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**RELEASE OF CAPITAL FUNDING – ECONOMIC GROWTH**

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**Responsible Cabinet Member - Councillor Nick Wallis,  
Leisure and Local Environment Portfolio  
Councillor Chris McEwan, Economy and Regeneration Portfolio**

**Responsible Director - Ian Williams, Director of Economic Growth**

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**SUMMARY REPORT**

**Purpose of the Report**

1. The report seeks approval to release Capital allocations approved in the Medium Term Financial Plan (MTFP) Capital Programme.

**Summary**

2. The MTFP Capital Programme was approved by Cabinet on the 4 April and will be received by Council for consideration and final approval on 20 July 2017. Funding was allocated to:
  - (a) Undertake a programme of highway maintenance work on the unclassified road network;
  - (b) Carry out a programme of bridge assessments and subsequent work arising from assessments;
  - (c) Advanced design work to bring forward Economic Growth projects and prepare sites for development;
  - (d) The replacement of the Town Hall Boilers that are significantly past their serviceable life and are reaching a point where they are unrepairable;
  - (e) Adoption of Highways;
  - (f) An Economic Growth Investment Fund (EGIF);
  - (g) Central Park Enterprise Zone;
  - (h) Morton Palms Car Park.
3. The release of capital will enable these programmes of work to progress.

## Recommendations

4. It is recommended, subject to Council approval on the 20 July 2017, that Members approve:-
  - (a) The release of £0.5m approved capital allocation for a programme of maintenance on the unclassified road network to be spent in line with the agreed programme of works, funded through MTFP, capital programme and Revenue Contribution to Capital Outlay (RCCO);
  - (b) The release of £0.094m approved capital allocation to undertake a series of bridge inspections and testing to establish the extent of the programme funded through MTFP, capital programme and RCCO's;
  - (c) The release of £0.235m to replace the boilers in the Town Hall funded from the capital programme;
  - (d) The release of £0.250m to commence work on non-adopted Council roads to bring these roads up to an adoptable standard and reduce the risk of potential liability funded through MTFP, capital programme and RCCO's;
  - (e) The release of £1.424m approved capital allocation from the Economic Growth Investment Fund for 2017/18 for a programme of projects as outlined in the report and £796k from the 2018/19 allocation for infrastructure works on Ingenium Park;
  - (f) The release of £0.220m capital funding for the delivery of Morton palms Car Park funded through RCCOs;
  - (g) The release of £0.300m approved advanced design fees allocation from the 2015/16 Capital MTFP and the 2017/18 Capital MTFP.

## Reasons

5. The recommendations are supported by the following reasons:-
  - (a) To safeguard the condition of the Council's assets, meet statutory and legal obligations; and manage risk in terms of business continuity;
  - (b) To assist in the enablement of investments required in order to deliver Darlington's ambitions for sustainable economic growth;
  - (c) To ensure decisions can be made on a timely basis.

**Ian Williams, Director of Economic Growth**

## Background Papers

No background papers were used in the preparation of this report.

DW : Extension 6618  
LC

S17 Crime and Disorder	There are no direct implications.
Health and Well Being	There are no direct implications.
Carbon Impact	There are no carbon impact implications in this report.
Diversity	The recommendation does not have any specific diversity implications.
Wards Affected	Depending on the location of the Council's highways, a number of wards may be affected.
Groups Affected	There are no specific groups adversely affected.
Budget and Policy Framework	This decision does not present a change to the budget and policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The recommendation will help to achieve the Perfectly Placed priority by safeguarding the condition of the Council's assets and support a Place designed to thrive.
Efficiency	The proposed works will ensure the ongoing safety and condition of the Council's assets and reduce the frequency of ongoing inspections and temporary repairs.  Preparing the Council's assets for development will improve their potential and stimulate investment.

## MAIN REPORT

### Information and Analysis

6. MTFP Capital Programme in relation to council funded schemes was approved by Cabinet on the 4 April and will be received by Council for consideration and final approval on 20 July 2017. The programme included numerous elements that require Cabinet to release the funding to enable the works to be delivered. This report seeks approval from Cabinet to release the funds for the following element of the Capital programme on the proviso that Council approve the overall Programme on the 20 July 2017.

