



Northumberland

County Council

CABINET

9 April 2019

ESTABLISHMENT OF A REGENERATION DEVELOPMENT RESERVE

Report of Paul Johnson, Interim Executive Director Place

Cabinet Member: Councillor Richard Wearmouth - Portfolio Holder for Economic Development

Purpose of report

To seek endorsement for the establishment of a £2.55 million revenue Regeneration Development Reserve fund to be used for the development of priority regeneration and economic growth projects.

Recommendations

It is recommended that Cabinet:

1. **Requests that Council approves the provision of £2 million of new revenue resources, to be funded from balances determined by the Section 151 Officer, to be added to existing regeneration reserve funds of £550,000 for the establishment of a £2.55 million Regeneration Development Reserve, to be used for the development of priority regeneration and economic growth projects.**
2. **Approves the following delegated limits for approval of funds from the Regeneration Development Reserve:**
 - **Upto £100,000 - Head of Economy & Regeneration in consultation with the Portfolio Holder Economic Development**
 - **£100,001 - £500,000 - Chief Executive in consultation with the Leader of the Council**
 - **£500,001 and above - Cabinet**

Link to Corporate Plan

This report is relevant to the “We want to create more and better jobs” priority included in the NCC Corporate Plan 2018-2021

Key issues

The opportunities to drive economic growth in Northumberland are emerging through funding being made available from the North of Tyne Combined Authority, Borderlands Growth Deal, Industrial Strategy Challenges and Government funds for place shaping such as the Future High Streets Fund.

To access this funding the Council needs to invest in the development of high priority projects which are included on the Regeneration Investment Pipeline. This development includes the building of often complex economic business cases which are increasingly required to secure competitive funding.

The report proposes the establishment of a £2.55 million Regeneration Development Reserve, to support the development of projects being taken forward by the Council, Advance and key external partners. To access funds from the reserve and ensure best use of resources the projects will be required to meet eligibility criteria.

BACKGROUND

1. Over the past 10 years, the policy and funding landscape for economic development has changed dramatically. The North East Local Enterprise Partnership (NELEP), North East Combined Authority and North of Tyne Combined Authority have been established: The Government has announced a Borderlands Growth Deal which together with the Industrial Strategy, UK Shared Prosperity Fund and recently announced Town based funding programmes, means that Northumberland is well-positioned to deliver a place-based response to the regeneration and economic growth challenges facing our communities.
2. Fundamental to addressing the growth challenges, is the development and management of a robust pipeline of projects and programmes that have the ability to deliver economic growth outcomes and secure external funding which is increasingly being allocated on a competitive basis.

Regeneration Investment Pipeline Development

3. In February 2018 Informal Cabinet agreed to the creation of the Regeneration Pipeline and Regeneration Investment Group (RIG) as the corporate approach to the management of the development and delivery of the regeneration project pipeline. This arrangement is now well established with 78 projects on the pipeline at various stages of development and delivery. As well as Council and Advance led

projects, the pipeline includes projects from key external partners such as the Port of Blyth.

4. Projects are accepted onto the pipeline following an assessment undertaken by the RIG Steering Group which determines their eligibility for inclusion on the pipeline and categorisation of their priority status. Eligibility assessment includes their ability to deliver direct economic outcomes. Prioritisation as High, Medium or Low is determined by scoring against their strategic fit with both the Economic and Corporate Strategies, deliverability and risk, and the ability to secure external resources.
5. Over the past year, it has become increasingly evident that a significant amount of detailed development work is required, to both develop pipeline projects to a stage where they can be delivered, and importantly to prepare complex economic business cases which are required to access strategic funding sources such as the North of Tyne Investment Fund and Borderlands Growth Deal funding.
6. Much of the development work requires specialist external expertise. Therefore in order to facilitate this work, it is proposed that a Regeneration Development Reserve Fund is established, using Council revenue funds. An initial sum of £2.55 million is proposed of which £0.55 million is funding held within the existing Regeneration Reserve, which in the past has been used as match funding for European funded projects.

Eligibility Criteria

7. To ensure best use of resources from the reserve, eligibility criteria for funding will include:
 - The project must be a high priority project on the Regeneration Pipeline
 - Development funding is not available from other sources e.g NTCA Business Case Development fund or existing budgets within services or the capital programme
 - Any development costs which are subsequently able to be claimed as eligible expenditure from external funding bids, are to be repaid into the Regeneration reserve.
 - The fund will not be openly promoted.
8. Eligible expenditure for Development Funding will include:
 - Feasibility Studies
 - Preliminary Site investigations
 - Physical design and costings
 - Economic and financial modelling
 - Market research and demand assessments
 - Options analysis
 - Additional staff capacity for project development
 - External support for the preparation of complex business cases

It is anticipated that requests for funding will range from £5,000 to £500,000, however there will be flexibility depending on the nature of support required.

Business Process

9. The Economy and Regeneration Service will undertake the administration of the reserve, which will include a business process commensurate with the amount of funding requested. The key stages of the process will include:
- Assessment of the project for inclusion onto the Regeneration Pipeline as high priority following the criteria at paragraph 4
 - In principle agreement from the Regeneration Investment Group that development support is required
 - Completion of Regeneration Development Reserve application form
 - Light touch Appraisal and due diligence for external organisations
 - Approval decision in accordance with the agreed delegated limits outlined below
 - Issue of Grant Agreement including development milestones and payment profiles
 - Monitoring of progress and payment of grant against agreed profiles

Approval Delegations

10. The proposed delegated limits for approval of development funds are:
- Up to £100,000 - Head of Economy & Regeneration in consultation with the Portfolio Holder - Economic Development
 - £100,001 to £500,000 - Chief Executive in consultation with the Leader of the Council
 - £500,001 and above - Cabinet

A quarterly report will be taken to Cabinet advising on the funds approved under £500,000.

Implications

Policy	Very strong links with the Council's priorities, in particular the desire to attract more jobs into the County
Finance and value for money	£2 million of new revenue funding is required for the reserve, and £550,000 of existing reserves will be realigned to the Regeneration Development Reserve.
Legal	Funding agreements will be in place for all awards to external organisations.
Procurement	Works and services will be procured in accordance with the Council's procurement policy
Human Resources	There are no direct HR implications.

Property	Projects in receipt of development funding may involve the use of Council assets.
Equalities	(Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
Risk Assessment	Risks Assessments of projects are considered as part of the business process for the reserve
Crime & Disorder	N/A
Customer Consideration	N/A
Carbon reduction	N/A
Wards	Potential support developments within all wards

Background papers:

There are no background papers

Report sign off.

	Name
Monitoring Officer/Legal	Liam Henry
S151 Officer	Alison Elsdon
Relevant Executive Director	Paul Johnston
Chief Executive	Daljit Lally
Portfolio Holder(s)	Richard Wearmouth

Author and Contact Details

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