

Item 6

REPORT TO CABINET

11TH JANUARY 2007

**REPORT OF THE HEAD
OF STRATEGY & REGENERATION**

Portfolio: Social Regeneration & Partnership

**LOCAL IMPROVEMENT PROGRAMME (LIP) – UPDATE ON THE LIP, AND
CREATION OF A PROJECT DEVELOPMENT DELEGATED APPROVAL
MECHANISM**

1. SUMMARY

- 1.1. This report highlights a series of issues regarding the Local Improvement Programme (LIP) that have become apparent over the first 6 months of operation. This report provides information to Cabinet for their consideration.
- 1.2 The report summaries the following key issues; 1. The cost of developing LIP applications and the need to implement a first stage scheme of delegation for technical works associated with capital projects; 2. The match funding requirement for LIP projects; 3. Role of the Area Forum in the LIP process and also, 4. Update on the current approval process.

2. RECOMMENDATION

- 2.1 It is recommended that Cabinet consider the report and...

Notes the contents of the report and supports the establishment of a delegated approval mechanism for first phase technical works associated with LIP projects.

3. LOCAL IMPROVEMENT PROGRAMME (LIP)

Background

- 3.1 The purpose of this programme is to improve community assets and support community engagement in the regeneration of local areas. Local communities can propose projects against the Department for Communities and Local Government (DCLG) 'Regeneration' Definition and additional criteria agreed by Cabinet. Through this programme resources can be released to improve individual sites and improve the usability of community facilities and buildings.

Technical Project Development

- 3.2 Voluntary and community organisations applying for LIP funding have expressed their difficulties in financing the initial technical surveys and professional reports required to provide robust costs and plans for their intended LIP project. This has led to a series of first phase ‘fees only’ technically focused applications being proposed for LIP funding.
- 3.3 In order to develop fully costed projects under the LIP and to enable community groups and partners to plan with a greater degree of certainty, the Strategy & Regeneration Division propose the establishment of a delegated approval mechanism in order to provide initial funding to overcome the barriers of meeting development costs associated with capital projects. This would therefore bridge the gap between project idea and project implementation.
- 3.4 This stage in the LIP process would include supporting the detailed design / architectural work, survey work, quantity surveyor work, planning fees etc. associated with larger capital projects. The idea of having delegated approval of such applications is essentially to inform the future development and implementation of a larger capital bid and to be more responsive to the timescales of project development. It is felt that this will also inform fully costed and more developed LIP projects for consideration by Cabinet.
- 3.5 Consideration of initial fee based projects will follow the established LIP route whereby the application is submitted for initial appraisal to the Strategy & Regeneration Division. Once the application passes the initial eligibility appraisal stage, the funding application will then be presented to the appropriate Area Forum for consideration to ensure the project is a priority for that area and a clear local needs exists.
- 3.6 The delegated approval will be directed at professional services as identified in Para 3.4 up to a maximum of £15,000. It is proposed that the decisions on these type of applications be delegated to the Chief Executive and Head of Strategy and Regeneration.
- 3.7 Applications for development funding over £15,000 will however still be subject to full Cabinet approval.
- 3.8 Where a request for initial development work is made, the Capital Programme Team based within Strategy & Regeneration will explore the opportunity to utilise internal Sedgefield Borough Council resources where appropriate, and where sufficient capacity exists.
- 3.9 It should be noted however, that a positive outcome of a first phase – technically focused work request will not necessarily lead to the approval of the final full project. The project that comes forward following the completion of the technical work will still be subject to a full appraisal to ensure value for

money criteria are adhered to and that sufficient funds are available within the respective Area Forum allocation. In some instances the outcome of the initial technical work may lead to a recommendation not to progress the project due to building conditions etc.

Matched Funding Requirement

- 3.10 Currently 5 LIP projects have been approved to a value of £410,458, with additional external 'match funding' levered in against the Council's LIP resource to a value of £367,186. Where the successful applicant has been a Town or Parish Council additional revenue contributions have also been committed from existing budgets to cover issues such as on going maintenance to ensure the sustainability of the project over the longer term.
- 3.11 Given experience to date, it is felt that applicants should aim to maximise external sources of funding where appropriate in order to ensure that the Council's LIP funding goes as far as possible in meeting a wide variety of community aspirations.
- 3.12 Current policy approved by Cabinet in June 2005 indicates that for partner Town & Parish Council's a target of normally one third of the costs for the project would be anticipated. This contribution could come from external sources if appropriate, and where additional funding opportunities exist.
- 3.13 It is recognised that the size of the respective Town or Parish Council differs across the Borough, as does the availability of external funding sources that may be linked to issues such as deprivation statistics, former coalfield designation etc. In addition to this it is further recognised that some funding streams will be more 'project' specific and therefore the Strategy & Regeneration Division will assess each project on it's individual merits and work with all applicants in order to maximise external funding where possible.

