

**ADVANCED DESIGN, HIGHWAYS MAINTENANCE, NORTHERN LINK ROAD,
DARLINGTON STATION AND THE TOWN CENTRE – APPROVAL OF CAPITAL
FUNDING RELEASE AND SUBMISSIONS OF FUNDING BIDS AND EXPRESSIONS
OF INTEREST**

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 and Neighbourhood Services

SUMMARY REPORT

Purpose of the Report

1. To seek approval for the release of capital funding for:
 - (a) Advanced Design Fees allocated in the MTFP Capital Programme, to bring forward regeneration projects and prepare sites for development;
 - (b) A Highway Maintenance programme utilising funding allocated by the Department for Transport in November 2018;
 - (c) The business case development for Darlington Northern Link Road, utilising funding secured from Tees Valley Combined Authority (TVCA); and
 - (d) The business case development for Darlington Station, utilising any funding allocated from TVCA to the Council.
2. To seek approval to bid for funding from the Local Highways Maintenance Challenge Fund and the National Productivity Investment Fund subject to the criteria of those funds.
3. To seek approval to submit an Expression of Interest to the Future High Streets fund and any other Town Centre Regeneration funds arising from the announcements in the Autumn Budget statement November 2018.

Summary

4. The key aim of this report is to release funding to enable the Council deliver its economic ambitions. This includes:-
 - (a) £150,000 Council Capital (MTFP) for advanced design to develop schemes, bring sites forward for development to create jobs and support the local economy. The Autumn Budget November 2018 announced a focus on supporting High Streets which will require development funding to progress.
 - (b) £250,000 of funding allocated from TVCA for the next stage of developing a business case for the Northern Link Road;
 - (c) Release any funding allocated to the Council from TVCA Darlington Station Development fund for the next stage of developing a business case.
5. The Council has identified that greater investment in maintaining the highway is a key priority for local people. It has allocated an additional £2 million from the Capital Programme over the next four years to improve the unclassified road network (residential streets). Government has now allocated an additional £770,000 for highways maintenance to be used by 31 March 2019.
6. The Department for Transport has announced additional Funds that will be available over the next three years for highway maintenance, Large Local Major schemes (road) and small scale scheme to address congestion and improve roads for all users. Once the Funds' terms and conditions and bid assessment criteria are published, Darlington, in collaboration with TVCA, will need to decide whether to bid and if so the detail of the schemes. This is likely to be at short notice for funding that starts in April 2019. Cabinet approval is therefore sought to submit bids as appropriate.

Recommendations

7. It is recommended that :-
 - (a) Cabinet approves the release of the £150,000 for Advanced Design Fees to bring forward regeneration projects and to carry out necessary preparatory work on those development sites.
 - (b) The additional £770,000 funding awarded by the Department for Transport for highways maintenance is released.
 - (c) Funding received from TVCA for the business case development work for the Darlington Northern Link Road is released. The total amount of funding received so far is £1,215,000 which includes a further £250,000 that has just recently been allocated by TVCA.
 - (d) Any funding received from TVCA for the business case development work for Darlington Station is released following agreement on how the fund will be jointly managed between the Council and TVCA.

- (e) To seek approval to bid for funding from the Local Highways Maintenance Challenge Fund and the National Productivity Investment Fund subject to the criteria of those funds, and to subsequently release the funding.
- (f) To seek approval to submit an Expression of Interest to the Future High Streets fund and any other Town Centre Regeneration funds arising from the announcements in the Autumn Budget statement November 2018.

Delegations

- 8. The Director of Economic Growth and Neighbourhood Services to agree the programme of maintenance work with the Portfolio Holder for Transport.
- 9. The Director of Economic Growth and Neighbourhood Services to agree the programme of Advanced Design work with the Portfolio Holder for Economy and Regeneration.
- 10. The Director of Economic Growth and Neighbourhood Services to agree the content of any bid to the Department for Transport for Local Highways Maintenance Challenge Fund and the National Productivity Investment Fund in conjunction with the Portfolio Holder for Transport.
- 11. In consultation with the Portfolio Holder for Economy and Regeneration, the Director of Economic Growth and Neighbourhood Services be authorised to agree the content of any Expression of Interest to the Future High Streets fund and any other Town Centre Regeneration funds arising from the announcements in the Autumn Budget Statement November 2018.

