

# Item 4

## REPORT TO CABINET

23<sup>rd</sup> October 2008

### REPORT OF THE ASSISTANT CHIEF EXECUTIVE

#### Portfolio: Social Regeneration & Partnership

#### LOCAL IMPROVEMENT PROGRAMME – UPDATE ON CURRENT POSITION AND CONSIDERATION OF PROPOSED PROJECTS

##### 1.0 SUMMARY

- 1.1 This report sets out the current situation in the Borough with respect to the Local Improvement Programme (LIP), and outlines the process that has been followed in prioritising schemes for determination by Cabinet.
- 1.2 The report proposes options for consideration and focuses on projects that the Capital Programme Team in conjunction with the Council's Management Team have assessed as priority schemes, reserve schemes and projects that are not deemed appropriate for financial support by the Council.
- 1.3 The report also outlines the approach taken to contingency planning and risk analysis to ensure deliverability of the programme.
- 1.4 In addition to this, the report identifies potential links with other funding opportunities notably use of Section 106 monies for eligible LIP activity across the Borough to ensure a complimentary approach is followed in supporting community aspirations.

##### 2.0 RECOMMENDATION

- 2.1 It is recommended that Cabinet...
  - 1) Consider the content of the report, agree the approach taken to prioritising projects and support the decisions outlined on an Area Forum basis as set out in Appendix 1.
  - 2) Acknowledge the fluid nature of some projects and supports the process for reviewing the priority project list to mitigate risks and implement the identified contingency process should schemes not proceed due to technical issues or identified match-funding not being secured.
  - 3) Agree to the approach taken in utilising Section 106 monies towards priority LIP projects where appropriate.

### **3.0 LOCAL IMPROVEMENT PROGRAMME**

#### **Background**

- 3.1 The purpose of the LIP programme is to tackle the key issues set out in the community strategy, improve community assets and support community engagement in the regeneration of local areas. As part of this, local communities can propose projects against set criteria agreed by Cabinet. Through the programme, resources are released to improve sites and improve the usability of community facilities and buildings across the Borough.

#### **Current Position**

- 3.2 To date 42 projects have been supported since LIP's inception in April 2006 to a value of £2,063,817. Details of these schemes already approved are included in Appendix 2.
- 3.3 Cabinet will recall that to aid programme management a 'cut-off' date for new applications of the end of July 2008 was implemented. In the last month leading up to the cut-off date 15 projects were submitted in addition to those already in the appraisal system. The total value of all LIP requests received is £5.45m against the LIP budget of £3.8m. This programme is therefore oversubscribed by £1,646,335.
- 3.4 The oversubscription has been spread across all Area Forum areas and has resulted in the need to prioritise project activity within the Area Forum areas to ensure that the finite resource available through LIP is used to best effect and has the greatest impact for localities within the Borough. The current oversubscription is broken down as follows;
- Area 1 – Spennymoor over subscribed by £310,317  
Area 2 - Ferryhill, Chilton, Cornforth over subscribed by £211,496  
Area 3 – Rural East, over subscribed by £116,501  
Area 4 – Shildon, over subscribed by £799,956  
Area 5 – Newton Aycliffe, over subscribed by £208,065
- 3.5 It is recognised and appreciated that the budget for LIP is fixed and can not be increased to meet the oversubscription of schemes as capital resources are fully committed across other programme areas.

### **4.0 PRIORITISATION PROCESS**

- 4.1 In 2005 Cabinet agreed a Housing Land Capital Receipts strategy that outlined a range of project proposals and established the Local Improvement Programme. To be eligible for consideration under this strategy all projects need to meet the Government 'regeneration' or 'affordable housing' definition as outlined below.

### **Regeneration –**

“any project for the carrying out of works or activities on any land where –

- (a) the land, or a building on the land, is vacant, unused, under-used, ineffectively used, contaminated or derelict; and
- (b) the works or activities are carried out in order to secure that the land or the building will be brought into effective use.”

### **Affordable Housing –**

“the provision of dwellings to meet the housing needs, as identified by the local authority, of persons on low incomes, whether provided by the local authority or a registered local landlord ...”

- 4.2 Given the community focus of LIP, all project requests are assessed against the Regeneration definition as Affordable Housing does not fit with the essence of the LIP programme.
- 4.3 This definition is the starting point for consideration of all LIP projects. Projects that don't meet this definition have been discouraged from applying and aren't outlined in the Summary Appendices attached to this report.