Role of the Area Forum in the LIP Process

- 3.14 The Area Forum has an important role in providing a local view as to the priority and need for the project within that Area Forum locality.
- 3.15 The Strategy & Regeneration Division will aim to get eligible projects into the Area Forum process as soon as possible to enable the Forum to reflect on the priority of the project and also raise any additional issues that can then be taken forward through the project appraisal process. If not done at the earliest opportunity the timescales of Area Forum meetings could result in a project being held for a period of weeks until a future Forum date.
- 3.16 It is felt that an initial check on eligibility needs to be carried out first however by the Strategy & Regeneration Division before projects are

progressed through the Area Forum process to ensure that projects meet the core Department for Communities and Local Government 'Regeneration' definition. Scope currently exists for the Area Forum to debate possible future project priorities.

- 3.17 Following the Area Forum meeting, a more detailed appraisal of the project will then be undertaken prior to the project going through the formal decision making process of the Council.

Approval Process

- 3.18 Reports prepared for Cabinet will include a short summary as to whether the project meets all of the key LIP criteria agreed by Cabinet including the DCLG eligibility definition. It is evident that some projects, whilst meeting the core DCLG 'Regeneration' eligibility definition, won't meet the additional LIP criteria outlined by Cabinet in June 2005. In these cases projects will be brought before Cabinet for determination but they will include an Officer recommendation not to offer financial support.
- 3.19 In addition to the above, projects that don't meet the core DCLG 'Regeneration' eligibility definition won't be brought before Cabinet and will continue to be dealt with at an Officer level.

4. CORPORATE POLICY IMPLICATIONS

- 4.1 Given the current timescale for bringing LIP projects through the decision making process, it is felt that by delegating decisions on the initial technical work to the Chief Executive and the Head of Strategy & Regeneration, the Council will be more responsive to the needs of the local community and quicker progress will be able to be made than bringing these smaller fee based applications through the full decision making process currently followed for all LIP applications.

5. RESOURCE IMPLICATIONS

- 5.1 There is no additional finance necessary to implement the first stage 'fees based' technical work. A total of £3,800,000 has been allocated to the LIP over the next three years until March 2009. Each of the five Area Forums has been allocated a proportion of the total funding, based upon the percentage of the Borough's total households in that area. Any fee based technical work would be met by existing LIP resources.
- 5.2 Where an initial fee-based technical proposal is implemented then the initial cost of that development work will be added to the overall scheme cost and be met against the Area Forum allocation for that project.

- 5.3 Where a scheme carries out initial technical work but cannot progress to the implementation phase then the development costs cannot be charged against the Housing Land Capital Receipts Programme monies as this won't lead to the direct enhancement of a capital asset. Under such circumstances the costs will need to be met from a Council revenue budget. The Head of Strategy & Regeneration has identified a contingency budget to cover this event. All fee-based projects will be fully appraised in order to minimise any financial exposure to the Council.
- 5.4 A key feature of enabling initial fees to be met within existing LIP resources is to provide greater cost certainty and enable full investigation to be carried out before works are tendered and commissioned, thus minimising the eventuality of unexpected costs arising during the construction stage e.g. asbestos discovery etc.

6. CONSULTATIONS

- 6.1 In the preparation of this report account has been taken of feedback received from community organisations and partner Town and Parish Council's. By engaging the Area Forum's earlier in the process it is hoped that local views can be fed in at the outset in order to raise issues and address them through the formal project appraisal mechanism established for LIP projects.

7. OTHER MATERIAL CONSIDERATIONS

- 7.1 Risk Management - as outlined in Para. 5.3, careful management will be required to minimise the risk of any initial fee based projects not progressing to the implementation phase and therefore resulting in a charge against the Council's revenue account.
- 7.2 Procurement – the main intention of establishing this stage is to ensure that community organisations and partners can plan with a higher degree of cost certainty. This in turn will lead to more accurately costed and planned projects being brought before Cabinet for consideration.

8. OVERVIEW AND SCRUTINY IMPLICATIONS

- 8.1 There has been no previous consultation or engagement with the Overview and Scrutiny Committees.

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Ward:

Key Decision Validation: Not applicable

Background Papers:

Internal

June 2005

- 1 Promotion Of The Regeneration Of The Borough Housing Land Capital Receipts To Support Regeneration And Affordable Housing Provision

Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>