Nuneaton & Bedworth
United to Achieve

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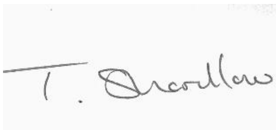
Date: 8th July 2026

Dear Sir/Madam,

Addendum – Cabinet – 15th July 2026

I refer to Agenda Item 9: Regeneration Projects Update and Regeneration Review and Appendix B which was marked to follow on the Cabinet agenda is attached to this covering letter

Yours faithfully,



Tom Shardlow

Chief Executive

To: All members of Cabinet

Appendix B

2026

Regeneration Review

Strategic Director, Communities and Place
Nuneaton and Bedworth Borough Council
01/07/2026

Nuneaton & Bedworth
United to Achieve

Addendum - Cabinet - 15th July 2026

Executive Summary

This Review has considered the governance, decision-making, financial management, commercial arrangements and delivery of the Transforming Nuneaton regeneration programme. The review has examined the programme within the context of the Future High Streets Fund, Town Deal Fund, Levelling Up Fund and Simplification Pathfinder Pilot arrangements, together with the Council's own governance and assurance framework.

The review found that the regeneration programme was supported by a comprehensive system of governance and oversight. This included external assurance from Government funding bodies, strategic oversight through the Town Deal Board, formal Member decision-making through the Council and Cabinet, and internal assurance arrangements involving senior officers, statutory officers and programme governance boards. Regular financial, risk and performance reporting was undertaken throughout the life of the programme and significant project changes were subject to external scrutiny and approval through Government assurance mechanisms where required.

The review also found evidence that the Council took proactive steps to manage emerging risks. This included commissioning an independent financial review in 2023 which identified affordability challenges associated with the original scale of the regeneration programme. In response, the Council undertook a reprioritisation of projects, reduced borrowing requirements and revised elements of the programme to maintain financial sustainability whilst preserving key regeneration outcomes.

The review recognises that delivery of the programme has taken place during a period of exceptional challenge, including the impacts of the COVID-19 pandemic, construction cost inflation, supply chain disruption, changes in market conditions and significant organisational change within the Council. During this period the Council experienced multiple changes in political leadership, senior management and key regeneration personnel, all of which increased the importance of maintaining clear governance arrangements, robust decision-making processes and comprehensive programme records.

Whilst the review found evidence of strong governance arrangements and regular reporting, it also identified opportunities to strengthen transparency. In particular, inconsistencies were identified in the completeness of the audit trail relating to some project changes and the evolution of certain decisions. The review also found opportunities to improve the public reporting of revised outputs, outcomes and benefits where projects have been amended through approved change processes

Overall, the review concludes that the regeneration programme has been delivered within an established governance and assurance framework and that there is evidence of ongoing oversight, challenge and corrective action in response to changing circumstances. However, transparency and public accountability would be further enhanced through strengthened record keeping, clearer documentation of project changes, and more accessible reporting of programme outcomes, benefits and approved amendments over the lifetime of the programme.

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1.0 Background Information

1.1 In recognition of the challenges facing the borough and its residents, the Transforming Nuneaton initiative was launched in 2017 as a partnership between Nuneaton and Bedworth Borough Council and Warwickshire County Council. The long-term regeneration programme was established to support economic growth, improve connectivity, enhance leisure and business opportunities, and encourage town centre living.

1.2 During the 2019, the Council was approached in relation to a proposal to develop a hotel in the Abbey Street/Queens Road area of Nuneaton town centre. This was seen as a potential opportunity to bring an international brand to the borough, thereby securing an anchor development that would serve as a platform from which external investment could be secured.

1.3 The Government's Future High Streets Fund was launched in 2018, followed by the Towns Fund in 2019. Both programmes were intended to support the regeneration and long-term sustainability of town centres by enabling investment in infrastructure, public realm improvements, connectivity, skills and economic growth.

1.4 Future High Streets Funding was awarded through a competitive application process. As part of the Transforming Nuneaton initiative, Nuneaton and Bedworth Borough Council submitted an application for £19.4m and received notification in December 2019 that it had been awarded £13.33m.

