuing of the Memorandum of Understanding for 2024/25 will be discussed with DLUHC.
- 2.23 Advice will also need to be sought on how to reflect the position within the next Quarterly Monitoring Return, which is expected to be required for submission to DLUHC by Friday 2 February 2024, reflecting Quarter 3, October to December. This will be discussed at the 30 January 2024 Programme Board meeting.
- 2.24 Grant payments are made in January and July (approximately) and the amount provided is informed by the progress and expenditure reported in the previous quarterly return. It will be important to ensure that any PAR process supports timely grant payments and, in particular, does not delay or limit the July 2024 payment, which will be the first one after the outlined potential PAR process.
- 2.25 It is also proposed that confirmation is sought from DLUHC outside any PAR process, if possible, that the completion date for Ashbourne Reborn within Quarter 3 of 2025 as previously proposed is acceptable. This will provide certainty for the delivery programme and influence the cost efficiencies achievable in delivery. For example, accelerating delivery to meet an earlier deadline would cost more and increase the need for descoping.

3. Options Considered and Recommended Proposal

- 3.1 It is recommended that a proactive approach be made to DLUHC prior to the submission of the next Quarterly Monitoring report to discuss the potential requirement for a formal PAR and the associated timeframe, reflecting the timeframe for updating the project costs through early contractor involvement and seeking to avoid multiple change requests. This approach would also be consistent with PAR guidance. Separate

confirmation of the proposed completion date within Quarter 3 2025 will also be sought.

- 3.2 An alternative approach could be to wait for the previously requested feedback on quarterly monitoring returns. However, this has not been forthcoming to date and it is important to maintain a transparent approach and the good working relationship fostered to date with the DLUHC Area Lead to support effective negotiation of any changes. Ongoing lack of certainty also adds risk to the delivery plan.

4. Consultation

- 4.1 Ashbourne Reborn benefits from a Communications and Engagement Plan, and a Communications Group involving key project partners also convenes at least every six weeks to support regular and responsive communications and the delivery of the stakeholder engagement plan. A smaller comms group has been meeting every 2 weeks to maintain progress with PR and future comms activity.
- 4.2 To support increasing requirements for communication and engagement as the programme progresses, recruitment of an additional, dedicated communications and engagement resource has been progressed as agreed at the Programme Board on 27 September 2023. The advert closed on 26 November and received a good response. Interviews are due to take place on 6 December. Interim support procured through AECOM is ongoing.
- 4.3 A meeting of the Ashbourne Reborn Comms Group was held on 23 November, which helped to confirm the annual schedule of events in Ashbourne that may be impacted by construction, reviewed the proposed communications activities associated with project milestones and progressed the approach to information provision on site.
- 4.4 The Ashbourne Reborn Programme was also highlighted in a presentation by Councillor Spencer at the Ashbourne Over 50s Group on 24 November. This was supported by an exhibition of recent plans and visualisations for the Highways and Public Realm project as well as the Link Community Hub. This was well received with a great deal of interest and helpful comments recorded to be considered in the ongoing design work.

5. Timetable for Implementation

- 5.1 The latest update on progress against milestones will be included in the presentation to Programme Board. As reported at the 26 October Programme Board meeting, the initial project plan indicated that detailed scheme designs (RIBA Stage 4) were anticipated to be completed by the end of 2023, with contractor procurement by Spring 2024 and construction on the ground taking place in 2024 and early 2025.
- 5.2 However, despite the significant work progressed 'at risk' prior to announcement of the LUF award, the scale of the programme, timescale for implementation, cost challenges and breadth of partners involved has inevitably resulted in some delay, exacerbated by the initial delay in the funding announcement.

- 5.3 While there have been some initial challenges, programme delivery currently remains on track for defrayal of the LUF grant by Quarter 3 2025/26, as set out in the October 2023 Quarterly Monitoring Return to DLUHC. This remains subject to formal agreement with DLUHC as set out on Section 2 of this report.

6. Policy Implications

- 6.1 Ashbourne Reborn is one of the District Council's current Corporate Plan priorities within the 'prosperity' theme. The LUF proposals are closely linked to the Council's Economic Recovery Plan and Economic Plan. They support the Corporate Plan priority of '*Prosperity*'. In particular, the proposals directly contribute to the corporate target area: *Promote investment to stimulate the economy of our market towns*.

