

Delegated Decision

September 2022

Weardale Railway Grant Funding Agreement

Ordinary Decision



Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Geoff Paul/Amy Harhoff, [Interim] Corporate Director of Regeneration, Economy & Growth

Councillor Richard Bell, Deputy Leader and Cabinet Portfolio Holder for Finance

Councillor Elizabeth Scott, Cabinet Portfolio Holder for Economy and Partnerships

Electoral division(s) affected:

Weardale.

Purpose of the Report

- 1 To seek approval from the Corporate Directors to enter into a Grant Funding Agreement with Weardale Railway Limited.

Recommendation(s)

- 2 The Corporate Directors, in consultation with the relevant Portfolio Holders, are recommended to:
 - (a) Agree to enter into the Grant Funding Agreement with Weardale Railway Limited; and
 - (b) Agree to enter into the Parent Company Guarantee with The Auckland Project.

Background

- 3 On the 16 September 2020, Cabinet considered a report of the Corporate Director of Regeneration, Economy & Growth which recommended that the Council make an award of £2.128 million in grant funding to Weardale Railway Limited, subject to contract.
- 4 Approval of the final terms of the grant funding agreement were delegated to the Corporate Directors of Regeneration, Economy & Growth and Resources in consultation with the relevant portfolio holders.
- 5 Paragraph 42(b) outlined certain key provisions that the grant funding agreement had to include:

Text from Cabinet Report	Position Reached
assurance to the Council that any required repayment of grant will be made from Weardale Railway and / or TAP	The Auckland Project will enter into a Parent Company Guarantee to allow the Council to secure any required repayment from them in the event that Weardale Railway Limited is unable to make payment.
an appropriate procurement process for the works	Weardale Railway must adopt a procurement process which utilises public sector best practises and contains provisions around the use of local suppliers and social value.
identification of works to specific bridges and a prioritised schedule of investment for agreement with the Council;	A Programme of Works must be submitted to the Council for its approval.
payment arrangements linked to completion of works and appropriate invoices being submitted;	The agreement provides payment of the grant in arrears and subject to proof of incurred expenditure.
a commitment from Weardale Railway / TAP to complete the full schedule of works in the event of cost increases	If the Programme of Works (once properly determined) exceeds the available budget, Weardale Railway have the opportunity to decline to undertake the project. If they do undertake the project,

above the £2.1 million and that a funded long term future maintenance plan is in place	they are subject to clawback of the grant if it is not completed.
the provision of a more detailed 5 year costed financial and business plan with appropriate risk assessments, and agreed delivery outputs	Weardale Railway must prepare a five-year business plan and submit annual revisions of the same to the Council for its review and approval.
confirmation that the Council has no future liability on any structure that is in Weardale Railway Ltd ownership	There is no obligation on the Council in respect of future liability.
provision of enforceable conditions to secure grant repayment (from Weardale Railway Ltd or TAP as guarantor) in certain circumstances including:	
the Railway ceasing to operate within a defined period (eg 10 years)	Clawback will be payable (on a sliding scale) if the Railways closes prior to the 31 March 2029.
not significantly delivering against the agreed business plan	This is included within the agreement.
failure to invest in the Railway in accordance with the agreed business plan.	This is included within the agreement.

- 6 The agreement also contains such other standard clauses as would be expected in an agreement of this type and provides an adequate level of protection for the Council

Background papers

- None

Other useful documents

- Weardale Railway: Request for Financial Support, Cabinet, 16 September 2020

Author(s)

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Appendix 1: Implications

Legal Implications

If the recommendations are approved the Council will enter into a Grant Funding Agreement and Parent Company Guarantee and will be legally obliged to pay the grant subject to its terms.

Finance

The grant of £2.128 million is to be funded from capital contingencies.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Climate Change

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

Not applicable.

Procurement

No implications on the Council, but provisions regarding the procurement activity of Weardale Railway are included within the grant funding agreement.