1.5 On 6 September 2019, the Ministry of Housing, Communities and Local Government announced that 100 towns, later amended to 101, had been shortlisted to apply for funding of up to £25m from the Town Deal Fund (Towns Fund). Nuneaton was one of those towns. There was no Expression of Interest or local bidding process for shortlisting. In line with the submissions process that included the establishment of a decision making, independently chaired Town Deal Board, an application was made for £24.22 m, with £23.2M being awarded in September 2021.

1.6 By January 2019, the Co-operative Society buildings between Abbey Street and Queens Road had been vacant for a number of years, with no interested investor identified. In partnership with Warwickshire County Council, the estate was purchased for £3m, with each Council contributing £1.5m. The purchase reflected the view that the public sector would need to take a lead development role in order to help unlock external investment in Nuneaton town centre.

1.7 In June 2021, the Council submitted an application for, and were subsequently awarded £14.95m funding for the Bedworth Physical Activity Hub (BPAH), via the Levelling Up Fund.

1.8 To support the regeneration projects, the Council secured other external funding from partners such as Sport England, West Midlands Combined Authority, Section 106 Planning Obligations, charitable donations for specific projects and Warwickshire County Council for highways related projects. In 2022, the costs to the Council were identified to be £60.87m, primarily to be funded via prudential borrowing. This level of borrowing was identified by the Council's S151 to be unaffordable to the Council with measures subsequently presented to reduce the debt by some £24m.

1.9 The Simplification Pathfinder Pilot was introduced by the Department for Levelling Up, Housing and Communities (DLUHC) in July 2023 as part of the Government's wider programme to simplify regeneration funding for local authorities. The Pilot combined the FHSF, Town Deals and Levelling Up Fund Round 1 into a single locally managed investment programme. Nuneaton and Bedworth Borough Council was one of ten authorities nationally selected to participate, with the establishment of a single Simplification Pathfinder Board covering all projects. The minutes of this Board can be found here Meetings – Nuneaton and Bedworth Borough Council .

1.10 Taking into account all project amendments to achieve affordable project delivery, the totality of funding levels and sources is listed below;

Funding Source	Amount
FHSF	£13.33m
Towns Fund	£23.2m
Levelling Up Fund	£14.95m
UKSPF	£0.247m
S106 Funds	£0.911m

Other (incl. donations for specific 3rd Sector projects)	£0.252m
Warwickshire County Council	£1.5m
West Midlands Combined Authority	£1.5m
Sport England	£2.5m
Nuneaton and Bedworth Borough Council	£36.78m

2.0 Governance and Decision Making

2.1 As discussed in Section 1, the funding required to support the Council's regeneration programme was derived from:

- Future High Streets Fund
- Town Deal Fund
- Levelling Up Fund
- External Partner Funding
- UK Shared Prosperity Fund
- Council Borrowing

2.2 A requirement of the Town Deal Funding was the establishment of a Town Deal Board. This Board provided strategic oversight and local leadership for the development and delivery of Town Deal investment, bringing together representatives from the public, private, voluntary and community sectors. Its remit was to guide investment decisions, monitor programme delivery and ensure that funded projects achieved the economic, social and regeneration outcomes set out in the Town Investment Plan. Minutes for the Town Deal Board meetings can be found here Meetings – Nuneaton and Bedworth Borough Council

2.3 For FHSF projects, the local authority acted as the accountable body and was responsible for project delivery, procurement, governance, risk management and achieving agreed outputs. Government oversight was provided by the Department for Levelling Up, Housing and Communities (DLUHC, now MHCLG) through a programme of regular monitoring, assurance reviews, progress reporting, grant conditions and business case approvals. Local authorities were required to submit performance data, financial returns and change requests where projects materially changed.

2.4 MHCLG undertook a Second Line of Defence Deep Dive Exercise in 2024. The purpose of this exercise was to provide assurance on behalf of the of Housing Communities & Local Government (MHCLG) through a series of checks, that Local Authorities have effective controls and governance systems in place to manage risks, safeguard public funds and maintain transparent governance. The outcome of the report concluded that the assurance level is satisfactory, demonstrating the Councils commitment to maintain expected standards.

