



CABINET – 1ST JUNE 2016

SUBJECT: REGENERATION AND PLANNING DIVISION CAPITAL ALLOCATION 2016/17

REPORT BY: CORPORATE DIRECTOR COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet approval for the 2016/17 capital budget allocation to Regeneration and Planning as required in section 4.8.2 and table 10 of the Budget Proposals 2016/17 and Medium Term Financial Strategy 2016/2021 which was approved by Full Council on the 24th February 2016.

2. SUMMARY

- 2.1 The Budget Proposals 2016/17 and Medium Term Financial Strategy 2016/2021 report (subsequently referred to as the Full Council Budget report) details the capital budget allocation to each service area for 2016/17. It also gives an indicative allocation for 2017/18 and 2018/19. Section 4.8.2 of the Full Council Budget Report outlines the requirement for further review and or business cases to be presented to Cabinet in order to justify the capital allocation to three service areas within the Regeneration and Planning Division.
- 2.2 Following consultation with Interim Head of Finance, this report only seeks approval of capital funding for 2016/17. Subsequent years indicative capital budget allocations are to be considered on an annual basis
- 2.4 The report briefly outlines how Commercial & Industrial Grants could merge with the existing Business Grants programme to develop a new grant regime aimed at start up businesses and economic prosperity. This new grant regime would commence in 2017/18.

3. LINKS TO STRATEGY

- 3.1 The budget setting process encompasses all the capital resources used by the Regeneration and Planning Department to deliver services.
- 3.2 The scheme supports the Single Integrated Plan, Caerphilly Delivers, and in particular contributes to the Prosperous, Healthier, and Greener Caerphilly themes.
- 3.3 The budget allocations have a positive impact upon the social, economic, and environmental well-being of the area or community concerned. In particular the scheme contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:
- A sustainable Wales
 - A prosperous Wales
 - A more equal Wales

- A Wales of cohesive communities

4. THE REPORT

Background

- 4.1 In order to prepare the capital budget for 2016/17 onwards in Autumn 2015, the Council's Finance Section sought bids from each service area with a capital programme. These bids are traditionally discussed with the Divisional accountants before being submitted to the Head of Finance. The bids concentrate on the 2016/17 financial year but also identified allocations required for a further two year period.
- 4.2 Regeneration and Planning Officers, in consultation with Finance Officers have submitted bids for 2016/17, 2017/18 and 2018/19 following the same protocol that it has adhered to in previous years.
- 4.3 The capital programme 2016-18 is set out Appendix 6 of the Full Council Budget Report which was approved by Council on February 24th 2016. However, the report identifies that the capital allocation for five projects within the Regeneration and Planning Division are provisional and require further review and/or business cases to go before Cabinet in order to release funds to the service area.
- 4.4 Section 4.8.2 of the Budget report states:

"The proposals in Table 10 below have been provisionally included in the proposed Capital Programme. However, these proposals will require further review and/or business cases to justify seeking Cabinet approval to release the funds to the service area".

- 4.5 Table 10 of the Full Council Budget Report identifies the following project areas

Service Area	Description	2016/17 £000's	2017/18 £000's	2018/19 £000's
Countryside	Environmental Schemes	217	230	232
Economic Dev	Voluntary Sector Capital Grants	170	0	0
Urban Renewal	Commercial and Industrial Grants	50	50	50
Urban Renewal	Town Centres	30	40	20
Urban Renewal	Navigation Colliery Site Regeneration	0	20	20
Total		467	340	322

- 4.6 The Interim Head of Finance has advised that the process to be followed is for the submission of the relevant information/business cases for 2016/17 to CMT for approval before being considered by Cabinet. Subsequent years indicative capital budget allocations are to be considered on an annual basis.
- 4.7 The following provides a summary of each of the five project areas identified in the table above.

