
GROWING PLACES FUND – TOWN CENTRE PUBLIC SECTOR HUB

**Responsible Cabinet Member – Councillor Chris McEwan,
Economy and Regeneration Portfolio**

Responsible Director – Richard Alty, Director of Place

SUMMARY REPORT

Purpose of the Report

1. The report seeks Cabinet's endorsement to release £1,100,000 of Growing Places Funding to support the delivery of the Department for Education (DfE) building as part of the development of a Public Sector Campus incorporating DfE and the Town Hall.

Summary

2. In November 2011, the Government announced the creation of Growing Places Fund (GPF), a £500m national pot of money to which Local Enterprise Partnership's (LEPs) could apply to part-fund the delivery of key infrastructure projects.
3. Tees Valley Unlimited (TVU) coordinates Tees Valley's GPF fund and following an under-subscription to a first round of GPF funding, a second round was launched in Spring 2012.
4. Invitations were made to all Tees Valley Local Authorities to submit bids for consideration with the Council submitting a bid for a five-year interest-free loan of £1.1m towards the construction costs of the DfE project.
5. The Council has been advised that the funding has been approved, subject to detailed appraisal and agreement of funding conditions.
6. The ability to secure an interest free loan for £1.1m towards the project will increase the overall viability of the project and help mitigate financial risk.

Recommendation

7. It is recommended that Cabinet :-

- (a) Agrees to release £1,100,000 of Growing Places Funding for the DfE building subject to agreement of funding conditions.
- (b) Cabinet authorises the Director of Resources to agree the terms of any loan conditions on behalf of the Council.
- (c) Authorises the Assistant Director of Resources to put in place the legal agreement between the Council and Stockton Borough Council as accountable body.

Reasons

8. The recommendations are supported by the following reasons :-
- (a) To enhance the environmental, social and economic well-being of the Borough.
 - (b) To support the development of the Public Sector Hub in the town centre

Richard Alty, Director of Place

Background Papers

No Background papers were used in the preparation of this report

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S17 Crime and Disorder	None
Health and Well Being	None
Carbon Impact	The building will achieve BREEAM Excellent standard, with a low carbon footprint.
Diversity	None
Wards Affected	Central
Groups Affected	None specifically
Budget and Policy Framework	This report does not represent a change to the budget and policy framework
Key Decision	This report is not a Key Decision
Urgent Decision	No
One Darlington: Perfectly Placed	This project particularly meets the ‘Perfectly Placed’ priority of the Council’s SCS. It will support the establishment of a public sector hub in the Town Centre, increasing town centre footfall and viability.
Efficiency	Accepting the loan will support the viability of the project for the Council.

MAIN REPORT

Information and Analysis

9. Cabinet has previously approved plans to develop a new-build scheme to secure the DfE operations in Darlington. DfE is currently located at Mowden Hall has in the region of 440 skilled and experienced staff, however, as advised previously, the current premises are in a poor state of repair and requires significant investment to tackle the buildings defects and improve facilities on top of the £1m per annum maintenance costs.
10. For this reason DfE took the decision to move from Mowden Hall. The Council, in partnership with TVU produced a robust business case '*Case for the DfE to remain in Darlington*' for consideration by DfE. The Council's proposal to build a Public Sector Hub for DfE in the town centre was agreed by Cabinet on 9 April 2013 and Council on 2 May 2013. At the end of April the Council was informed that DfE's preference was to remain in Darlington, accepting the Council proposal to construct new premises within the Town Centre Fringe.
11. The project is currently being further developed and detailed designs are being drawn up. The initial cost estimate is £8m. More detailed costs are being worked up. The key source of funding for the capital costs is to be prudential borrowing; which is long-term borrowing available to the Council at a rate that is agreed at the time a loan is taken out.

Growing Places Fund

12. The Council has applied to the Growing Places Fund for an interest free, 5-year loan of £1.1m in order to support the delivery of the project and particularly to reduce the financial burden on the Council during the construction phase when no rent will be paid.
13. Growing Places Fund is administered by Tees Valley Unlimited through their accountable body, Stockton Borough Council, with who loan agreements are made.
14. Any funding will be conditional on the achievement of agreed outputs and outcomes, details of which are currently being discussed with TVU.

Financial Implications

15. The funding is in the form of a loan that the Council will be obliged to re-pay five years after receipt (currently estimated as late 2018). The Council will use prudential borrowing to re-pay the loan.

Conclusion

16. Darlington has the opportunity to secure funding, in the form of a fixed-term five-year soft loan (at nil per cent interest) of £1.1m towards the construction of the DfE building. Growing Places Fund offers an opportunity to support the delivery of a key regeneration project for Darlington, providing loan funding to reduce the financial (interest costs) of the project.