2.5 Under the Levelling Up Fund, local authorities were also required to operate within a formal assurance framework, with responsibility for ensuring value for money, propriety, regularity, transparency and effective governance. DLUHC provided oversight through grant funding agreements, monitoring returns, financial reporting, milestone tracking, assurance reviews and compliance with the Levelling Up Fund Local Authority Assurance Framework. The framework was designed to provide assurance to the Department's Accounting Officer that public funds were being used appropriately and that projects remained deliverable and affordable.

2.6 From an internal perspective, the Officer Senior Leadership Team met with all Cabinet Members on a monthly basis via the Leadership Board/Informal Cabinet. Whilst not a decision-making body, the Leadership Board/Informal Cabinet provided a strategic steer to the Officer Senior Leadership Team in relation to political priorities and requirements. Additionally, regular meetings are held between the relevant senior officer and Portfolio Holder, to give and receive reports in relation to the delivery of projects, and for the Portfolio Holder to provide strategic insight regarding desired outcomes.

2.7 Recognising the scale and complexity of the proposed regeneration programme, and the need to attract external investment and specialist commercial expertise, the Council determined that additional external capacity and capability would be required to supplement its internal resources. Following a competitive procurement exercise, Queensberry Real Estate Ltd (Queensberry) was appointed as the Council's strategic development partner. The contract commenced on 11 May 2020 with a total contract value of £1,193,463. The appointment of Queensberry provided access to specialist regeneration, development, commercial, property and placemaking expertise that was not fully available within the Council's existing structure. Queensberry has supported both Members and Officers in developing proposals aligned to the Transforming Nuneaton vision, together with providing technical advice in relation to development delivery, construction, commercial negotiations, tenant attraction and place marketing.

2.8 The proposal for the hotel was for the Council to develop and own the hotel, which would then be managed by Hilton under a Branding and Management Agreement. A feasibility proposal had been put forward by Hilton to support their view that a hotel development was a viable proposal in Nuneaton town centre.

2.9 To ensure due diligence on behalf of the Council, in September 2019, Colliers International (Colliers) were engaged to undertake a full market and financial feasibility study to identify the viability of the proposal. The study found that the market would not support the proposed size of the hotel, identifying a size reduction of 21 rooms was required. Additionally, the Council engaged Gleeds [a global property and construction company] to undertake a costs identification exercise, to ascertain the cost and payback assumptions. Based upon the independent professional review, the Council made the decision to proceed with the proposal.

2.10 Following a review of its Corporate Governance approach, a Corporate Programmes Strategic Board was established in May 2022. Comprising the Chief Executive, the S151 Officer and the Monitoring Officer, this Board provided strategic governance and assurance by overseeing programme direction, funding, performance and delivery, ensuring that the programme remained aligned with the Council's strategic objectives, was appropriately resourced, and was subject to executive challenge, oversight and formal approval at key stages throughout its lifecycle.

2.11 As part of continuous review of governance and assurance arrangements, more recently, the Corporate Programmes Strategic Board has been amended to the Corporate Programmes Review Board, led by the Assistant Director for Finance (Deputy S151 Officer). This Board gives greater focus upon operational delivery of projects, escalating concerns as required. To ensure that appropriate senior level oversight remains in relation to risk management and assurance, a Statutory Officers Group has been established. Comprising the Chief Executive, the S151 Officer and the Monitoring Officer, this group provides collective governance and assurance oversight for major regeneration projects, ensuring that proposals, investment decisions and programme delivery are lawful, financially sustainable and aligned with the Council's governance framework. It acts as an early warning forum to identify and address strategic, commercial, financial and reputational risks associated with regeneration activity, while providing coordinated statutory advice to support robust decision-making and accountability.

2.12 Decision making is the remit of the Council and or Cabinet Executive the parameters for which are contained within the Council's Constitution. The majority of decisions taken in relation to the regeneration projects are within the public domain via publication on the Council’s website. Only those reports which would prejudice commerciality requirements are heard in private session. All reports, whether public or private can be scrutinised by the relevant Overview and Scrutiny Panel – this includes at an Officer’s request or via a request from the Panel itself.

2.13 The review has confirmed that there has been regular reporting to the Council/Cabinet Executive in relation to the financial and risk implications of the ongoing regeneration programme.

2.14 At an operational level, the Senior Responsible Officer is the relevant Strategic Director and Assistant Director (formerly Director), who is supported by a team of officers and professional/technical external partners.