### Highway Maintenance – Unclassified Roads

7. In the last five years the unclassified road condition has started to decline against a previous steady state condition profile. This deterioration is impacting on reactive repairs and revenue costs repairing safety defects. The additional funding is to arrest the steep upward trend and try to reduce pressure on reactive revenue spend. Internal and external sources of funding will be sought to try and reduce and compliment the capital allocations.
8. This report seeks approval to release the full 2017/18 allocation of £0.5m for the programme of works to be funded through the capital programme, MTFP and RCCOs.

## **Highway Maintenance – Bridge Maintenance**

9. In developing a robust asset management system for bridge management a gap has been identified relating to an Interim Advice Note (IAN) issued in 2007 relating to the requirement to Assess and possibly upgrade Existing Vehicle Parapets. The IAN introduces a risk ranking tool to assess existing parapets.
10. Eleven of the 105 bridge parapets have been inspected to date of which four require further investigation to identify, repair, strengthening remedial work or the need for vehicle restraint systems. With the remaining bridges there is a significant likelihood further work will be required and funding is sort to quantify the outstanding risk of failure for existing parapets or from lack of vehicle restraint systems and a provision to address the works required.
11. This report seeks approval to release the full £0.094m for the programme of works from 2017/18 to be funded through the capital programme as approved by Cabinet at its meeting on 4 April.

## **Advanced Design Fees**

12. £0.150m per annum of funding has been allocated in the 2017/18 – 2020/21 MTFP to ensure that resources are available to work up any new schemes brought forward in relation to economic growth including site investigations on development sites, industrial and housing land. In addition, a similar allocation of £150k was made in 2015/16 which has not yet been released. This report therefore recommends the release of £0.300m advanced design fees for the year 2015/16 and 2017/18 to be spent in line with the agreed programme.

## **Town Hall Boiler Replacement**

13. This work has been prioritised by several condition surveys as essential work. The boilers are significantly past their renewal cycle and have been patch repaired and re-welded due to structural failure. There are modular boilers available now which are more reliable and more efficient.
14. With the Town Hall now remaining as the principle accommodation asset for the Council it is essential that this a key item to secure business continuity in colder periods of the year.
15. This report seeks approval to release £235k for 2017/18.

## **Adoption of Highways**

16. There are various roads within the Borough that have not yet been adopted and are in a state of disrepair. There is a real risk on the Council of liability for third party damage or injury caused by these disrepairs. The funding is to start to bring these roads up to an adoptable standard and hence reduce the risk of potential liability.
17. This report seeks approval to release £250k for 2017/18.

## Economic Growth Investment Fund (EGIF)

18. The Council has an Investment Plan that sets out the programme of investments that are either required or desired in order to deliver Darlington's ambitions for sustainable economic growth over the period 2017 to 2021 and beyond.
19. The Plan has been developed as a means to implement key strategies and to set out what needs to be done in order for the Borough to accelerate sustainable, managed and planned economic growth. It has also been developed in order to provide the structured framework required to ensure that a programme of investments is created that can deliver the strategic ambitions and goals of the Council.
20. The majority of the Investments require support from the Tees Valley Combined Authority. The Council is pump priming and providing match funding for some of the schemes. A further report will be brought back to Cabinet on the outcome of funding requests into TVCA.
21. There are a number of projects being developed presently that will potentially require contributions from the Investment Fund. The immediate priorities are set out below:

- (a) **Faverdale** – a Council owned employment site currently in agricultural use. Feasibility and design works are required to identify how this employment site can be opened up to deliver shovel-ready plots. The outcome of the pre-development costs will support a bid to TVCA for a capital contribution towards the delivery of the required infrastructure. These pre-development costs have been calculated at £0.490m, with £0.05m being secured from the advanced design fees.

The recommended ask from the Council's capital programme is £0.220m from the EGIF to match with a £0.220m contribution from TVCA development fund.

