



## **RECORD OF DELEGATED OFFICER DECISION**

Key Decision



### **SUBJECT:**

**Welsh Government's Town Centre Repayable Funding Scheme**

### **PURPOSE OF REPORT:**

In accordance with the Council's Scheme of Delegation, this report has been prepared to accompany the intended officer decision of the Director of Regeneration and Planning as described below:

The report provides details on the Welsh Government's Town Centre Repayable Funding Scheme and the application requirements.

The purpose of this report is to seek a decision on whether to submit an application to Welsh Government for a Town Centre Repayable Funding Scheme.

As the scheme launched in August 2016 and the deadline for submission of the application is 9<sup>th</sup> September 2016, an urgent decision is required.



### **DELEGATED DECISION (Date):**


It is agreed that:

- (a) A Town Centre Repayable Funding Scheme is developed to provide recyclable loans to private sector developers to refurbish sites and premises in the town centre for repayment within an agreed timeframe.
- (b) The proposed settlement area of Aberdare is agreed in addition to the existing Vibrant & Viable Places Pontypridd settlement area, for inclusion within the scheme.
- (c) An application is submitted to Welsh Government by 9<sup>th</sup> September 2016 with final detail to be determined by the Director of Regeneration and Planning.

 Chief Officer Signature	JANE LOE Print Name	8/9/16 Date
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The decision is taken in accordance with Section 15 of the Local Government Act, 2000 (Executive Functions) and in the terms set out in Section 5 of Part 3 of the Council's Constitution

CONSULTATION	
	8/9/16
CONSULTEE CABINET MEMBER SIGNATURE	DATE
	8/9/16
CONSULTEE OFFICER SIGNATURE	DATE

CALL IN PROCEDURE RULES.	
IS THE DECISION DEEMED URGENT AND NOT SUBJECT TO CALL-IN BY THE OVERVIEW AND SCRUTINY COMMITTEE:	
YES ✓	
Reason for urgency: Deadline for submission of application to Welsh Government is 9 <sup>th</sup> September 2016. Formal Welsh Government documentation on the scheme was received on 5 <sup>th</sup> August 2016.	
If deemed urgent - signature of Mayor or Deputy Mayor or Head of Paid Service confirming agreement that the proposed decision is reasonable in all the circumstances for it being treated as a matter of urgency, in accordance with the overview and scrutiny procedure rule 17.2:	
 (Mayor)	08/09/2016 (Dated)

**NB - If this is a reconsidered decision then the decision Cannot be Called In and the decision will take effect from the date the decision is signed.**

**FOR CABINET OFFICE USE ONLY**

**PUBLICATION & IMPLEMENTATION DATES**

**PUBLICATION**

Publication on the Councils Website:- 08/09/16

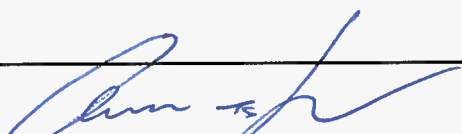
**DATE**

**IMPLEMENTATION OF THE DECISION**

**Note:** This decision will not come into force and may not be implemented until the expiry of 5 clear working days after its publication to enable it to be the subject to the Call-In Procedure in Rule 17.1 of the Overview and Scrutiny Procedure Rules.

Subject to Call In the implementation date will be 08/09/16

**DATE**

  
**Secretary to the Cabinet Signature**

CHRISTIAN S. HANANIAN  
**Print Name**

8/9/16  
**Date**

**Further Information**

<b>Directorate:</b>	
<b>Contact Name:</b>	
<b>Designation:</b>	
<b>Tel.No.</b>	

## **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

### **A REPORT TO ACCOMPANY A DECISION OF THE DIRECTOR OF REGENERATION AND PLANNING**

**31<sup>st</sup> AUGUST 2016**

#### **Welsh Government's Town Centre Repayable Funding Scheme**

**AUTHOR: PETER MORTIMER**

#### **1. PURPOSE OF THE REPORT**

- 1.1 The report provides details on the Welsh Government's Town Centre Repayable Funding Scheme and the application requirements.
- 1.2 The purpose of this report is to seek a decision on whether to submit an application to Welsh Government for a Town Centre Repayable Funding Scheme.
- 1.3 As the scheme launched in August 2016 and the deadline for submission of the application is 9<sup>th</sup> September 2016, an urgent decision is required.

#### **2. RECOMMENDATIONS**

It is recommended that:

- 2.1 A Town Centre Repayable Funding Scheme is developed to provide recyclable loans to private sector developers to refurbish sites and premises in the town centre for repayment within an agreed timeframe.
- 2.2 The proposed settlement area of Aberdare is agreed in addition to the existing Vibrant & Viable Places Pontypridd settlement area, for inclusion within the scheme.
- 2.3 An application is submitted to Welsh Government by 9<sup>th</sup> September 2016 with final detail to be determined by the Director of Regeneration and Planning.