Findings

2.15 The review has identified that officers are alive to the risks associated with the regeneration projects. In the summer of 2023, a strategic finance advisor was engaged to review the affordability of the Council’s Regeneration Programme and to identify financially viable options to enable the delivery of a Regeneration Programme. This review concluded that the Council's original regeneration programme was not financially sustainable, as the level of borrowing required would place significant pressure on the General Fund through interest costs and Minimum Revenue Provision (MRP), potentially necessitating service reductions. As a result, the Council engaged with stakeholders, government departments and delivery partners to reprofile the programme and prioritise key regeneration projects while reducing borrowing requirements.

2.16 In January 2023, the BPAH project was paused following the presentation of a report to Cabinet identifying an increased cost and funding risks to the project. An options appraisal was undertaken and presented to Cabinet in February 2024. The preferred approach was to revise the regeneration programme to align with affordability levels, concentrating available grant funding on priority schemes including Grayson Place, the BPAH, Bridge to Living and several town centre regeneration projects. This resulted in changes to project scope and phasing, including pausing the museum refurbishment element of the Parks and Museum project, reconsidering residential delivery within Bridge to Living, and withdrawing funding from certain Warwickshire County Council-led transport schemes. Overall, the revised programme reduced the Council's borrowing requirement to approximately £36.8m within a total regeneration capital programme of £94.5m, whilst seeking to preserve the key regenerative benefits for the Borough.

2.17 Whilst the review identified extensive formal reporting to Council and Cabinet Executive, it found inconsistencies in the availability of documentation relating to some project changes and decision-making discussions. The review considers that the combination of senior officer turnover, changes in political administration and the use of informal engagement mechanisms may have increased the risk of gaps in the programme's audit trail. As a result, it is not always possible to fully evidence how some decisions evolved from initial consideration through to formal approval.

2.18 The review concludes that a robust governance framework existed for the regeneration programme, comprising external oversight from government funding bodies, formal decision-making through the Council's constitutional arrangements, and multiple layers of officer and member assurance. The programme was subject to regular financial, risk and performance reporting, and there is evidence that governance arrangements evolved in response to emerging challenges and programme complexity. However, the review identified weaknesses in the completeness of the audit trail supporting some project changes and informal decision-making discussions, which limits the ability to fully trace the evolution of certain decisions over the lifetime of the programme. Strengthening record keeping and documenting key discussions outside formal decision-making forums would further enhance transparency and accountability.

2.19 The appointment of an experienced strategic development partner represented a positive governance and risk mitigation measure, enabling the Council to access specialist expertise, challenge and market knowledge to support the development and delivery of a complex regeneration programme. This reduced the risk associated with relying solely on internal capacity and capability whilst supporting the Council in meeting the technical and commercial requirements associated with externally funded regeneration projects.

2.20 The evidence demonstrates that the Council sought independent professional advice before committing to the Hotel project and undertook cost and viability assessments through external specialists. This is consistent with good governance and prudent decision making.

3.0 Financial Transparency

3.1 As discussed in Section 2.0, the regeneration programme has been funded through a combination of external grant funding, private sector investment and Council borrowing. Funding sources have included the Future High Streets Fund, Town Deal Fund, Levelling Up Fund, external development partners and prudential borrowing by the Council.

3.2 In line with governance requirements, the review identified that financial information relating to the regeneration programme has been reported on a regular basis through Council and Cabinet reports (both in public and private session), budget monitoring processes and capital programme updates. Additionally, reporting has been undertaken via Leadership Board/Informal Cabinet to obtain a strategic view. In particular, reports have highlighted the financial implications of project delivery, borrowing requirements, affordability considerations and emerging financial risks. All non-commercially sensitive reports are published on the Council's website.

3.3 The Council's Statement of Accounts is subject to annual independent external audit. During the period under review, external audit responsibilities were undertaken by Grant Thornton, with Azets subsequently appointed as the Council's external auditor.

