

REGENERATION PROGRAMME AND PROJECT SUPPORT

EXECUTIVE MEMBER: Deputy Leader, Councillor Geil
LEAD OFFICER: Michael Tichford, Head of Regeneration
REPORT AUTHOR: Michael Tichford, Head of Regeneration and Head of Finance and Business Development

Summary and Recommendation:

The report informs members of the increasing demands being made upon Council staff and financial resources to support regeneration projects delivered by third parties. It seeks agreement to continue to offer accountable body and bank rolling services in principle, usually with full cost recovery, but suggests that significant requests of over £250,000 be brought back to the Executive for a decision.

Members are recommended to agree:

- i) the Council providing the services of Accountable Body and the administration for bank rolling to outside organisations providing that:
 - the projects contribute towards the Council's corporate objectives,
 - full cost, or near full cost, recovery is achieved in most circumstances,
 - the risks are fully understood and
 - the council can legitimately carry out this role.
- ii) that full cost recovery will incorporate a revenue contribution toward a new staff resource to manage the processes associated with the provision of the support noted at i) above.
- iii) the Corporate Director, Economic Prosperity and Sustainability being delegated to oversee this policy and make decisions on individual proposals, in consultation with the Deputy Leader, Achieving Transformation and the Head of Finance and Business Development, where the amount is under £250,000. Requests over £250,000 should be brought to the Executive for decision.

1. INTRODUCTION

- 1.1 Funding for regeneration activity in Copeland is provided to local partnerships and the Council by a range of organisations, although predominantly through the North West Regional Development Agency. In order to access the funding an organisation with financial credibility and managerial capacity is required in order to give confidence that public

funding will be managed efficiently and effectively. In practical terms this means acting as accountable body and often providing the administration of back rolling for smaller organisations that do not have the cash flows or reserves to wait a quarter before receiving payment against expenditure incurred.

- 1.2 The Council currently has significant commitments to support regeneration programmes for external partnerships as well as supporting key projects for which the Council are lead partner in delivering. Requests for greater support from the Council for other organizations to deliver infrastructure schemes funded through West Lakes Renaissance and the demands on the Council through driving forward key strategic projects such as Whitehaven Regeneration Programme will create additional, potentially unsustainable, pressures upon existing financial and human resources.
- 1.3 Local partnerships and projects have historically approached the Council upon a project-by-project basis for consideration for support through acting as Accountable body for funding applications as well as support in financial bankrolling. This process is still ongoing but in light of the implications identified in 1.2 it is felt that the position of the Council in taking on these roles should be clarified, specifically concerning both human and financial resources.

2. **ARGUMENT**

- 2.1 Local Regeneration Partnerships (Millom and Haverigg, North East Copeland Regeneration (Cleator Moor and surrounding areas), Egremont and Area, rural partnerships and individual projects) within Copeland are in existence to help facilitate regeneration within their communities. The structure and formation of these groups are at different stages in that some are Companies Limited by Guarantee whilst others are partnerships created for a common goal but with no legal status.
- 2.2 It should be noted that there are other groups that periodically request that the Council provide support by undertaking the Accountable Body role and financial management services. Increasing lottery distributors such as the Heritage Lottery Fund are requesting that the local council is joint applicant, or in some other way show a significant commitment to proposals that come before them.
- 2.3 The implications for these local organisations in securing public sector funding is that they are required to have systems and structures in place to give accountability to the public funders. In most cases these are not in place, therefore, they have historically approached Copeland Borough Council to fulfil this role.
- 2.4 The main role which is sought from the Council is to act as accountable body for an application and subsequently to financially help the project by

bankrolling, as public funding is always paid in arrears up to 3-6 months after initial expenditure has occurred. The discreet roles are summarised below:

ACCOUNTABLE BODY

- To act as responsible organisation for ensuring financial accountability and conditions complied with.
- To act as responsible organisation for ensuring management and system monitoring conditions are complied with.
- Ensuring compliance with audit requirements.
- Ensuring project is delivered against outcomes/impacts identified at application stage.

It should be noted that the role of Accountable body has become increasingly bureaucratic due to the intricate monitoring and reporting systems that are being passed down by Public funders.

FINANCIAL BANKROLLING

- Processing and payment of invoices
- Financially supporting expenditure for up to a period of 6 months on any given payment.

2.5 There are risks to the Council associated with taking on the role of accountable body and administration of financial bankrolling. These are:

- The Council is the first point for the public funder to approach if the scheme does not deliver against the approval conditions (unlikely that clawback could be transferred to local partnerships or group if necessary as they have limited or no resources).
- Additional accountable body roles requires internal staff within finance and regeneration to manage the systems and processes which places greater burdens upon existing staff.
- The Council bares the risk of late payments and subsequent financial implications against Council reserves. The costs of bankrolling every £10,000 is approximately £500 per annum (at current interest rates). Also as accountable body we incur the cost of the Audit Commission in the audit of the grant claim.
- There are opportunities to top slice programme funding to support back room activities although the main implication for using this resource is in obtaining suitably qualified people to administer the roles, which is currently a problem in West Cumbria. WLR had

indicated their willingness for the Council to make full cost recovery, as the County Council currently does.

