

North Somerset Council

Report to Community and Corporate Organisation Policy and Scrutiny Panel

Date of Meeting: 2 March 2023

Subject of Report: Update on the progress of the council's Programme Management Office, award of Levelling Up Fund (LUF), and Q3 update on Projects & Property

Town or Parish: YES

Officer/Member Presenting: Jason Reading, Senior Project Manager and Alex Fear, Head of Projects and Property

Key Decision: No

Reason:

The value is under £500k and it does not significantly impact two or more wards

Recommendations

For members to note the updates in this report.

1. Summary of Report

This report gives updates on the following areas of work:

- The progress of the council-wide Programme Management Office
- The award and management of Levelling Up Funds
- Major projects by exception (HIF update)

Programme Management Office

The North Somerset Council Programme Management Office (PMO) has been developed to ensure programmes and projects across the council are well managed, have good governance, and are delivered to a high standard.

Phase one of the PMO (discovery phase) set out to understand existing methods of programme and project management across the organisation and identify areas for improvement. This work is now complete, with a robust PMO now in place, ready for ongoing improvement as part of phase two.

Levelling Up Fund

In January 2023, the Department of Levelling Up, Housing and Communities (DLUHC) announced a funding award of just under £20m for North Somerset. This is matched by funding of £3m from North Somerset Council (NSC) to create a programme value approaching £23m. This report provides information on the intended use of funding and the steps being undertaken to ensure good management and governance of the programme, in line with PMO requirements.

Major projects by exception

- Banwell Bypass
Key milestones being hit with submission of planning application (determination in March) and submission of the initial compulsory purchase order. Work being undertaken to mitigate the impact of inflation on forecast costs.
- Winterstoke Hundred Academy Extension
Work progressing well on site, with project on programme and on budget, ready for the school to take students September 2023.

2. Policy

The areas of work and projects that are being delivered, and included in this report, support delivery of all three of the council's priorities:

- a thriving and sustainable place
- a council which empowers and cares about people
- an open and enabling organisation.

3. Details

Programme Management Office

In March 2021 Corporate Leadership Team (CLT) approved a series of recommendations to provide direction and governance over projects within the organisation via the development and implementation of a centralised Programme Management Office (PMO). It was recognised that different areas of the business had different specialisms and so the PMO would include the following elements:

- **Corporate:** to provide a fundamentals framework for managing council-wide transformation projects, setting out the project lifecycle, providing methodology and toolkit resources. Where possible these would be aligned with IT project management.
- **Capital:** to provide an advanced framework, with additional resources / processes needed to deliver multi-million-pound projects and ensuring compliance with specific funding conditions.

A review was undertaken to understand the maturity of programme and project management across the organisation following which a series of recommendations were made for improvement. The following recommendations have since been implemented:

- To have an agreed project management methodology for use in the organisation aligned to project management best practice: A hybrid methodology has been adopted across the PMO aligned to best practice standards from the Association of Project Management. Bespoke fundamentals and advanced guidance have been developed.
- To have an agreed project management lifecycle linked to that methodology: A four-stage project management lifecycle linked to the methodology has been developed and is now in use.
- To ensure a bespoke set of templates, guidance notes and worked examples (toolkit) for each stage of the project management lifecycle. This toolkit should cover from project management fundamentals to advanced: Each stage in the lifecycle now has a bespoke project management fundamentals toolkit including tools to develop project briefs, project initiation documents, project plans, highlight reports, and closure documents. This toolkit is aligned to our Business Planning and Risk Management frameworks. Alongside this the Capital element of the PMO has

developed a set of advanced tools including complex budget management and stakeholder management.

- To develop a project management fundamentals training offer linked to the agreed methodology: A bespoke training course was developed internally to guide colleagues through the North Somerset PMO. The Project Management Fundamentals course launched in early November 2022. By April 2023, it is estimated that around 150 staff will have received Project Management Fundamentals training which is more than 10% of all staff.
- To raise awareness of this PMO throughout the organisation and encourage use of the toolkit: Following the launch of the methodology, lifecycle and toolkit a 12 week Knowledge article series 'spotlight on' was launched, this highlighted the core resources within the PMO. Bespoke training sessions for teams have been offered alongside the wider training offer. A Community of Practice (CoP) was launched in the discovery phase of the PMO and was instrumental in reviewing the methodology, lifecycle and toolkit.