Countryside - Environmental Schemes (2016/17 bid £217,000)

- 4.8 The Countryside and Landscape Services Section are responsible for managing a wide portfolio of land and facilities including five Country Parks, a number of former colliery tips and a National Nature Reserve at Aberbargoed. Traditionally this budget has been utilised to successfully attract significant amounts of grant aid. This support comes from bodies including Natural Resources Wales, European Union and Welsh Government and typically provides between 50% and 90% of project costs and this continues to be the case. It is the intention to utilise this budget to match fund both secured and future grants. This funding assists in generating income and fees to the Council and facilitates implementing projects with a range of partners.
- 4.9 Effectively the Environmental Scheme programme is split into five components:-
- **Country Parks (£60,000)** - A series of enhancements and support works at Parc Cwm Darran, Pen y Fan, Parc Coed Tir Bargoed, Sirhowy Valley and Penallta Country Parks. The wider programme also supports the implementation of a range of strategies and where possible is to be used as potential match funding to attract additional investment, notably from the EU and Rural Development Programme.
 - **Education and Understanding (£25,000)** - Works associated with the on-going development of the Aberbargoed Grasslands National Nature Reserve along with the continued development of the Monmouthshire and Brecon Canal - Crumlin Arm and a range of interpretive and understanding projects across the whole of the County borough. The projects help secure the implementation of the Interpretation Strategy and promote understanding of our increasing environmental obligations.
 - **Access (£10,000)** - The continued improvement and development of the Riverside Walks, strategic tourism routes and long distance bridleway proposal. The funding assists with implementing the recommendations contained within Landscape Crime Toolkit to reduce damage to the countryside.
 - **Landscape Enhancement (£72,000)** - Projects associated with the continued management, improvement and enhancement of land, particularly the large areas that are directly controlled by Countryside and Landscape Services. Emphasis is placed on land and facilities with liabilities and significant sums of grant aid are normally attracted to support these works given the important implications for natural heritage, inward investment and culture.
 - **Derelict Land (£50,000)** - Includes projects required to manage previously reclaimed land and land awaiting reclamation comprising former colliery sites and disused railways. Sites include McLaren, Phillipstown, Machen and Markham tips amongst others. Part funding contributes towards proactive works such as implementing the recommendations of the Landscape Study of Aberbargoed Tip whilst the majority addresses direct damage and site liability to both land and structures such as washouts and stability.

Economic Development - Voluntary Sector Capital Grants (2016/17 bid £170,000)

- 4.10 The Voluntary Sector Capital budget has most recently been used to operate a grant scheme for the community/voluntary sector across the whole of Caerphilly County Borough, known as the Community Regeneration Fund.
- 4.11 Subsequent to the approval of the Full Council Budget Report of the 24th February responsibility for the Voluntary Sector Capital Grants budget has moved from Regeneration and Planning to Public Protection, with effect from 1st April 2016. Consequently, the Head of Public Protection has prepared a separate report on the release of this capital budget and it will therefore not be considered in this report.

Urban Renewal – Commercial and Industrial Grants (2016/17 bid £50,000)

- 4.12 The Urban Renewal Team has traditionally operated a Commercial and Industrial Grant (CIG) Scheme for private commercial property owners which has allowed for improvements to their properties in town and village centres throughout the county borough. Capital Grant aid has been available for the conversion, extension, improvement or modification of existing commercial or industrial buildings, and the conversion of other buildings into commercial, industrial or community use. Funding of up to 50% of the costs of improvement works has been available. The grant recipient must contribute the remaining funding and there is a maximum Council contribution of £15,000 per grant to ensure the small budget can be used to best effect throughout the county borough.
- 4.13 The aim of the £50,000 budget has been to encourage a high standard of environmental enhancements to commercial buildings within target areas of the Borough. It also concentrates on safeguarding existing jobs and creating new ones along with helping to bring vacant or derelict buildings back into viable economic use. These measures help stabilise the economic life of the area, restore business confidence and encourage investment. Businesses are assisted to expand and prosper, thereby protecting existing jobs and generating new ones.
- 4.14 The budget has funded a programme that has helped lever in private investment into town centres in order to bolster the overall town centre offer. 30 Expressions of Interest have been submitted to the Council in the last 12 months and 4 applications are currently prioritised for funding but are on hold pending the outcome of this report.
- 4.15 It is the intention in 2017/18 to merge the existing Commercial and Industrial Grant with the Business Development Grants currently being offered within the same department and this is referred to in more detail later in this report.
- 4.16 Whilst this review is undertaken, it is proposed that the existing CIG regime will continue. Currently there are four applications received in the last quarter of 2015/16 being assessed and are in an advanced stage in the internal verification process.
- 4.17 The residual 2015/16 capital budget of circa £32K remains to be confirmed as ring-fenced and carried forward and the 2016/17 capital budget bid for £50K is yet to be released. If the carry forward is confirmed it will be used to grant aid the costs associated with these four applications. The £50k allocation for 16/17 will then be utilised towards these grants and prioritise a further three to five grants from the 30 Expressions of Interests on the Council's database.

