
GROWING PLACES FUND ROUND 2

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

Responsible Director – Richard Alty, Director of Place

SUMMARY REPORT

Purpose of the Report

1. This report seeks Cabinet approval for the operation of the Growing Places Fund in line with the prospectus detailed in **Appendix 1**.

Summary

2. Growing Places is an £8.5m loan fund, of money from the Government, managed by Tees Valley Unlimited (TVU), on behalf of the five Boroughs, which supports projects that will create economic growth, job creation and remove barriers to development in the local economy.
3. Some money has already been allocated; £4 million is available to potential projects. The Prospectus is meant to be clear, concise and easy to read and ensures the fund is managed in an open and transparent way.
4. It details how decisions will be made on future projects which will be in accordance with the Tees Valley Unlimited Joint Agreement (see *Background Papers*).
5. The five Tees Valley Chief Executives, as members of the TVU Investment Panel, will initially shortlist projects (in consultation with the Investment Panel) and make recommendations to the Leadership Board for approval.
6. It is proposed that project selection decisions will be made jointly by the five Tees Valley Leaders and Elected Mayors, as members of the TVU Leadership Board, in consultation with the Leadership Board. They will authorise the project to enter Due Diligence. Decisions will need to be agreed by all Leaders/Mayors. Due Diligence will be overseen by the Investment Panel. It is proposed that Chief Executives be granted authority to authorise the release of funding to the applicant if due diligence is successfully completed; if this is not the case the project may be referred back to the Leadership Board where Leaders and Mayors can deselect the project for funding.

Delegations

7. The Local Government and Public Involvement in Health Act 2007 required the Council to adopt Executive Arrangements which enabled the Leader to make decisions on his own if he chooses to. It is proposed that the Leader use these powers to make decisions on behalf of Darlington Borough Council on allocation of the Growing Places funding. Decisions would be taken jointly and unanimously with the Leaders and Elected Mayors of the other four Tees Valley Boroughs, and in consultation with the TVU Leadership Board. The same rules in relation to other executive decisions would apply in relation to call-in and the Forward Plan. Scrutiny will be notified of relevant decisions in the usual way.
8. To ensure that there is an ability to act to implement decisions in conjunction with other Tees Valley authorities and to expedite matters to ensure delivery it is recommended that decisions to release Growing Places funding which have completed Due Diligence are delegated to the Chief Executive; decisions to be taken jointly and unanimously with the Chief Executives of the other Tees Valley Boroughs and in consultation with the TVU Investment Panel.

Recommendation

9. It is recommended that :-
 - (a) Cabinet is asked to approve the Growing Places Prospectus (**Appendix 1**).
 - (b) Cabinet is asked to approve an amendment to paragraph 11 of the scheme of delegation (Under the heading 'The Chief Executive') with the creation of a new (e) To take decisions to release Growing Places funding which have completed Due Diligence following consultation with the Chief Executives of the other four Tees Valley authorities and the TVU Investment Panel.

Reasons

10. 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 delivery Darlington's and Tees Valley's key regeneration schemes.
 - (c) To ensure that decisions can be taken expeditiously on funding opportunities by the five Boroughs jointly.

Richard Alty, Director of Place

Background Papers

Growing Places Fund: Cabinet Report April 2012
Tees Valley Unlimited Joint Agreement

John Simpson : Extension 2681

S17 Crime and Disorder	No impact
Health and Wellbeing	Growing Places Fund will provide funding to deliver projects with an economic impact, including the creation of jobs, business accommodation and new houses.
Carbon Impact	The proposal will not result in an increase in carbon emissions Some of the GPF-funded projects will incorporate or promote the development of renewable energy and growth in the renewable sectors
Diversity	No impact.
Wards Affected	All wards
Groups Affected	No specific groups will be impacted disproportionately
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework.
Key Decision	No
Urgent Decision	No
One Darlington: Perfectly Placed	Growing Places Fund supports the delivery of the 'Perfectly Placed' priority of the Council's Sustainable Community Strategy. It can support the delivery of a key regeneration projects that will help construct new houses as well as commercial development that will in turn create employment within the borough
Efficiency	Any additional officer workload as a result of GPF will be absorbed into existing officer workloads

MAIN REPORT

Information and Analysis

11. In November 2011 Tees Valley was allocated £5.694 million of Growing Places Fund funding by the Department for Communities and Local Government (CLG). Growing Places Fund is a national pot of funding, made available to Local Enterprise Partnerships (LEPs) to support investment in infrastructure that can help deliver LEP objectives. Tees Valley's allocation was subsequently increased to £8.5m. The objectives of the funding was prescribed by CLG as:
 - (a) to generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing
 - (b) to allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies
 - (c) to establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.
12. Tees Valley Unlimited, Tees Valley's LEP, worked with the five Tees Valley Local Authorities to develop a first round of GPF projects (Round 1).
13. In order to ensure transparency and fairness, the availability of the funds was advertised in order to enable private sector businesses to submit Round 1 applications.
14. As a result of the process of due diligence, not all of the GPF Funds have been allocated in Round 1. There is approximately £4m remaining to be allocated, which it is proposed should be allocated in a second GPF round (Round 2).
15. A new prospectus has been developed by TVU for Tees Valley GPF Round 2. The prospectus has been developed in consultation with the five Tees Valley Boroughs.
16. As per Round 1, Local Authorities will be able to bid for GPF funds. For Local Authorities, funding will be in the form of relatively short term (typically 3-5 years), interest free loans for capital projects. For private sector GPF applicants, any GPF loan funding would be subject to interest charges in accordance with published EC reference rates, which currently range from 2.34% to 11.74% in order to ensure State Aid compliance. Full details of eligibility criteria and terms and conditions are set out in the prospectus (**Appendix 1**).
17. As per Round 1, neither TVU nor Stockton Borough Council (as accountable body for GPF), have the powers to make a decision on the allocation and governance of the funds. Cabinet approval is therefore sought to the Prospectus (**Appendix 1**).
18. Cabinet approval is also sought to the GPF governance arrangements in order to enable GPF to be allocated and managed. These are set out below:

- (a) The five Tees Valley Chief Executives in consultation with the TVU Investment Panel will initially shortlist projects and make recommendations to the Leadership Board for approval.
- (b) Decision making for project selection be delegated to the five Tees Valley Leaders and Elected Mayors, in consultation with the TVU Leadership Board, and to jointly and unanimously authorise the project to enter Due Diligence.
- (c) Due Diligence to be overseen by the Investment Panel.
- (d) Chief Executives be granted authority to authorise the release funding to the applicant if Due Diligence successfully completed; if this is not the case the project may be referred back to the Leadership Board where Leaders and Mayors can deselect the project for funding.

Financial Implications

- 19. The Council is to benefit from £1.2m from GPF Round 1 to support the relocation of the depot from Central Park. There is scope for the Council to secure further funding in GPF Round 2 to help the delivery of key regeneration projects within the Borough.
- 20. The new process does not place any new financial demands or risks on the Council.

Conclusion

- 21. Growing Places Fund Round 2 offers an opportunity to support the delivery key regeneration projects in Tees Valley by providing loan funding to secure both public and private sector regeneration project delivery. Darlington Borough Council will be eligible to apply for GPF Round 2 funding, which could be used to support the delivery Darlington's regeneration priorities.