- (b) **Ingenium Parc** – is a Council owned employment site currently in agricultural use. There have been a number of enquiries over the years but the readiness of the site has placed this location at a disadvantage compared to others in the region. The project involves providing the infrastructure to open up to 10Ha of land as a key employment site based on advanced engineering and manufacturing, including logistics and warehousing use. The infrastructure delivered as part of this project will comprise of an upgrade of Salter's Lane and McMullen Road Roundabout, and the provision of circa 350m of new road into Ingenium Park to open up the development plots and will include drainage and some utility provision. The provision of this infrastructure will make the site ready to accommodate investment.

The Council has secured an allocation of £2.2m grant through Local Growth Fund and the Council has committed £0.075m to date from the advanced design fees allocation from 2016/17. Feasibility and outline designs have identified that the total project costs are in the region of £4.4m. An additional £0.600m has been secured from other sources of grant, leaving a gap of £1.6m. The Council

has asked TVCA for further support and TVCA has indicated that this could be an interest free loan. This is being considered by TVCA over the coming months. An Expression of Interest to TVCA has set this out as a £1.6m loan repayable from additional land receipts and is likely to be paid back over a number of years.

The request of Cabinet is to release £804k from 2017/18 being the remaining balance and £796k from 2018/19 EGIF Funds to underwrite the £1.6m.

- (c) **Darlington Station** – The shared vision for Darlington Station was launched earlier this year. The vision sets the economic growth opportunities resulting from the upgrading of the rail infrastructure and offer at Darlington Station. Further feasibility works are required in order to identify the most appropriate way to take forward and deliver the action areas around the station which include the delivery of public realm to increase values in the area, as well as pump priming the development sites.

The recommended ask from the Council's capital programme is £300k from the EGIF to match with a £300k contribution from TVCA development fund.

- (d) **Feethams Office Development** - The project has been developed in response to issues identified in Tees Valley Strategic Economic plan in relation to market failure in the property market, including the office market which has potential to impact on growth in business services, digital and creative industries. This project will work towards addressing this problem through the Council and Tees Valley Combined Authority working in partnership to develop Grade A office accommodation.

The recommended ask from the Council's capital programme is £0.100m to enable detailed feasibility and planning approvals to be sought. This will be matched with a £0.100m contribution from TVCA development fund. A detailed report on the scheme will be presented to Cabinet in the coming months.

## Central Park

22. The capital programme ring-fenced NNDR to Central Park, and following the development of an Enterprise Zone Implementation Plan, for it to be used to fund any borrowing required for the completion of remediation, utilities and wider infrastructure over and above available TVCA funding. Funds will be required to develop the Implementation Plan and there is also a need to develop and implement a marketing strategy for Central Park, which may require a contribution from the Council over and above that which is allowable from the land receipt.
23. It is anticipated that these costs will be funded through the NNDR initially however, as this will reduce the amount of funding available for the capital works, there is also the option to utilise either the advanced design fees or the Economic Growth Investment Fund if required.

## **Morton Palms Car Park**

24. Morton Palms Business Park Car Park will provide essential improvements to Morton Palms Business Park that will enable it to meet its full potential for existing tenants, attract new investment and development as well as improve accessibility as part of the plan to link with development on the adjacent Salter's Lane / Ingenium Parc site. Morton Palms Business is partially developed with development to date generating high car usage owing to its edge of town location. Existing parking solutions are unable to satisfy current demand or future demand. The proposal is to build a 150 space car park, to be operated by the Council on predominantly a contract basis with on-site occupiers, on one of the development plots to meet this demand and remove the on-street parking from Alderman Best Way.
25. The Council has secured £0.220m capital funding from internal sources (RCCOs), which have been offered as match funding as part of a funding proposal to TVCA. Cabinet are asked to release this £0.220m of capital monies to fund the delivery of the car park.

## **Financial Implications**

26. Capital funding has been allocated in the capital programme (as approved by Cabinet at its meeting on 4 April 2017 and awaiting Council approval on the 20 July), the MTFP and through a number of RCCOs. This money is available and awaiting release, which is the main purpose of this report.

## **Corporate Landlord Advice**

27. Where projects involve the Council's land or asset holdings, Corporate Landlord will either lead or be consulted to ensure the Council's best interests are protected.

## **Procurement Advice**

28. The Contract Procedure Rules must be followed in relation to all procurements. If the procurement of external services is in excess of £100,000, this must be detailed on the Procurement Plan and authorisation received by Procurement Board.