Urban Renewal - Town Centres (2016/17 bid £30,000)

- 4.18 The Urban Renewal Section have traditionally been active in the towns and villages of the county borough, undertaking small scale improvement projects aimed at enhancing the urban fabric. These schemes have been taken forward in conjunction with local community groups to make a positive impact in their community. Project ideas are often initiated from within the community which are developed and implemented in partnership.
- 4.19 At the time of the budget bids for 2016/17 proposals several projects were being developed within the section. The request for capital funding focused on two particular projects:
- ***Abertridwr Improvement Programme (£16,000)*** - Urban Renewal officers are working with the local Member, Communities First and Groundwork Caerphilly staff to develop a project that improves a small derelict council owned site. Funding is required to make the site secure and to undertake preparatory works to aid development of designs to bid for external grant funding. It is anticipated that additional outputs will include skills training for local people, and community empowerment.

- **Bute Town, Rhymney HLF bid (£24,000)** – A longstanding concern for the Council is the condition of the properties following a Council led improvement scheme in the early 1970's. Various reports have been submitted to Cabinet/Council and it was agreed to submit a Heritage Lottery Bid (HLF) for the villagers most of whom are now home owners. The Urban Renewal Team was successful in securing a Heritage Lottery Fund Townscape Heritage Round One Development Grant in 2013 for a heritage and environmental project in Bute Town. The project proposals included the restoration works to the 44 listed residential properties and St Aidens Church's defective roofs and associated repairs, as well as sensitive landscape and public realm enhancements. A Stage Two HLF Bid for implementation funding was to be submitted in December 2015 but due to an inability to secure the necessary match funding has since been withdrawn. Monies had been earmarked in the Urban Renewal capital bid to act as match for the project. It is proposed that these funds are now made available for 2016/17 to support the local residents to collectively take action to improve their own properties. A recent "drop- in" session organised by the Council was very productive and residents are now keen to undertake the necessary works to ensure their properties are watertight.

Architectural consultants employed by the Council back in 2007, at the time advised in their "Delivery Strategy" that there was a very strong feeling amongst residents that they should not fund the defects themselves, because of the defective materials and design faults (as they see it) of the original renovation contract administered by the Council's predecessor in the 1970s, and the fact that the Council inherited the responsibilities of Mid Glamorgan for the County Borough Area. Although it has long been established that any legal claim against Mid Glamorgan or Caerphilly is now statute barred, the strong views of residents continue to this day with a consensus that the Council has a moral obligation, if not a legal requirement, to help. There is a natural and understandable sense of disappointment and frustration from residents at the decision not to progress with a Stage 2 HLF bid.

With Planning and Listed Building Consent now secured on behalf of residents, many have indicated that they will now look into employing contractors to carry out the essential repair works and are investigating all options for finance, including housing grants and historic building grants. The 2013 Report to Regeneration & Environment Scrutiny Committee recommended that the Council contribute £23,976.23 to the overall expected restoration funding package to match the anticipated contribution from residents. This request was never followed up with a CMT or Cabinet report but did form part of the Urban Renewal section's initial capital bid for 2016/17. It is requested that amount of funding now be made available in 2016/2017 to provide an essential financial contribution to the anticipated building restoration & improvement works.