### **Criteria**

- 4.4 When assessing LIP project requests the following criteria has formed the basis to the project appraisal.

#### **Project Criteria**

- Social Impact and additional outcomes against priorities in the community strategy
  - Clear identified need
  - Clear consultation
  - Links to other regeneration activity
  - Deliverability of the scheme within LIP timeframe
  - Value for Money
  - Leverage of match funding where possible
  - Achievable match funding strategy has been identified
  - Principle of fair-share across communities within Area Forums
  - Opportunity to phase the project to reduce the funding needed to implement the scheme without affecting the outcomes
  - Strategic fit with Council plans, strategies and aspirations
- 4.5 Over recent weeks discussions have been held with all eligible project applicants to assess the request for funding against the above criteria and where possible to consider other options and approaches to deliver the intended project solution.

- 4.6 A LIP assessment exercise was held in August to review project requests. This was jointly carried out using Officers from the Capital Programme Team, Assistant Chief Executive, Community Participation Officer (Youth) and input from Corporate Policy. In addition to this exercise detailed discussions have also been held with the Council's Play Officer in relation to proposed play area improvements.
- 4.7 Given the budget pressure and the need to ensure that LIP money is targeted at projects that will have clear community outcomes, there has been the need to sort projects into 3 main categories;
- Priority Projects
  - Reserve Projects
  - Non-Priority Projects for Rejection
- 4.8 To aid the systematic approach towards project prioritisation against the agreed criteria, more detailed information setting out each project and the relevant appraisal comments to support the recommendation has been considered by the Council's Management Team. A table is included as Appendix 1 that outlines a summary of all projects recommendations within each Area Forum locality.
- 4.9 It is recognised that some of the projects contained on this list still need confirmation of some technical issues such as match funding confirmation or planning permission considerations.
- 4.10 Cabinet will realise from the information included in Appendix 1 that not all LIP monies have been allocated to exact project activity at this stage. Within Areas 1 and Area 4 it is proposed that further discussions with identified reserve projects are entered into to assess the accurate project picture and a further report focusing purely on these projects be considered at a later date.
- 4.11 One Area Forum suggested a standardised reduction of grant based on the percentage of the oversubscription of all bids. This has been considered by the Capital Programme Team, however, it is recognised that some projects have already scaled back their ambitions to meet a reduced financial allocation. With other projects a reduction in grant allocation would lead to an increased risk of failing to deliver within the timeframe available. All projects have therefore been assessed on an individual basis.

### **Reserve Projects**

- 4.12 Where an excess of eligible project requests have been received within an Area Forum locality it is proposed that a reserve list of projects be considered.

- 4.13 The identification of reserve projects is strongly linked to the risk analysis and contingency planning that has been carried out through project appraisal. This is further outlined in Para. 5.10 – 5.12.

### **Non-Priority Projects**

- 4.14 A number of projects have been submitted that whilst meeting the core LIP 'regeneration' definition as detailed above; and whilst hitting some of the key LIP criteria, haven't demonstrated or evidenced significant outcomes or impact when assessed against other project opportunities.
- 4.15 This list also includes projects where the timescale for project delivery is unclear or where timescales clearly exceeds the ability for Sedgefield Borough Council to progress the individual project request within its lifespan. Other considerations have included the respective 'buy in' to the project from the local community, support for the project from the respective management committee and also the match funding strategy identified linked to successful project delivery.
- 4.16 Non priority schemes have also been identified on Appendix 1.

## **5.0 RESOURCES**

- 5.1 The LIP budget was allocated on an Area Forum basis based on the number of households within each Forum area.
- 5.2 **Match Funding** – The ability of projects to lever in additional match funding is a central consideration for all LIP projects. However, match funding decisions are outside Sedgefield Borough Council control and can therefore skew project timescales. Given the need to make progress within a tight timescale prior to Local Government Reorganisation, it is proposed that we set a deadline of the turn of the year to receive clarification from projects that are dependent on external match funding decisions. The programme will be reviewed at this stage to assess progress and any risks to project delivery.
- 5.3 Projects of note that are subject to significant match funding bids include; Ferryhill Town Youth Football Facility - £800,000 FA grant, St Paul's Community Enterprise Centre - £750,000 European Grant and Ceddesfeld Hall Redevelopment - £110,000 various funders, The Pentlands - £46,442 various funders.
- 5.4 The Capital Programme Team considers that we should make every effort to give projects the time to secure match funding but we also recognise that if the funding isn't secured in time, or decisions result in no match funding being allocated to these projects then we will have to re-look at the priority project list and consider additional reserve schemes where appropriate. This issue is further explored in the Contingency Planning Section of the report.