In conclusion, good progress has been made against the original brief in setting up the PMO and developing the Corporate and Capital elements. The fundamentals and advance tools have been well received and continue to be used more widely, generating efficiencies. Members are kept up to date on the progress of transformation and capital projects through corporate performance and finance reporting.

Phase two will continue the positive work done to date with a wider review of advanced tools, ongoing governance and assurance, and an ongoing training programme. Recruitment has begun for resources in both the Projects and Property structure to continue to support and develop the Capital element of the PMO and within Corporate Services to continue to support and develop the fundamentals element of the PMO.

Levelling Up Fund Programme

In January the Department for Levelling Up, Housing and Communities announced that NSC had been successful in a bid to the Levelling Up Fund, awarding the council £19,979,570 for a programme of works across Weston. This funding is matched by £3.04m from NSC, comprising £0.64m spend already incurred at the Sovereign Centre (backdated expenditure within the existing financial year can be included as match-funding), and £2.4m within the council's Capital Programme relating to placemaking improvements. The total programme value is £23,019,797.

The purpose of the bid is to:

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- Boost the visitor economy by investing in much-loved but deteriorating heritage assets to create national visitor attractions and creative hubs.
 - Reinventing and diversifying Weston town centre, supporting the creative economy, independent retailers and food & drink innovators.
 - Delivering wayfinding and quick win public realm improvements to increase footfall and spend and boost local pride in the quality of our environment

Investments will be focused on:

- Repairs & improvements to the Tropicana, particularly focusing on the outside arena area.
- Supporting the restoration of Birnbeck Pier and its buildings.
- Completing the restoration of Marine Lake.
- Refurbishing and re-purposing vacant high street units owned by the council.
- Wayfinding and public realm improvements, including improvements to Grove Park.

The bid and its projects emerged from partnerships forged through the creation of the Weston Placemaking Strategy, a ten-year vision for Weston's renewal adopted by NSC in 2020. The Strategy is overseen by the Weston Place Agency, a cross-sector collaborative partnership to drive the delivery of the programme and transformation of the town. A report to Council in July 2021 agreed the focus as the basis for Levelling Up bids.

The LUF award and expenditure have been included in annual budget reports and Capital Strategy, considered by the Executive and Council in February 2023. Figures include allowances for fees, overheads, contingency, inflation and Optimism Bias in line with specialist advice and government funding guidance:

Description	Project 1: A year-round destination (Tropicana / Birnbeck / Marine Lake)	Project 2: Reinventing the town centre (Sovereign / High Street)	Project 3: Connecting spaces (Grove Park / wayfinding)	Totals
Construction Cost (Nett)	£7,093,250	£2,703,100	£967,440	£10,763,790
OHP 10%	£709,325	£270,310	£96,744	£1,076,379
Preliminaries 15%	£1,170,386	£446,012	£159,628	£1,776,025
Construction Cost (Total)	£8,972,961	£3,419,422	£1,223,812	£13,616,194
Fees 18%	£1,615,133	£615,496	£220,286	£2,450,915
Contingency 10%	£1,058,809	£403,492	£144,410	£1,606,711
Sub Total	£11,646,904	£4,438,409	£1,588,507	£17,673,820
Inflation to 2Q 2024 @ 8%	£931,752	£355,073	£127,081	£1,413,906
Optimism Bias @ 20%	£2,515,731	£958,696	£343,118	£3,817,545
Evaluation	0.50%			£114,526
Total				£23,019,797
Match funding				-£3,040,227
Total incl. match funding				£19,979,570

Whilst the sums for contingency etc add up to a significant amount, this helps ensure that projects are deliverable and 'proofed' against unexpected increases, given the early stage of the process. The timeline for delivery is rapid, with all expenditure to have been completed by 31st March 2025; for this reason additional delegated authorities have been requested for the Section 151 Officer to be able to authorise required activity during the election period.