- 2.6 It should also be noted that most of the regeneration activity that is proposed relates to infrastructure development and subsequent capital contracts. The role of procurement of capital contracts following the restructure has tended to fall to the Regeneration Department to take on the client role. This level of client role will expand as more regeneration schemes are developed and will exceed the capacity and skill levels of the regeneration department. The team has no specific contract management and implementation skills, which is opening up the Council to risks. Whilst these skills exist within the Council they are not available to be utilized. It has been noted that errors were made recently on at least one contract issued on the Council's behalf by consultants who did not comply with standing order requirements. Even where a project management resource is brought in the Council needs to have its own in house expertise to ensure risk is minimised.
- 2.7 At the Executive on 21 November 2006, it was agreed to support the creation of the West Cumbria Delivery Team (WCDDT) and this is now in place. This team develops and delivers projects on behalf of partners in West Cumbria but it will still require a client, who will often be the Council. The WCDDT will have financial and programme management expertise and capacity but there will still be a requirement for an accountable body.
- 2.8 PROGRAMMES CURRENTLY SUPPORTED**
- 2.9 The Council currently supports a range of programmes, which have been agreed by the Council Executive as key programmes for support:
- Stronger and Safer Communities Programme – Neighbourhood Management and Cleaner Greener Safer (totalling £3.8 million ends March 2010).
 - Market Town Initiatives (£2 million ends March 2008). Plus projects in support of Egremont, Millom and Cleator Moor.
 - Northwest Coalfield Communities Programme (£480,000 ends June 2007 but residual projects still under management). New programme of similar size due to start in April 2008.
 - Whitehaven Regeneration Programme – currently Coastal Fringe project (£1.6m in 2007/08, in house project) but will expand dramatically as the project is moving into implementation phase.
 - Other West Lakes Renaissance business plan projects.
- 2.10 Two additional projects, the Haig Mining Museum and Cleator Moor Business Centre, are the subject of separate reports to this Executive.

The West Cumbria Master Plan (The Energy Coast) will bring additional demands on the Council.

- 2.11 Discussions with WLR have indicated that they are willing to consider full cost recovery by the Council where it acts as Accountable Body and administers bankrolling although this has been through no formal process or tested.

3. OPTIONS TO BE CONSIDERED

- 3.1 Options are to agree to:
- To continue to provide accountable body and other services for third party projects,
 - To continue to provide accountable body and other services for third party projects but seek cost recovery,
 - To cease to provide accountable body and other services for third party projects.

4. CONCLUSIONS

- 4.1 Regeneration projects and the subsequent external funding has historically not been a major problem for the Council to support, either at a programme or individual project level. However, with the current level of resources now being targeted at regeneration project activity wider issues are coming to the fore if the Council is to continue to provide support.
- 4.2 Members need to be aware of the increasing demands being placed on the Council's human and financial resources for supporting accountable body and the administration of financial bank rolling roles. Members also need to be aware of the risks that each project brings to the accountable body and the cumulative risk that results from supporting an increasing number of externally funded projects. Further expansion of this service will require additional staff specifically within the finance and regeneration teams to absorb accountable body roles, to enable effective administration in compliance with public funder conditions. Top slicing of programmes can be utilised to support human resources subject to securing appropriately skilled officers.

5. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 5.1 For any further schemes to be supported dedicated staff will need to be in place and a budget set aside to fund revenue implications including loss of income and audit fees.

6. PROJECT AND RISK MANAGEMENT

- 6.1 The implication of this report is that if a robust mechanism is not put in place to support local partnerships access regeneration funding opportunities to combat deprivation and achieve the Council's corporate objectives for communities will not be taken and funding will likely be lost from the area.

7. IMPACT ON CORPORATE PLAN

- 7.1 The support that the Council provides to local partnerships assists the Council in delivering regeneration activity within the Borough and supports the Corporate objective to diversify the local economy and create sustainability within local towns.

List of Appendices: None

List of Background Documents: West Cumbria Delivery Team Executive 21/11/06, Sea Change Report – Broadway Maylan, Whitehaven Regeneration Programme Implementation Plan, West Lakes Renaissance Business Plan.

List of Consultees: Deputy Leaders, Corporate Team, Steve Tickner, Accountant.

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	Positive indirect and direct impact
Impact on Sustainability	Positive impact
Impact on Rural Proofing	Positive impact
Health and Safety Implications	N/A
Project and Risk Management	To be further developed and assessed project by project
Impact on Equality and Diversity Issues	Positive impact
Children and Young Persons Implications	Positive impact – key focus in many development proposals on children and young people
Human Rights Act Implications	N/A

Please say if this report will require the making of a Key Decision YES/NO