- 5.5 **Section 106 agreements** – Given the number of projects submitted for consideration involving play and open space improvements, it was considered appropriate to investigate the existing Section 106 agreements that the Council has in place to assist with the funding of projects. The nature of Section 106 monies focuses attention on particular projects and if used appropriately could ‘free-up’ LIP money to be directed to projects that Section 106 agreements don’t traditionally target.
- 5.6 Initial discussions regarding the use of Section 106 have been held with colleagues in Planning and have been raised through the Open Space Working Group. Through this route a number of project linkages have been made.
- 5.7 Additional work is required to finalise Section 106 opportunities with the Hackworth Park Play Project submitted by Shildon Town Council. Given this position, the project will be revisited and reported to Cabinet once the Section 106 opportunities have been fully investigated.
- 5.8 **Neighbourhood Enhancement Programme** – Opportunities also exist to utilise unallocated NEP money directed towards Ward Councillors to add value to LIP schemes. A number of Councillors have still not come forward with project ideas despite the programme scheduled to close at the end of January. Approaches are being made by the Capital Programme Team to ascertain willingness to direct NEP money into LIP projects in areas where it is likely we will have to cut back on the original LIP request or phase the project proposal.
- 5.9 **Contingency Budget** - Cabinet will note that not all the available funding within Area 3 has been allocated to project activity at this stage. It is proposed that a contingency budget of £16,500 be ring-fenced within this Area Forum locality principally due to 2 priority schemes being located within the Sedgfield Conservation Area and the design having not been through the planning process yet. It is possible that the design or materials of the proposed project may need to be reviewed which may have a budgetary implication. The contingency budget would be used to deal with cost implications that could arise out of this process. If changes aren’t required then this funding will be utilised by reserve schemes.
- 5.10 **Contingency Planning** – Given the fluid nature of community projects and the need for some technical aspects such as match funding confirmation, leases, planning permission etc. to be in place before any funding is released to a project, there is a need to recognise that the preferred options set out in Appendix 1 to this report may be subject to change.
- 5.11 An update report will be prepared for Cabinet at the turn of the year that will outline the position with regard to match funding confirmation /

match funding decision dates and if necessary the programme of priority projects will be reviewed.

5.12 Consideration has been given to how this will be covered within the programme. As detailed above, the LIP allocation is initially fixed for eligible activity within Area Forum localities. Should priority projects not proceed, then the process that the Capital Programme Team recommends is outlined as follows;

- i) Firstly, use non allocated money to tackle any eligible and unforeseen cost overruns of previously supported projects within the specific Area Forum locality.
- ii) Secondly, look at funding identified for reserve schemes, either to increase funding to approved projects that have been phased or cut back, or to fund a reserve project.
- iii) Thirdly, consider opportunities to tackle any cost overruns of previously supported projects within other Area Forum locality.
- iv) Fourthly, consider opportunities to fund reserve projects across other Area Forum areas.
- v) Finally if no suitable schemes exist then it is proposed that any unallocated money is identified as a saving against the programme.

## **6.0 CONSULTATIONS**

6.1 Reports have been prepared for all Area Forum areas detailing the current position of the programme and highlighting the issue of oversubscription. A central theme within the reports has been a recommendation that Area Forum consider the project requests and assess the projects likely impact against the priority needs of that locality. This has proved difficult in most areas with Area Forums not presenting a clear picture of their priority projects. In some instances Area Forum's have been unable to prioritise project requests and have expressed a wish for Cabinet to decide where the LIP money should be directed.

6.2 A briefing letter has also been sent to all Sedgefield Borough Councillors detailing the position within their respective Area Forum. Members have been informed of the finite nature of Area Forum allocations and the need to prioritise projects accordingly.

6.3 Consultation has also taken place in respect of individual projects to ascertain strategic fit to corporate documents and plans such as the overarching Community Strategy, Open Spaces Needs Assessment, Play Strategy, Quality of life survey and projects that assist in addressing Key Performance measures.