3.4 Following the submission of an objection to the Council's accounts for the 2022/23 financial year relating to the regeneration programme, Grant Thornton conducted a detailed assessment of the matters raised. The indication so far from Grant Thornton is that there is no indication of any areas of concern

<u>Findings</u>

3.5 The review found that financial information relating to the regeneration programme has been regularly reported through established governance and decision-making processes, including Council, Cabinet and budget monitoring reports. Subject to commercial confidentiality considerations, this information has been made publicly available through the Council's website, providing transparency regarding project costs, borrowing requirements, affordability considerations and emerging financial risks.

3.6 The review found evidence of both internal and external assurance arrangements supporting financial transparency and accountability. Financial oversight has been provided through the Council's governance framework and external audit process, with Grant Thorton concluding financial reporting arrangements were in line with requirements.

4.0 Lease Provisions – Grayson Place

4.1 The concept for Grayson Place was predicated on the basis of development to attract external investment, increase footfall into the town centre and support economic development. To support that commerciality, Queensberry have the sector expertise to attract commercial tenants. Currently they have assisted the Council to secure Te Amo Padel, move to Heads of Terms Stage with a national food anchor tenant and secure the promising interest of a regional food and beverage operator, such that they have produced design drawings at their expense.

4.2 As part of the Towns Fund submission, a project to provide a digital skills and innovation centre, to be provided by North Warwickshire South Leicestershire College. Whilst Heads of Terms were agreed by both parties on 30th January 2023, there have been significant delays encountered in regard to the finalisation of the lease proper. These delays have largely been in relation to funding availability, building design and provision of fixtures and fittings. This has further been exacerbated by the loss of key personnel from the Council and changes in personnel from the college. A final draft lease was issued to the College’s solicitors in April 2026, with all sides in agreement that this matter must be completed prior to the start of the new academic year in September 2026.

4.3 The Council does not rely solely upon the advice of Queensberry in relation to the suitability of and viability of any commercial tenant provided for consideration. The Council undertakes its own due diligence processes, particularly for large scale projects/long term tenancies.

4.4 The Council identified that a cinema operator within Nuneaton would act as a catalyst for other leisure, food and beverage providers to locate within Grayson Place. A significant exercise was undertaken in collaboration with Queensberry, to identify a suitable cinema operator from a short list who had expressed interest. On 25th September 2023, the Council announced that Really Local Group (RLG) had been appointed as the operator of a proposed five-screen cinema and community leisure venue at Grayson Place, forming a key component of the regeneration project.

4.5 In February 2025, the Council took the decision to negotiate exit the lease agreement with RLG by mutual consent and consider an alternative leisure provision. A legal agreement between the Council was put in place to manage this exit. The details of the exit are commercially sensitive and barred from disclosure, however principally it is understood the Council sought a lower risk leisure offer, which required a lower level of capital contribution, in response to changing market conditions.

Findings

4.6 The review concludes that there is evidence of a structured approach to tenant selection and commercial negotiations, supported by both specialist external expertise and internal due diligence processes. Whilst some tenant agreements have experienced delays or changes in circumstances, the review found evidence that commercial decisions were subject to consideration, review and reassessment as market conditions and programme requirements evolved, demonstrating an ongoing focus on protecting the long-term viability of the regeneration programme.

4.7 The review further concludes that, whilst the delay in completing the lease with North Warwickshire and South Leicestershire College can be attributed to a combination of funding, design, fit-out and personnel challenges, the absence of a formal lease at a stage when the facility is substantially complete represents a governance and commercial risk. It highlights the importance of securing key legal agreements at an earlier point in the development lifecycle and maintaining clear reporting and oversight of arrangements where occupation, operational responsibilities and financial commitments have yet to be formally adopted.

5.0 Outputs and Outcomes

5.1 The regeneration programme was supported by a number of Government funding streams, including the Future High Streets Fund, Town Deal Fund and Levelling Up Fund. As a condition of funding, the Council identified the delivery of a range of defined outputs and outcomes, including physical regeneration projects, economic growth, skills development, increased visitor activity, improved public realm and wider social and community benefits. All outputs and outcomes were identified via a rigorous and prescribed business case process.

5.2 Given the scale and duration of the programme, changes to project scope, costs, timescales or delivery arrangements were not uncommon on a national basis. Where proposed changes had the potential to affect approved outputs, outcomes, funding allocations or overall programme objectives, the Council was required to engage with the Department for Levelling Up, Housing and Communities (now MHCLG) through the formal Project Adjustment Request (PAR) process. This process provided Government with assurance that any amendments remained aligned to the original strategic objectives of the funding programme, continued to represent value for money and remained deliverable within the available funding envelope.