#### **3. REASON FOR RECOMMENDATION**

- 3.1 The guidance supporting the Welsh Government's Town Centre Repayable Funding Scheme offers opportunities to support key buildings for regeneration in Pontypridd and Aberdare town centres. A number of buildings have previously been identified in the context of



potential funding opportunities, examples being the Bingo Hall in Pontypridd and the Boot Hotel and Black Lion Hotel in Aberdare. A successful application to the Town Centre Repayable Loan Funding Scheme will provide an opportunity to bring forward the regeneration of key town centre buildings by working with private sector partners to deliver the schemes.

#### **4. BACKGROUND**

- 4.1 The Welsh Government has recently announced a Town Centre Repayable Funding Scheme for 2016/17. The scheme will provide repayable funding to support town centre regeneration and to develop vibrant and viable places. The total amount available is £10 million across Wales, to be released to participating local authorities in the 2016/17 financial year.
- 4.2 To address some of the challenges facing our town centres, the Welsh Government is supporting the development of this scheme as a component of commitment to encourage economic development and to support its regeneration framework, Vibrant and Viable Places. The key supporting principle of the regeneration framework recognises that each town centre is different and will require tailored solutions to support their needs. Repayable funding can be an important tool in this regard.
- 4.3 The core aims of the scheme are to reduce the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of town centres by encouraging more sustainable uses for empty sites and premises, such as business, residential, leisure and for key services. By supporting the vibrancy and viability of town centres the outcomes should focus on supporting job creation and economic growth, tackling poverty, increasing the supply and quality of accommodation offer, and supporting targeted training and recruitment during construction.
- 4.4 Appendix 1 provides general guidance on the scheme.

#### **5. PROGRAMME DETAILS**

- 5.1 Funding is open to all local authorities through a competitive process against set criteria.
- 5.2 Welsh Government will look to measure the programmes contribution through outputs, outcomes and indicators set out in Appendix 1.



- 5.3 The loan may be used:
- By Local Authorities to provide loans to third parties for repayment within an agreed timeframe
  - Directly by Local Authorities to acquire and unlock sites and premises with the intention of packaging and selling a proposal on the open market within an agreed timeframe;
  - Directly by Local Authorities to redevelop or refurbish sites and premises within an agreed timeframe..
- 5.4 The location of investment can be focussed on two settlement areas, one being the initial settlement area, put forward by the local authority for Vibrant and Viable Places, which is Pontypridd.
- 5.5 The funding may be recycled over a 15 year period and Welsh Government require it returned in full after 15 years. The maximum time frame for each loan is 5 years. Local Authorities should ensure that the funding available is recycled at least three times.

## **6. THE PROPOSAL**

- 6.1 This proposal has been developed as a result of discussion between key service areas within the Council. The Town Centre Repayable Funding Scheme will provide an additional opportunity to improve significant town centre properties in Pontypridd and Aberdare where there are key target buildings for regeneration.
- 6.2 It is proposed that an application is submitted for a Town Centre Repayable Loan Fund worth £1.25 million. If the application is successful, the loan will be made available to private sector developers and will target and support key building investments that will result in key outputs and outcomes within town centres. This amount is appropriate to the level of opportunity available to develop key properties in the town centres.
- 6.3 Each loan investment will be repayable over a five year period. The funding will be recycled over a 15 year period before being repaid to Welsh Government. All investment proposals will be judged against important criteria including deliverability and achievement of desired regeneration targets and investors will be subject to appropriate due diligence.
- 6.4 Initial market testing with the private sector suggests that there is a demand for this type of loan product to deliver schemes to key buildings in Pontypridd and Aberdare town centres.

## **7. EQUALITY AND DIVERSITY IMPLICATIONS**



- 7.1 An Equality Impact Assessment (EqIA) screening form has been prepared for the purpose of this report. It has been found that a full report is not required at this time. Further information may be required during implementation.

## **8. CONSULTATION**

- 8.1 Discussions have taken place with Finance, Procurement and Legal services. Relevant service areas within the Council have also been consulted.

## **9. FINANCIAL IMPLICATION(S)**

- 9.1 As the funding is capital fund only, no additional funding to manage and administer this initiative will be provided by the Welsh Government. Any costs to administer the scheme will need to be financed by charging fees on the loans, to be determined by the Local Authority. Any fees charged should be the minimum funding required to manage and administer the scheme.
- 9.2 The risk of default will be shared equally between the Local Authority and the Welsh Government. Default is approx. 5%, based on evidence from similar initiatives.
- 9.3 Any profits arising from the initiative will be shared equally between the Local Authority and the Welsh Government, at the end of the 15 year period. Any profit raised during the initiative should be added to the total loan funding available and recycled accordingly.

## **10. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 10.1 Discussions have taken place with Finance, Procurement and Legal services to consider legal implications and legislation and it is considered that the Town Centre Repayable Funding Scheme can be administered under the Councils lawful powers.

## **11. LINKS TO THE COUNCILS CORPORATE PLAN/OTHER CORPORATE PRIORITIES/SIP**

- 11.1 A Town Centre Repayable Funding Scheme will contribute to the Building a Strong Economy priority within the Corporate Plan.