Reasons

- 12. The recommendations are supported by the following reasons :-
 - (a) The Advanced Design Fees will enable progress to be made on bringing forward regeneration projects and sites for development. The release of funding will enable some focussed development work on Town Centre Regeneration to enable the Council to respond to a funding announcement from Government that has a tight deadline for return.
 - (b) The maintenance funding needs to be allocated to the highways maintenance programme and used by 31 March 2019.
 - (c) The next stage is to further develop the Outline Business Case for the Darlington Northern Link Road to ensure the case can be made for the scheme in future National Funding Programmes.
 - (d) A Strategic Outline Business Case for Darlington Station has been submitted to Government. Further work is now required to develop an Outline Business Case to progress the scheme through the Government gateways to build the case for the scheme to enter future National Funding Programmes.

- (e) To ensure that the timescales can be met when the funding criteria and process are released by the Department for Transport for both bidding for and defraying the funding.
- (f) To enable an Expression of Interest to the Future High Streets fund and any other Town Centre Regeneration funds to be submitted.

Ian Williams
Director of Economic Growth and Neighbourhood Services

Background Papers

Roads Funding: Information Pack; Department for Transport; November 2018

Sue Dobson : Extension 6207

S17 Crime and Disorder	There are no specific proposals that impact on the Council's Crime and Disorder responsibilities.
Health and Well Being	The Council has identified the Health of the people of the Borough as a key priority. Its inclusion here is an acknowledgement of the need to consider the impact of each decision the Council makes on the health and wellbeing of the people in the Borough
Carbon Impact	Through regeneration of sites, the Council would aim to reduce carbon impact on the Council and the Borough where opportunities arise. Investment in the Station aims to increase travel by rail and reduce the carbon impact of vehicular travel. The carbon impact, as well as environmental and biodiversity impacts will be considered as part of the business case for the Northern Relief Road.
Diversity	There are no specific proposals that would impact on diversity issues.
Wards Affected	All Wards are affected.
Groups Affected	There are no specific proposals that impact on specific groups.
Budget and Policy Framework	There are no changes to the budget and policy framework
Key Decision	This is a Key Decision
Urgent Decision	This is not an Urgent Decision
One Darlington: Perfectly Placed	These proposals will enable Darlington to have more businesses and more jobs; be a place designed to thrive; and will grow the economy
Efficiency	Preparing the Council's assets for development will improve their potential and stimulate investment. Maintaining the highway network will reduce traffic disruption in the longer term and improve network management. Vehicle delay has a negative impact on the economy, including logistics and freight.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

Advanced Design

13. Funding of £150,000 for Advanced Design Fees is allocated each year within the MTFP capital programme until 2020/21 and is used to bring forward regeneration projects and prepare sites for development.
14. The funding is required for up front expenditure to develop designs, prepare sites and stimulate development to enable the Council to deliver its priorities and to meet income targets in the MTFP through attracting new business and growing the economy. The developed sites are expected to achieve either capital receipts and / or lead to new business rates income, or housing bonus and new jobs.
15. It is anticipated that further capital funding is likely to be available for regeneration projects through Tees Valley Combined Authority (TVCA) and other funders. For example the recent Budget announced the potential for Town Centre regeneration and the Future High Streets Fund funding will become available. Development work will be required to submit an appropriate bid. Government have signalled that they want to encourage vibrant town centres where people live, shop, use services, and spend their leisure time. The Future High Streets Fund will support and fund local areas' plans to make their high streets and town centres fit for the future. Later this year, Government will launch the full prospectus for the Fund, detailing the objectives of the Fund, with further detail on the nature of projects that are eligible for funding, and assessment criteria. It is expected this will have a tight window of opportunity for bids.
16. Projects that are well defined, designed or master planned have a greater chance of securing the necessary approvals. The is requested to be released to enable development work to be undertake that enables response to calls for funding bids that often have tight deadlines for return.

Highways Maintenance Programme

17. In October 2018 the Chancellor announced in the Budget the Government was allocating a further £420 million of new money for local highways maintenance. This additional resource is being allocated using the highways maintenance funding formula and is for the repair of roads (including potholes), bridges and local highways infrastructure generally. This equates to £770,000 for Darlington.
18. The funding needs to be used by 31 March 2019 and therefore the maintenance programme needs to be reviewed and schemes identified that can be delivered in the timescales, and within any other terms and conditions set out as part of the funding agreement. In addition schemes need to be identified that can be delivered during the winter period, when the weather restricts some works on the highway due to temperatures or precipitation (flooding or snow).

Darlington Northern Link Road

19. New funding has been announced for the National Roads Fund. This is £28.8 billion for 2020-2025. The draft Roads Investment Strategy 2 (RIS2) will receive funding of £25.3 billion. The remaining £3.5 billion will be available for the Major Road Network and Large Local Major schemes.
20. Following feedback from the Department for Transport the scheme and business case is being re-developed to investigate a lower cost option that aims to provide similar strategic transport benefits. The further development funding approved by TVCA is develop a single carriageway option along the previously agreed indicative route alignment taking on board views from consultees and investigations.
21. The development of the business case is to ensure the case can be made for the scheme in the future National Funding Programmes mentioned above.