## **7.0 RISK ANALYSIS**

- 7.1 As detailed in Para 5.10 – Contingency Planning, some projects do present an element of risk in being delivered on time and within budget. At this stage the main risk to many projects is security of match funding within the remaining LIP timescale. Discussion is ongoing with the respective funders to establish timeframe for decisions and the likelihood of funding being granted at the level requested. It is also hoped that by Sedgefield Borough Council committing money to specific projects then this may also demonstrate partnership commitment for external grant panels considering projects.
- 7.2 As identified in Para. 5.9 a contingency budget has been set aside within relevant Area Forums to cover any cost increases that may result for schemes that haven't yet been through the planning process or those where cost certainty hasn't yet been achieved.

## **8.0 OTHER MATERIAL CONSIDERATIONS**

- 8.1 Where projects are eligible for LIP grant assistance, but where they have received a lower ranking than priority projects identified for financial support, the Capital Programme Team have expressed a wish to assist them to further develop their project idea where capacity exists under other external grant programmes such as Lottery Funding and Coalfield Regeneration Trust.
- 8.2 Publicity – Given the volume of project proposals recommended for approval and the unprecedented investment in community facilities / projects across the Borough links will be made with the Council Press & PR Officer to ensure appropriate press releases are circulated.
- 8.3 Procurement – The funding requested represents grants to an external organisations. All grants are conditional upon the applicants identifying a full quotation / and or tender process for the works.

## **9.0 NEXT STEPS**

- 9.1 It is recognised that in some instances, notably the Area 1 – Spennymoor area and the Area 4 Shildon locality, further work is required to refine the list of priority projects. Discussions will continue with colleagues in Planning on the Section 106 opportunities and the consequent impact on the available funding position for additional project activity. A supplementary report will be prepared in due course to consider the remaining reserve projects in these areas.
- 9.2 Cabinet will continue to receive updates on the Programme as external decisions with respect to project match funding are known.



## 10.0 OVERVIEW AND SCRUTINY IMPLICATIONS

10.1 There has been no previous consultation or engagement with the Overview and Scrutiny Committees regarding this particular project.

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**Ward:** All  
**Key Decision Validation:** Key decision, report outlines approval of schemes to a greater value than £100,000.

### **Background Papers:**

#### **Internal**

- |   |   |           |
|---|---|-----------|
| 1 | Promotion Of The Regeneration Of The Borough Housing Land Capital Receipts To Support Regeneration And Affordable Housing Provision | June 2005 |
|---|---|-----------|

### **Appendices**

Appendix 1 – Summary Overview table of LIP Project Recommendations

Appendix 2 – Summary of all LIP Approvals to date

### **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"/>

## Appendix 1 – Summary Overview of LIP Project Decisions

### Area Forum 1

Money remaining to be allocated from LIP Budget - **£537,735**

Project	Requested from LIP	Recommendation
St Paul's Parish Hall	£200,000	Approval to full value
Kirk Merrington MUGA	£40,324	Approval to full value
Spennymoor Boxing Club	£150,000	Approval to full value
Tudhoe Moor Play Area	£106,615	Reserve – further discussions needed
Jubilee Park Improvements	£210,897	Reserve - further discussions needed
New Life Christian Centre	£151,400	Rejection

**Please note** at this stage 3 projects are recommended for approval. If approved this will leave £147,411 to be allocated to additional schemes within the Area 1 Forum area. Further discussions are planned with Spennymoor Town Council applicant for the 2 identified reserve schemes – Tudhoe Moor Play Area and Jubilee Park to consider the components of the scheme further and assess opportunities to lever in Section 106 monies towards the proposals. A further report will be brought to Cabinet in due course.

### Area Forum 2

Money remaining to be allocated from LIP Budget - **£407,217**

Ferryhill Football Development	£320,000	Approval to full value
The Pentlands Play Area	£101,442	Approval to value of £85,000 LIP
Chilton Welfare Master Plan	£169,471	Reserve
Chilton Catholic Club	£27,800	Rejection

### Area Forum 3

Money remaining to be allocated from LIP Budget - **£219,319**

Ceddesfeld Hall	£103,000	Approval to full value
Sedgefield Cricket Club	£29,820	Approval to full value
Trimdon Grange Play Area	£70,000	Approval to full value
Trimdon Community Centre	£90,000	Reserve
Sedgefield Squash Club	£33,000	Reserve
Fishburn Recreation Ground	£TBC	Rejection

