

**CABINET  
9 JULY 2019**

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**RELEASE OF CAPITAL PROGRAMME FUNDING FOR LAND ASSEMBLY,  
SITE DESIGN AND DEVELOPMENT IN THE TOWN CENTRE**

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**Responsible Cabinet Member – Councillor Alan Marshall  
Economy and Regeneration Portfolio**

**Responsible Director – Ian Williams  
Director of Economic Growth and Neighbourhood Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To seek approval for the release of the £10m capital funding from the Tees Valley Indigenous Growth Fund for land assembly, site design and development and bring forward regeneration projects and prepare sites for development within Darlington Town Centre which support the delivery of the Town Centre Strategy 2019-2030.

**Summary**

2. Funding of £10m for Town Centre Development is anticipated to be allocated, once due diligence is completed, within the capital programme funded through an allocation from the Tees Valley Combined Authority Indigenous Growth Fund.
3. The funding is required for up front expenditure to purchase land/buildings 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, delivering new homes and growing the economy. The developed sites are expected to achieve either capital receipts and / or lead to new business rates income and new jobs and new homes within the town centre.
4. It is anticipated that additional future capital funding is also likely to be available through the Government's Future High Street Fund, if the Council's bid is successful, and from private sector contributions. Release of the funding for land assembly, advance design fees and associated survey works, master planning and marketing will ensure Council owned land and land identified in specific projects is ready and available for future opportunities.

## Recommendations

5. It is recommended that:-

- (a) Cabinet agree to the release of the £10m funding from the Tees Valley Combined Authority Indigenous Growth Fund, subject to the completion of due diligence and release by TVCA, which will be targeted in key intervention areas within the Town Centre which will have the greatest impact and aligned to the Town Centre Strategy. Interventions will include:
  - (i) strategic site assembly including purchase of land and buildings;
  - (ii) ensuring sites are 'development ready';
  - (iii) public realm improvements and infrastructure investment.
- (b) Cabinet agree to the release of £150,000 advanced design fees allocated in the 2019/20 MTFP to support the economic objectives of the Council.
- (c) Delegated authority to be given to the Director of Economic Growth and Neighbourhood Services in consultation with the relevant Portfolio holder(s) for expenditure of the TVCA Indigenous Growth Fund for individual projects, land acquisitions and commitments of up to £1,000,000 in value.
- (d) Individual projects acquisitions and commitments of over £1,000,000 will be brought back to future Cabinet meetings for agreement which will detail specific interventions and funding required.

## Reasons

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

- (a) To provide funding for regeneration projects and bring sites forward for development.
- (b) Ensure decisions can be made in a timely manner to bring sites and building forward for development

**Ian Williams**  
**Director of Economic Growth and Neighbourhood Services**

## Background Papers

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

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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.
Diversity	There are no specific proposals that would impact on diversity issues.
Wards Affected	Northgate and Park East
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 not a Key Decision.
Urgent Decision	This is not an Urgent Decision.
One Darlington: Perfectly Placed	The proposals do not make any changes to policy or service levels.
Efficiency	Preparing the Council's assets and acquiring property and land for development will improve their potential and stimulate investment within the Town Centre
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

7. Capital expenditure is required to progress regeneration projects within the town centre and to incur up front procurement of land and buildings, design fees and associated costs, for example, undertaking surveys, design work, master planning and marketing in order to prepare sites and progress projects. The regeneration of the town centre is one of the Council's main priorities and the release of this TVCA Indigenous Growth Fund will enable the Council to acquire land and buildings and bring sites forward to the market with a view to reshaping and enhancing the Town Centre and improve its vitality and sustainability. In doing so, these projects will generate jobs and new business rates and new homes. Furthermore, it is anticipated that, if the Council bid is successful, further capital funding is likely to be available for project delivery through the Government's Future High Street Fund. Projects that are well defined and "shovel ready" are likely to be more successful in attracting funding in this competitive process and other funding sources including Homes England.
8. In January 2019, Cabinet approved the development of several proposals that aimed to encourage the delivery of key strategic sites in Darlington Town Centre. The report also complemented and supported the work and actions outlined in the Town Centre Footfall Strategy report agreed by Cabinet in July 2018. The sites identified in the report included:
  - (a) Victorian Indoor Market
  - (b) Skinnergate and the Yards and Wynds
  - (c) Northgate area
  - (d) Crown Street area
9. The redevelopment of the Victorian Indoor Market is considered a key component of the future development of a vibrant town centre both in terms of growing footfall and interest in the town centre and the progress of this important project is the subject of a separate report to Cabinet. The redevelopment of the Victorian Indoor Market directly supports the creation of a thriving and vibrant town centre economy and will assist in the attraction of more diverse and higher quality retailers, therefore strengthening the evening economy and making the town centre a destination for visitors outside the Borough.
10. In addition to the Victorian Indoor Market, work has progressed in the other three areas identified in the report agreed by Cabinet in January 2019. Over the last few months a number of interventions and acquisitions have been explored and while specific costs are yet to be determined, the approximate intervention levels have been estimated:
  - (a) Skinnergate – Purchase of buildings and demolition - £1,000,000.
  - (b) A number of individual public realm improvements including lighting, shop fronts and greening of Town Centre - £1,000,000.
  - (c) Highway improvements to Skinnergate - £1,500,000.
  - (d) Acquisitions Commercial Street area - £1,000,000.
  - (e) Acquisitions in East Street and Crown Street area - £4,000,000.
  - (f) Additional funding for Victorian Indoor Market - £1,500,000.

11. Further to the above, informal discussions have also been carried out with current land and building owners over possible other acquisitions. These acquisitions, if finalised, will be predicated upon a sound business case, which will ensure that the project represents a sound investment for the Council and will not require funding from the TVCA Indigenous Growth Fund. Each of these business investment opportunities will be subject of a future Cabinet report.

### **Financial Implications**

12. The Tees Valley Combined Authority approved the creation of the Indigenous Growth Fund as part of its ten year Investment Plan 2019-29 at a special cabinet held on 24<sup>th</sup> January 2019. Programme criteria is being developed between local authorities and the Combined Authority and the fund is expected to be released by the Tees Valley Combined Authority's cabinet in September 2019.
13. £150,000 per annum of capital funding to support advanced design work has been allocated in the 2019/20 – 2022/23 MTFP to ensure that resources are available to work up any new schemes brought forward in relation to economic growth. This report therefore recommends the release of £150,000 advanced design fees for the year 2019/20 to be spent in line with the agreed programme.

### **Legal Implications**

14. Funding from the Indigenous Growth Fund will be subject to meeting the Tees Valley Combined Authority's terms and conditions and completion of the appropriate due diligence and subject to legal and constitutional requirements.
15. The Council has relevant powers to acquire and dispose of property for investment and regeneration powers and may under the Localism Act 2011 exercise the same powers as an individual save where prohibited.
16. Any land disposals will be subject to the requirements of the Local Government Act 1972 including section 123 on value and other matters dependent on full due diligence. Legal due diligence and further approvals will be sought in accordance with the scheme of delegation and delegations made in this report.
17. Grant funding will be subject to meeting parent funder terms and to ensuring there is no state aid in any funding granted. Further approvals will be sought in accordance with the scheme of delegation and delegations made in this report.

### **Property Asset Management Advice**

18. Some of the regeneration projects involve the Council's land holdings and Property Asset Management will be consulted to ensure the Council's best interests are protected.

### **Procurement Advice**

19. The Council's contract procedure rules would be followed in relation to all procurement.