Steps have been taken to establish robust programme governance and management. A Programme Coordination Group and Programme Steering Group have been set up, including representatives from CLT, and will meet monthly, supported by working groups for each of the different projects. The Steering Group as the senior grouping will in turn report into the Council's capital and asset governance structures, including to members. Project/Programme documentation is being compiled, including a Programme Management Plan and updates to the Quantified Risk Assessment submitted with the bid. Reports will be

brought to the Executive and Council as part of normal financial monitoring, and it is proposed that more detailed update reports are taken to the Place Scrutiny Panel on a six-monthly basis.

In addition to the capital spend, it is important that the LUF bid achieves the wider objectives of the programme relating to tackling deprivation in Weston, specifically in South and Central Wards which include neighbourhoods within the 2% most deprived nationally. The programme will include close working with colleagues such as those from Procurement, the Economy Team and others involved in the UKSPF programme in particular to maximise the outcomes both in terms of contractual social value, and in linking into other responsibilities and activities of the council to align wherever possible in addressing issues such as unemployment and health and well-being. Partners including Weston College will also be critical here.

Timeline

Funding condition, deliver deadline: March 2025

Feb 2023:

- Inclusion in budget reports (incl. Commissioning Plan)
- Grant Funding Agreement
- Prioritised programme for delivery & costs
- Project governance set-up

Delivery:

- Quick wins if needed for compliance: signage / shop refurb
- 2023/24: focus on Grove Park, Marine Lake, Sovereign Centre, wayfinding, high street. Early works on Trop
- 2024/25: major works at Trop & Birnbeck.

Banwell Bypass

A new highway bypassing Banwell village, reducing traffic congestion, improving active travel and unlocking 7,500 homes. The project is currently at preliminary design stage.

Headlines

- Inflationary impact on budget
- Planning application submitted
- Initial Compulsory Purchase Order submitted
- Preliminary Design complete

Progress

- Initial compulsory purchase order (CPO) for scheme submitted (55 objections received), public inquiry anticipated summer 2023. The next few months will be spent preparing evidence in advance of this.
- Supplemental CPO required for additional 7.7 hectares of land for bat mitigation, to be determined at Full Council (21st February) and served in March, anticipated that this will be resolved through same public inquiry for initial CPO.
- Closing out final planning application comments, planning due to be determined at March Planning and Regulatory committee.
- Progress on finalising all contract documents (target cost, scope and programme) for the stage 2 contract (detailed design and build) ahead of Full Council go/no go decision in summer 2023.

- Progressing land agreements (where possible) ahead of CPO to remove objections and obtain early site access.
- Reviewing construction costs and agreeing budget solution with Homes England.

Winterstoke Hundred Academy Extension

To provide a 900-place secondary school which will be ran by Cabot Learning Federation. The project is currently in the construction phase.

Headlines

- On programme
- On budget
- The school will be open ready for an intake of students in September 2023

Progress

Milestone Tracker

Works tendered	Complete	Oct 2020
Contractor appointed	Complete	Feb 2021
Preliminary Design	Complete	Mar 2021

Go/no go gateway Project progression approved

Detailed Design	Complete	Aug 2021
Start on site	Commenced	Dec 2021
Site acquisition	Complete	Oct 2022
Works practical completion	Forecast	Aug 2023

Recent Activities

- Cladding works are progressing well to the sports hall.
- External services to the sports hall are being pulled through.
- Plant room slab has now been cast.
- Brickwork is ongoing.
- Tape and jointing progressing well to the first floor.
- Sample room is well underway, with the intention to have a finished room by the end of the month.
- Flat roof is 85% complete to allow the installation of the Briggs and Forrester plant

See Appendix 1 for recent images.

4. Consultation

Governance structures are in place for existing projects (and being set up for the LUF programme of works) to monitor progress, risk management, budget, programme and quality control. This will be enhanced and made more efficient through the PMO.

5. Financial Implications

Levelling Up Fund Programme

- Total Budget: £23m
- Risk contingency allows for forecast inflation
- Funding from Department for Levelling up, homes and communities (£20m) with NSC match funding (£3m)
- Tropicana and Birnbeck Pier to become more financially sustainable

Banwell Bypass

- Total Budget: £65m

- Spend to date: £8.5m
- Work being undertaken to mitigate inflation impact to budget
- Funding from Homes England

Winterstoke Hundred Academy

- Total Budget: £33,857,900
- Spend to date: £20,667,571
- Forecast to be on budget
- Funding from Homes England

6. Legal Powers and Implications

The schemes are being delivered in accordance with the funding conditions.