### Area Forum 4

Money remaining to be allocated from LIP Budget - **£288,424**

Eldon Community Centre	£138,638	Approval to full value
Shildon BR Sports Club	£220,000	Reserve - further discussions needed
Hackworth Park Play Area	£106,647	Reserve - further discussions needed
Shildon Scout Field	£160,000	Rejection
Shildon Vintage Vehicles	£67,125	Rejection
Hackworth Park Pavilion	£353,113	Rejection
East Thickley Farm - Museum	£100,000	Rejection

**Please note** at this stage only the Eldon Community Centre proposal is recommended for approval. If approved to the full value, this will leave **£149,786** to be allocated to additional schemes within the Area 4 Forum area. Further discussions

are planned with the applicants for the 2 identified reserve schemes – Hackworth Park Play Area and Shildon BR Club Improvements to establish opportunities to lever in Section 106 monies towards the play area proposals and firm up revised cost options for the Sports Club proposal. A further report will be brought to Cabinet in respect of these 2 projects in due course.

**Area Forum 5**

Money remaining to be allocated from LIP budget **£264,375**

Agnew Community Centre	£264,375	Approval to full value
St. Joseph's Primary School	£63,527	Rejection
Aycliffe Village Hall	£44,815	Rejection
Newton Aycliffe Scouts Supporters Association	£100,000	Rejection

## Appendix 2 – Summary Overview of all LIP Approvals To Date

### Area 1

<b>Project</b>	<b>LIP Amount</b>	<b>Match Funding</b>
Tudhoe Moor Family Centre	£15,227	£13,249
Middlestone Moor Play Area	£39,655	£6,216
Spennymoor Settlement	£142,000	£108,000
Ox Close Nursery	£43,835	£20,000
Ox Close Community Garden	£57,548	£5,200
<b>Total</b>	<b>£298,265</b>	<b>£152,665</b>

### Area 2

<b>Project</b>	<b>LIP Amount</b>	<b>Match Funding</b>
Number 66 West Cornforth	£64,400	£27,600
Chilton Environmental Improvements – Phase 1	£88,654*	£124,000
Mainsforth Community Centre	£75,830	£5,000
West Cornforth Community Centre	£119,393	£155,000
Bishop Middleham Village Hall	£39,128	£3,300
Dean Bank Institute	£41,378	£10,000
<b>Total</b>	<b>£428,783</b>	<b>£324,900</b>

\* Reflects final underspend position of the project

### Area 3

<b>Project</b>	<b>LIP Amount</b>	<b>Match Funding</b>
Trimdon MUGA	£58,325	£50,000
Trimdon Centre Fees	£12,774	£0
Sedgefield Parish Hall Phase 1	£37,000	£18,200
Ceddesfeld Hall Technical Study	£1,762	£0
Fishburn Memorial Playing Field	£58,900	£48,190
Fishburn Recreation Development Tech Study	£11,280	£0
Trimdon Community College MUGA Tech Study	£7,640	£0
Trimdon Community College MUGA	£45,000	£85,146
Sedgefield Parish Hall Phase 2	£80,000	£39,500
<b>Total</b>	<b>£312,681</b>	<b>£241,036</b>

### Area 4

<b>Project</b>	<b>LIP Amount</b>	<b>Match Funding</b>
Hackworth Tennis Courts	£34,999	£50,000
Civic Hall Lighting and Stage	£7,727	£3,764
Jubilee Fields Community Centre	£75,000	£0
Shildon People's Centre	£30,737	£15,750
Shildon Scout Field Tech Study	£4,113	£0
Hackworth Park Pavilion Tech Study	£15,000	£0
<b>Total</b>	<b>£167,576</b>	<b>£69,514</b>

## **Area 5**

<b>Project</b>	<b>LIP Amount</b>	<b>Match Funding</b>
Great Aycliffe Way	£162,991*	£21,000
Middridge Village Hall	£76,485	£6,000
Woodham Community Centre	£25,200	£14,500
Neville Parade Community Centre	£44,353	£4,000
Neville Parade Methodist Church	£18,475	£2,404
Simpasture Park Refurbishment	£89,245	£37,900
Moore Lane Refurbishment	£25,089	£12,361
Newton Aycliffe Sporting Club	£299,770	£25,000
St Oswalds Park	£134,017	£109,796
<b>Total</b>	<b>£875,625</b>	<b>£232,961</b>

*\* Reflects final underspend position of the project*

<b>Total LIP Approvals to date</b>	<b>£2,063,817</b>	<b>£1,021,076</b>
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