Darlington Station

22. From March 2018 the Department for Transport introduced a new process for any new Rail Enhancement Projects. All proposed projects must now be progressed through a five stage approval process with the Department for Transport. Network Rail are now remitted to undertake maintenance and renewals only with the new scheme funding controlled centrally and released on an individual project basis.
23. The first stage of this is the production of a Strategic Outline Business Case and TVCA have submitted this to Government. Further work is now required to develop an Outline Business Case to progress the scheme through the next stage of the government process to build the case for the scheme to enter future National Funding Programmes. TVCA have allocated circa £3.3 million for this next stage of development with the Council previously having approved and released £300,000 to contribute to the development work.

Future Roads Funding

24. In November 2018 the Department for Transport issued its 'Roads Funding: Information Pack' which outlined the existing and new funding following the Chancellor's October Budget.
25. Within the funding that has already been announced is the Local Highways Maintenance Challenge Fund - £200 million over financial years 2019/20 and 2020/21. This fund enables local highway authorities to bid for major maintenance projects that are otherwise difficult to fund through the normal Needs Based Formula funding they receive. Darlington has bid into this fund previously and successfully secured a programme of circa £5 million for the strengthening of Stonebridge and the LED Street lighting programme. Further details of the next bidding process and the criteria of the fund will be announced 'shortly' by the Department for Transport and Darlington will need to consider whether to bid or not. As it is likely that the submission timescales will be short (to meet the start date of 1 April 2019), this report asks for approval to discuss and potentially submit a bid with the Transport Portfolio Holder.

26. In addition a further £150 million of National Productivity Investment Fund (NPIF) has been allocated over 2020/21 and 2021/2022. This is to support projects across England that ease congestion on local routes and for small improvement projects such as minor junction and road layout improvements. Darlington has already bid successfully into this Fund and secured £3.374 million for the improvement works on Yarm Road – McMullen Road roundabout and Lingfield Way junction – and Tornado Way – Haughton Road throughabout. These schemes will be delivered by March 2020.
27. It is proposed to identify if a further bid can be developed to support housing and jobs growth in another part of the Borough. Details of the bidding process will be announced 'in due course'. This report seeks approval to submit a bid in discussion with the Portfolio Holder.

Financial Implications

28. £150,000 per annum of capital funding to support advanced design work 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. This report therefore recommends the release of £150,000 advanced design fees for the year 2018/19 to be spent in line with the agreed programme.
29. Following the Chancellor's budget in October 2018 the Government has allocated a further £420 million of new money for local highways maintenance. This has been allocated using the highways maintenance funding formula and is for the repair of roads, bridges and local highways infrastructure generally. Darlington Council will receive £770,000 and this needs releasing for use by 31 March 2019.
30. TVCA has provided funding for two strategic projects in Darlington – Darlington Station and Darlington Northern Link Road. Claims are returned to TVCA on a quarterly basis on the link road project. The total funding for the Northern Link Road has reached £1.215 million to date, £531,000 in 2017/18 and a further £684,044 in 2018/19. The funding for Darlington Station is managed between TVCA and Darlington with a development fund of £3.3 million allocation from TVCA and £300,000 Council contribution that has previously been released by Cabinet.

Legal Implications

31. A funding agreement was signed in April 2018 for Darlington Northern Link Road PCF Stage 2 April 2018 between Darlington Borough Council and Tees Valley Combined Authority. This sets out the terms and conditions for spending the funding, including the outputs and milestones.
32. The additional highway maintenance funding has been paid to Darlington Council as a Specific Grant Determination - Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant Determination (2018/19) No.31/3224. Terms and conditions are set out and must be complied with.

Corporate Landlord Advice

33. The majority of the regeneration projects, including Darlington Station and Darlington Northern Link Road, involve the Council's land holdings and Corporate Landlord will be consulted to ensure the Council's best interests are protected.
34. The maintenance programme will be works within the adopted highway and does not require corporate landlord advice. Any modifications to the adopted highway will be notified to the highway asset management team.

Procurement Advice

35. All Procurements will be in line with the Council's Contract Procedure Rules and the Public Contract Regulations 2015.

Consultation

36. Consultation is undertaken on regeneration projects as they are brought forward. Engagement has already taken place on the two strategic transport schemes and this feedback is considered as part of the project development.

Equalities considerations

37. This report is to release funding and therefore there are no equalities impacts to consider at this time. Equalities impacts will be considered as the projects are brought forward.