
BAT LEGACY

**Responsible Cabinet Member(s) - Councillor David Lyonette,
Regeneration and Planning Portfolio**

Responsible Director(s) – John Buxton, Director of Development and Environment

Purpose of Report

1. The purpose of this report is to agree the release of £300,000 revenue expenditure from the British American Tobacco (BAT) Legacy Fund for Year 2 and approve submission of an application for European Social Fund, with the Council acting as Accountable Body.¹

Information and Analysis

2. In July 2003 British American Tobacco (BAT) announced the closure of its plant in Darlington with the loss of 490 jobs. BAT agreed a Legacy Fund of approximately £300,000 per annum over 3 years to support job creation and economic development.
3. The Legacy Fund is administered by the Council and overseen by the BAT Legacy Fund Panel. This includes representatives from the private sector, BAT, Business Link Tees Valley, Tees Valley Regeneration, North East Chamber of Commerce and Tees Valley Learning Skills Council. This arrangement was agreed by Cabinet in February 2005 (Cabinet Minute C197(6)/Feb 05). The total value of the first year of the programme is £898,301. This has been made up of BAT Legacy Funds of £299,000, public sector funding of £207,934 and private sector contributions of £391,367.
4. The BAT Legacy Fund in the first year has supported the following projects:
 - (a) marketing Darlington as a business destination, including the Darlington Gateway roadshow in London, the production of the “Darlington: Where Quality Comes to Life” CD Rom, and a public-private sector marketing campaign “Darlington Advantage.”
 - (b) the D2E e-commerce project has supported 37 Darlington businesses to become e-enabled, which has made it possible for them to tender for public and private sector contracts thereby helping them improve their business competitiveness through e-commerce. The programme has indirectly supported a further 20 suppliers of information and communications technology, thereby supporting approximately £250,000 spend in the local economy. The project was also supported with £58,000 Single Regeneration Budget Funds. A programme of e-commerce related seminars has

¹ An Accountable Body is a legally constituted organisation that has agreed to assume responsibility for the administration and delivery of a project or enterprise and which has agreed to act as the applicant on behalf of a partnership or a group of organisations

been held on subjects ranging from public sector procurement, export, web optimisation, internet fraud and intellectual property rights relating to e-commerce. The seminar programme was open to all businesses with 138 business representatives attending.

- (c) Skills for Success; the BAT Legacy Fund has extended the funds available to this existing scheme. The scheme assists Darlington businesses with management and workforce training to improve business competitiveness. 73 businesses have been assisted, supporting 234 employees. The Project can also assist individuals with training and re-training and 68 individuals have been supported.
- (d) Falchion Fund; the BAT Legacy Fund has extended the funds available to this scheme. The Falchion Fund exists to support start up and existing businesses by offering a low cost loan supported by the Council, HSBC Bank plc and BAT. Four businesses have been assisted during 2005/06.

Year 2 Programme

- 5. The BAT Legacy Fund Panel have considered the programme for 2006/07. The following schemes will form the year two programme:
 - (a) Darlington Advantage marketing campaign to promote Darlington as a business destination to the property market, professional services, construction, logistics and warehousing sectors.
 - (b) An inward investment incentive to attract a large scale inward investor into Darlington.
 - (c) Darlington e-commerce project, a continuation of the existing scheme to support businesses fully develop information and communications technology to support business development and improvement, with a support programme of business seminars.
 - (d) Skills for Success to continue workforce development within businesses and for individuals to undertake further training which enhances their ability to take advantage of vacancies within the job market.
 - (e) Independent Retailer programme. This scheme will be developed in consultation with the Town Centre Board and businesses within the town. There may be an opportunity to bid for European Social Fund (ESF) resources later in the year. The criteria for this fund have not been released yet so a detailed programme will be worked up at a later date. Funds of £45,000 ESF will be required to be matched with £55,000 BAT. This would require the Council to serve as accountable body for this expenditure.
- 6. The estimated value of the year 2 BAT Legacy Fund is £667,500 including: BAT £300,000, public £153,500 (this includes Council funds of £25,000 from existing promotional budgets, Single Programme £83,500 and European Social Fund £45,000) and a minimum contribution of private sector £214,000.

Risks to the Council

7. There are no risks to the Council. All of these revenue projects can be kept within the specified budgets.

Summary

8. The BAT Legacy Fund has been used to support business development and expansion, improve skills within businesses and improve job prospects with training funds for unemployed residents and former BAT employees. The Fund has been used to promote Darlington as an exciting business destination and will continue to do so in 2006/2007.

Outcome of Consultation

9. The BAT Legacy Fund Panel has considered and agreed these proposals.

Legal Implications

10. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

11. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

12. The issues contained within this report do not represent change to Council policy or the Council's policy framework.

Decision Deadline

13. For the purpose of the 'call-in' procedure this does not represent an urgent matter.

Recommendation

14. It is recommended that :-
 - (a) approval is given for the release of £300,000 from the BAT Legacy Fund for 2006/2007
 - (b) agreement is given for the Council to submit a European Social Fund application to Government Office North East and to serve as the Accountable Body for this application should it be approved.

Reasons

15. The recommendations are supported by the following reasons :-

- (a) To enable the BAT Legacy Fund to be spent in accordance with the BAT Legacy Fund Panel's decisions.
- (b) To enable officers to maximise the impact of the BAT Legacy Fund to Darlington.

John Buxton
Director of Development and Environment

Background Papers

BAT Legacy Fund Panel Meeting

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