
BRITISH AMERICAN TOBACCO (BAT) LEGACY FUND

**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. To seek Cabinet approval to:
 - (a) endorse the proposed arrangements for the British American Tobacco (BAT) Legacy Group to determine the scope and spend of the BAT Legacy from 2004/05 to 2006/07;
 - (b) to receive an annual progress report outlining the activity undertaken with the BAT Legacy and a programme of proposed activity for the forthcoming year.

Information and Analysis

2. In July 2003 BAT announced the closure of its plant in Darlington with the loss of 490 direct jobs and a further 135 jobs indirectly affected via contractors. Employees were gradually released from employment from October 2003 – December 2004. A Contingency Group was established by the Council to bring public and private sector partners together to help mitigate the effects of the closure. Partners included JobCentrePlus, Darlington College of Technology, Business Link, Learning and Skills Council, One North East, Government Office, BAT, Marchday plc (owners of Lingfield Point) and others. Three sub groups were established to look at the workforce, property and community impact.
3. The workforce development group assisted JobCentrePlus and Right Couotts to help employees analyse their options in terms of benefits, jobs/training/c.v and interview coaching. Darlington College of Technology established a temporary computer centre within the plant and a Jobs Fair was held in February 2004 within the plant, which brought together the Council, major employers and recruitment agencies within Darlington.
4. Over the last 12 months discussions have taken place with the Council, the MP and senior management at BAT regarding a legacy for Darlington to support the community, job creation and business development. A small sub group of the BAT Contingency Group met in early 2004 and prepared a set of proposals for BAT to consider as a Legacy for the benefit of Darlington.

5. BAT have agreed a legacy of £1m over four years to be divided in the following categories. This was announced in July 2004.

Community Support

6. A community endowment fund of £150,000 to be administered by the County Durham Community Foundation for the benefit of Darlington. The Council would have no financial responsibility for this, it will be administered by the Foundation, and is therefore not the subject of this report but included for information.

Virtual Business Village

7. To develop a programme to support e-enablement of businesses over a four year period. A budget of £200,000 or £50,000 per annum has been set aside for this.

Business Development Fund

8. A fund to support business development and regeneration in Darlington. BAT has recommended that a small group including private sector should agree the direction of the Fund. A fund of £500,000 is available (or £166,000 per annum).

Training Support

9. A small fund to support job/career training. A sum of £100,000 (or £33,000 per annum) has been set-aside for this.

Business Loan Interest Rebate Scheme

10. A scheme to be developed to give local start-ups and small businesses access to low interest loans to support employment creation and IT development. A figure in the region of £50,000 per annum has been discussed, but not agreed. The rebate would only take effect from 2005/06 and therefore is not the subject of this report.
11. BAT have requested that a small decision making group determine the scope and direction of the fund with maximum flexibility to support projects which meet the needs of local businesses and the local economy.

Accountability

12. A small group, the BAT Legacy Group has been proposed from the larger BAT Contingency Group. It is made up of representatives from the public and private sector namely, BAT, North East Chamber of Commerce, and private sector representatives from Capita Business Services and Barclays Bank, Tees Valley Regeneration, Business Link and the Council. BAT required a mix of private and public sector organisations. Terms of reference have been drafted. Most of these representatives are members of the Economy & Environment Group of the Darlington Partnership, and therefore decisions of the BAT Legacy Group will be reported to the Economy and Environment Group of the Darlington Partnership. An annual report will be brought to Members each March detailing expenditure and future programme, in time for the new financial year.

Financial Accountability

13. BAT has agreed to place funds with the Council at yearly intervals, £249,000 for year 1. It is agreed that funds lodged with the Council will be subject to the Council's financial regulations and standing orders. In some cases it may not be appropriate for the Council to be the accountable body, for example a training course delivered by another provider, in such instances it will be appropriate for BAT to release funds directly to that provider, and the Council have no financial responsibility for such a project. The BAT financial year runs from January to December.

Proposed Schemes for 2004/05 and 2005/06

14. In January the BAT Legacy Group met and agreed for the following projects to go forward so that businesses and individuals can benefit from the BAT Legacy.
 - (a) *Marketing scheme* - A sum of £20,000 to be utilised to support the Council's marketing initiatives to attract new businesses to the new quality office and industrial business parks.
 - (b) *Darlington e-commerce initiative* - A sum of £205,000 to support 30 Darlington companies undertake a programme of e-enablement to be able to develop e-commerce within their businesses.
 - (c) *Training* - A sum of £24,000 to support training grants for individuals over the age of 18 into jobs/ or workforce development for companies to undertake company training.
15. The only stipulation that BAT have made is that the BAT Legacy should not be aimed at young people below the age of 18 years, and that it should be available to former employees living both within and outside of Darlington.

Outcome of Consultation

16. The Legacy Fund has been developed in consultation with parties referred to within this report.

Legal Implications

17. 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

18. 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

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

Decision Deadline

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

Recommendation

21. It is recommended that :-
- (a) Members endorse the arrangements for the BAT Legacy Group to determine the direction and spend of the BAT Legacy Fund from 2004/05 – 2006/07.
 - (b) Members receive an annual report detailing expenditure, and a proposed programme of activity for the forthcoming year.

Reasons

22. The recommendations are supported by the following reasons :-
- (a) To enable the Legacy to be available to support Darlington businesses and employees of BAT to take advantage of the Legacy now that the BAT plant has closed down.
 - (b) To support the local economy through a series of marketing initiatives to attract new investment into Darlington.

John Buxton
Director of Development and Environment

Background Papers

- (i) BAT Terms of reference
- (ii) BAT Marketing initiative
- (iii) BAT e-commerce initiative
- (iv) BAT training scheme

Caroline Taukulis : Extension 2687
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