7. Financial and Resource Implications

- 7.1 The latest financial position will be provided within a presentation at the 12 December Programme Board meeting, reflecting information provided at Project Board meetings on 5 December.
- 7.2 Cost plans were updated for both projects following the completion of RIBA Stage 3 design. Costs have risen considerably since the LUF bid, with much higher than predicted levels of inflation and challenging market conditions. Alongside rising construction costs and costs of materials, project fees have also increased from the original estimates prepared by the consultant bid team. Ashbourne Reborn Project Boards continue to consider value engineering, prioritisation and, as a last resort, potential de-scoping activities to remain within budget. Any resultant recommendations that could have direct or cumulative implications for commitments made to the DLUHC will be escalated to the Programme Board for consideration when known.
- 7.3 As indicated, the Link Community Hub Project Board has identified a funding gap through the latest cost analysis. Work is ongoing at a project level to explore the extent to which this can be addressed through value engineering. However, in the absence of further funding it is likely that there will need to be some de-scoping, which may need to be included within a potential Project Adjustment Request, as set out in section 2 of this report.
- 7.4 The requirement to manage costs within the available LUF budget is a key element within the Grant Funding Agreements, and District Council officers continue to work closely with delivery partners with a view to managing financial challenges and risks as the programme develops. The completion of the Grant Funding Agreements will enable defrayal of grant funding for eligible expenditure to be brought up to date on both projects.
- 7.5 As highlighted earlier, with regard to the Highways and Public Realm project, in the event that mitigations are unable to fully resolve all cost implications of unforeseen events, DCC will have responsibility for issues relating to highways and DDDC will have responsibility for public realm, and will work with other land-owners to provide a solution.

7.6 The financial risk is assessed as High.

8. Procurement Implications

8.1 The agreed Procurement Strategy for the Highways and Public Realm Project was received at the Programme Board meeting in September 2023. A draft Procurement Strategy/Guideline document is being finalised for the Link Community Hub and will be provided to the Programme Board following approval at the Link Community Hub Project Board in December. Delivery partners are required to follow these procedures in procuring project activity.

8.2 Procurement of Stage 4 Design for the Highways and Public Realm project has now been progressed in line with the agreed Procurement Strategy and ECI contractor appointment by DCC is proposed later in December.

9. Legal Advice and Implications

9.1 The Grant Funding Agreements with delivery partners have now been finalised. Completion of these Grant Funding Agreements will enable defrayal of grant funding against eligible project expenditure. The AMC Procurement Strategy/Guidelines and Highways and Public Realm Terms of Reference are being finalised. The legal risk is assessed as medium.

10. Equalities Implications

10.1 None additional at this stage, but equalities remain an important consideration for detailed design. An Equality Impact Assessment (EIA) was prepared for the *Levelling Up Fund* bid and was submitted to the C&E meeting on 29th June 2022. A further equalities assessment will be required on final scheme proposals to assess the implications of any significant changes to the project.

11. Climate Change Implications

11.1 None additional at this stage, but Climate Change Implications remain an important consideration for detailed design. A Climate Change Impact Assessment was prepared for the *Levelling Up Fund* bid and was submitted to the C&E meeting on 29th June 2022. A further climate change assessment may be required on final scheme proposals to assess the implications of any significant changes to the project.

11.2 In terms of other environmental considerations, there are potential synergies between the traffic management element of Ashbourne Reborn and the air quality considerations for the area. The Ashbourne Reborn Highways and Public Realm Design Team have been requested to support compatibility between the two work areas, with further consideration of any related opportunities at officer level.

11.3 Where the delivery of Ashbourne Reborn can contribute to and complement activity to improve air quality, this will be reflected in the Air Quality Action Plan.

12. Risk Management

12.1 Project level risks have been highlighted within the report in section 2, with further detail to be presented at the Programme Board meeting. The highest strategic risk is currently considered to be Project Costs.

12.2 Current programme level risks reflect:

- Early cost challenges, consistent with the national picture. Proposed mitigation at this stage includes working with delivery partners to reduce fee expenditure (where possible), early contractor engagement and value engineering.
- Stakeholder expectations. Proposed mitigation at this stage includes early stakeholder engagement and regular communications, expectation management and quality control.
- Programme and Resources. Delivery timeframes are challenging, and the programme is resource-intensive at all levels. Ongoing consideration of resources is required, including any related challenges facing delivery partners. As set out in section 2 of this report, work is ongoing to finalise and agree with Government the completion date of the Ashbourne Reborn Programme within 2025/26.
- The risk associated with the delay to Grant Funding Agreements has been mitigated, as set out in Section 2 of this report.

11.2 Project and Programme risks will continue to be monitored actively, including to enable required quarterly reporting to Government on Ashbourne Reborn.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	04/12/2023
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	05/12/2023
Monitoring Officer (or Legal Services Manager)	Kerry France Legal Services Manager	04/12/2023