The Urban Renewal Team will work with the Council's Private Housing Team and Conservation Officer to offer a co-ordinated approach to resolving the long standing issue of the defective Bute Town roofs. Working collectively, economies of scale could be achieved that will bring real cost savings to the owners.

- 4.20 If either of the identified schemes fail to progress or if they do not exhaust the full allocation, the residual budget will be used to implement appropriate proposals set out in existing Town Centre Action Plans which have been adopted by the Council as Supplementary Planning Guidance. Appendix 1 details potential projects.

New Grant Regime

- 4.21 As outlined earlier, officers are examining the possibility of combining the existing grants offered to businesses into one Business Support Grant that could be launched at the start of the 2017/18 financial year. The outcome of this review will be considered later this year under a separate report.

- 4.22 It is considered that a combined Business Growth grant will be better placed to offer support to start up businesses, encourage economic growth and stimulate job creation.
- 4.23 There is already synergy between the two grant regimes. The table below outlines the overarching criteria that each is based on. The bolded text shows where the synergy exists

Business Support Grants	Commercial Improvement Grants
Sector eligibility – primarily manufacturing and businesses servicing that sector, with additional focus on benefits in key local employment sectors	Town centre benefits
Job creation and safeguarding	Job creation and safeguarding
Investment – increase in turnover and additional private sector funding levered in	Funding levered in
Value for money	Value for money
Location in a deprived area	Environmental impact
Existence of or working towards company policies on Equalities and Environment	Deliverability
	Business viability, required consents and quotations
	Improvements to the condition of the property

5. EQUALITIES IMPLICATIONS

- 5.1 An EqIA screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance and no potential for unlawful discrimination and/or low level or minor negative impact have been identified, therefore a full EqIA has not been carried out.

6. FINANCIAL IMPLICATIONS

- 6.1 The Full Council Budget Report requires Cabinet to approve the provisional allocation in order for it to be released to the Regeneration and Planning Division.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications with this report

8. CONSULTATIONS

- 8.1 The report has been sent to the consultees listed below and all consultation responses have been reflected in this report.

9. RECOMMENDATIONS

- 9.1 in accordance with the Full Council Budget Report, Cabinet approval is sought to award:
- i) The 2016/17 capital allocation of £217,000 to Countryside's Environmental Schemes Programme.
 - ii) The 2016/17 capital allocation of £50,000 to Urban Renewal to Commercial and Industrial Grants scheme.
 - iii) The 2016/17 capital allocation of £30,000 to Urban Renewal's Town Centres projects.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To provide full justification for the provisional allocations within the Full Council Budget Report 2016/17 in order that Cabinet approve the release of funding to the Regeneration and Planning service area.

11. STATUTORY POWER

- 11.1 Local Government Act 2000

Author:	David Whetter – Interim Head of Regeneration
Consultees:	
C Harrhy	Corporate Director Communities
N Scammell	Acting Director of Corporate Services
S R Harris	Interim Head of Corporate Finance
Gail Williams	Interim Head of Legal Services & Monitoring Officer
Mike Eedy	Finance Manager - Corporate Services
N Akhtar	Group Accountant
Rob Hartshorn	Head of Public Protection
Vicki Doyle	Policy Officer
Phil Griffiths	Countryside Manager
Antony Bolter	Business Support and Funding Manager
A Dallimore	Team Leader - Urban Renewal

Appendix 1: Extract of Schemes from Town Centre Action Plans

Background Papers: Regeneration & Environment Scrutiny Committee Report of 21 May 2013 - "Bute Town Rhymney – Heritage Lottery Fund – Townscape Heritage Fund Bid Opportunity"

Full Council 24th February 2016 - The Budget Proposals 2016/17 and Medium Term Financial Strategy 2016/2021 report