5.3 The requirement to obtain Government approval for significant project changes acted as an important transparency and assurance mechanism, ensuring that alterations to regeneration projects were subject to external scrutiny and formal challenge before implementation. As a result, changes to projects were not solely a matter for local determination but were subject to oversight and agreement by the relevant Government department where funding conditions required.

Findings

5.6 The requirement to define outputs and outcomes through approved business cases, together with the Government's Project Adjustment Request process, provides a robust framework of accountability, assurance and external scrutiny. However, transparency would be strengthened where significant changes to approved outputs, outcomes or project scope are consistently reported through local governance arrangements and reflected in publicly accessible performance reporting, ensuring that stakeholders can clearly understand both the original commitments and any subsequent approved amendments.

6.0 Conclusions

6.1 RIBA Stage 4 (Technical Design) is the point at which a project's design is developed in sufficient detail to confirm construction requirements, costs and deliverability before work starts. Projects seeking funding before reaching RIBA Stage 4 are based on less mature designs, creating greater uncertainty around costs, programme timescales and technical risks. As the design develops, unforeseen issues can emerge that lead to cost increases, delays or reductions in project scope, potentially affecting the outcomes originally presented to funders.

Without exception, all funding streams required applications to be submitted in short timescales, with little revenue funding available to support Councils to fully develop designs and costs to this Technical Design level.

6.2 The Government undertook an evaluation of the Towns Fund, Towns Fund evaluation: interim findings 2 - executive summary - GOV.UK . It identifies that following the COVID-19 Pandemic, there was a sharp increase in construction and development costs caused by supply-chain disruption, labour shortages, inflation, and rising energy prices. Many regeneration schemes approved before 2020 required re-scoping, additional funding, or phased delivery because original business cases became less viable. Regeneration programmes across England reported pressures on capital budgets and value-for-money assumptions.

6.3 In addition, the Evaluation further identified that many schemes intended to stimulate local economies experienced delays due to lockdowns, planning disruption, contractor availability issues, and changing market conditions. This postponed anticipated economic benefits such as:

- Job creation.
- New business formation.
- Town centre footfall.
- Private-sector investment leverage.

For many authorities, projected economic returns in business cases had to be revised because benefits were realised several years later than originally expected.

6.4 The issues listed above were experienced by Nuneaton and Bedworth. In order to mitigate global cost increases and changes in market conditions, value engineering exercises across the majority of projects were undertaken, resulting in the downscaling of some projects and the removal of others. However, as with other Local Authorities, this did not fully insulate the Council from additional costs. A table of projects amendments below identifies the adjustments made:

Project	Status
FHSF	
Bridge to Living	Value Engineered to reduce scope and cost
Abbey Street	Value Engineered to reduce scope and cost
Towns Fund	
Digital Evolution	Cancelled – Private Sector investment underway
George Eliot Visitor Centre	In Progress
Digital Skills and Innovation Centre	Project re-designed to control costs
Parks Revival	Value Engineered to reduce scope and cost
The Saints	Project progressed
Wedington Rd Cycle Link	Project cancelled
Visiting Nuneaton:Changing Perspectives	Project cancelled
Wheat Street Junction	Project cancelled
Reimagining Nuneaton Museum & Art Gallery	Project cancelled
Corporation Street Queens Road Junctions	Project cancelled
E-Mobility Hub	In Progress
Flood Alleviation Measures	Project cancelled
Levelling Up Fund	
Bedworth Physical Activity Hub	Value Engineered to reduce scope and cost

6.5 The Transforming Nuneaton programme has been delivered over an extended period during which the Council experienced substantial changes in political and corporate leadership, including four political administrations, three Section 151 Officers, three Chief Executive/Executive Director arrangements and the departure of several key regeneration officers. These changes increased the risk of inconsistent strategic direction, loss of organisational knowledge, variation in risk appetite, and changes to programme priorities over time. Consequently, any assessment of programme delivery, decision-making and benefits realisation should take account of the challenges associated with maintaining continuity and governance across multiple leadership transitions.