7. Climate Change and Environmental Implications

Levelling Up Fund Programme

- Scope to be delivered to a high environmental standard and contribute to our zero carbon commitment
- A focus on pedestrian and cycle routes, including the links to new coastal routes, will encourage sustainable active transport
- Provides environmental benefits which will improve health and wellbeing through increased activity and enjoyment of the outdoors

Banwell Bypass sustainability

- The scheme will be innovative and efficient in reducing and offsetting carbon from the design and construction of the project
- The scheme will ensure the development provides the opportunity to increase biodiversity net gain by at least 10%

Winterstoke Hundred Academy Extension

- Building designed to achieve the Building Research Establishment Environmental Assessment Method (BREEAM) ‘excellent’ rating
- We’re working with Passivhaus-certified contractors, Kier, to ensure modern and sustainable methods of construction are used to help cut emissions and disruption.
- The building includes solar panels that will power the classrooms
- Bike storage areas allocated to encourage more sustainable travel to and from school.
- The project will protect local plants and wildlife too, through a biodiversity net gain of 10%.

8. Risk Management

Risks are scored using the council’s agreed risk management matrix and high risks included here:

Risk scoring matrix

		← Likelihood →				
		Rare	Unlikely	Possible	Likely	Almost certain
Impact	Critical	LOW/MED	MEDIUM	HIGH	HIGH	HIGH
	High	LOW	MEDIUM	MED/HIGH	HIGH	HIGH
	Medium	LOW	LOW/MED	MEDIUM	MED/HIGH	HIGH
	Low	LOW	LOW/MED	LOW/MED	MEDIUM	MEDIUM
	Negligible	LOW	LOW	LOW	LOW/MED	LOW/MED

Programme Management Office

There is a HIGH risk that the development of the PMO is delayed due to insufficient resource across transformation and capital elements. Resource is currently being recruited and where possible existing resources re-directed to mitigate the risk.

Levelling Up Fund Programme

Key risks re programme are granting of statutory permissions, including planning permission, building consent and licenses. The funding deadline of March 23 adds further pressure to the project with the delayed announcement of the funding award. Careful planning and early engagement is in place to mitigate the impact. Inflation continues to be a high financial risk which has been mitigated with the allocation of risk budget.

Banwell Bypass

Inflation exceeding allowance in budget. The scheme acknowledges the financial pressures of inflation and rising construction costs that are impacting infrastructure schemes across the country. The project team are currently working with Atkins (cost consultant) to understand exactly what impact these unprecedented inflationary pressures might have on stage two costs. Homes England are working with local authorities to understand the scale of emerging budgetary pressures and to explore options for resolution within its HIF schemes.

Design solution for artesian water: need to agree a suitable design solution with Bristol Water to prevent damage (dewatering) of the aquifer. Legal undertaking signed with solicitors to progress discussions on indemnities. Hydrological modelling and groundwater monitoring underway to evidence suitable design solution.

Winterstoke Hundred Academy Extension

There is a risk school construction will not be complete in time for NSC school requirements. This risk is mitigated through careful programme management, engaging all stakeholders and committing to a completion date. Temporary accommodation is available if required.

A further risk is that land acquisition delays from Homes England and St Modwen impact project schedule. This is mitigated by arranging licences to carry out activities early, close working with stakeholders to prioritise land transfer activities.

9. Equality Implications

EIA's are carried out as part of project delivery.

10. Corporate Implications

There is a commitment by the Council to deliver these projects in accordance with the funding conditions.

11. Options Considered

N/A

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Appendices:

Appendix 1: Winterstoke Hundred Academy Extension images

Background Papers:

Corporate Plan: [Organisational priorities | North Somerset Council \(n-somerset.gov.uk\)](#)

Levelling up fund: [Landmark Levelling Up Fund to spark transformational change across the UK - GOV.UK \(www.gov.uk\)](#)

Appendix 1: Winterstoke Hundred Academy Extension

Main school building



Main school building from road



Sports Hall