**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**A REPORT TO ACCOMPANY A DECISION OF THE DIRECTOR OF  
REGENERATION AND PLANNING**

**31<sup>st</sup> August 2016**

**Welsh Government's Town Centre Repayable Funding Scheme**

**Item: Appendix 1 – Town Centre Repayable Funding Scheme - General Guidance**

**Officer to contact: Peter Mortimer**

## **APPENDIX 1**

### **TOWN CENTRE REPAYABLE LOAN FUND SCHEME GENERAL GUIDANCE**

#### **Background**

1. The Town Centre Repayable Funding Scheme is a scheme to provide repayable funding to support town centre regeneration and to develop vibrant and viable places.
2. The total amount available for this scheme is £10 million of financial transactions funding, to be released to participating local authorities in 2016/17 for spend within the year. There is no carry forward to future years.

#### **Selection**

3. The proposal for the scheme is that the funding is to be open to all local authorities through a competitive process.
4. Local Authorities will lead on this process and each Local Authority will be required to submit an application for the funding. Successful applications will be subject to a formal agreement between the Welsh Government and the relevant Local Authority.
5. The Welsh Government will select the successful areas against criteria highlighted below.

#### **Aims and Objectives of the programme**

6. The scheme will provide repayable funding to support town centre regeneration and to develop vibrant and viable places.
7. The core aims of the scheme are to:
  - reduce the number of vacant, underutilised and redundant sites and premises in town centres;
  - to support the diversification of town centres and encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services.

#### **Outputs and Outcomes**

8. The outcomes should focus on:
  - supporting job creation and economic growth;



- tackling poverty;
- increasing the supply and quality of accommodation offer;
- support the vibrancy and viability of town centres; and
- supporting targeted training and recruitment during construction.

9. The performance indicators for the initiative will include:

- number of empty properties brought back into use;
- number of premises and floorspace created;
- number of properties improved (e.g. by category);
- number of additional residents and vulnerable people housed;
- number of sites acquired;
- number of jobs created;
- number of construction jobs created;
- investment induced;
- increase in business rates levied;
- number of loans repaid; and
- number of loans issued using recycled funding:

10. Programmes should clearly establish intended outputs and outcomes with a clear definition of what success would look like. The Welsh Government will look to measure the programme's contribution through the above outputs, outcomes and indicators. These are not exhaustive as others can also be considered.

### **Activities**

11. It will be for each Local Authority to determine the priority actions in each locality.

12. The loan may be used:

- Directly by Local Authorities to acquire and unlock sites and premises with the intention of packaging and selling a proposal on the open market within an agreed timeframe;
- Directly by Local Authorities to redevelop or refurbish sites and premises within an agreed timeframe; and
- By Local Authorities to provide loans to third parties for repayment within an agreed timeframe.

### **Key Settlements**

13. The location of the investment can be focussed on up to two key towns/settlement areas.

14. One of these must be the initial settlement area put forward by the local authority for Vibrant and Viable Places funding support.

### **Funding**

15. Total amount is £10 million of capital funding to be released in 2016/17.
16. The funding may be recycled over a 15 year period and the Welsh Government will require it returned in full after 15 years.
17. Please note this is a capital fund only so no additional funding to manage and administer this initiative will be provided by the Welsh Government. Any costs to administer the scheme will need to be financed by charging fees on the loans, to be determined by the Local Authority. The fees charged should be the minimum funding required to manage and administer the scheme.
18. The maximum time frame for each loan is 5 years. Local Authorities should ensure that the funding available is recycled a least three times.
19. The risk of default will be shared equally between the Local Authority and the Welsh Government. Default is approx. 5%, based on evidence from similar initiatives.
20. Any profits arising from the initiative will be shared equally between the Local Authority and the Welsh Government, at the end of the 15 year period. Any profit raised during the initiative should be added to the total loan funding available and recycled accordingly.

### **State Aid**

21. State Aid analysis will need to be undertaken for each of the proposals submitted. We require applicants to undertake their own State Aid assessment which will then be verified by the Welsh Government.

### **Application process**

22. There is an expectation that Local Authorities lead on the process.
23. The Local Authorities are required to submit their proposals for how they see the first tranche of funding being used.
24. An Application Form has been attached at Appendix 2 and the Welsh Government will sift all applications against a defined set of criteria (see below). A total word count limit of 2,000 words is put on all applications.
25. The deadline for submitting the Application Form is 5pm, 9<sup>th</sup> September 2016.

### **Criteria for assessing applications**

26. The Welsh Government will use this Scoring Matrix to produce an assessment form against which all applications for funding will be measured. This will ensure a clear and transparent process is used to assess applications and explain decisions to applicants.

Criteria	Key considerations	Weighting	Score
Understanding and analysis of issues	<ul style="list-style-type: none"> <li>Awareness of issues &amp; opportunities</li> <li>Footfall, vacancy rates, etc. analysis</li> <li>Deprivation indices (WIMD etc.)</li> <li>Maximising opportunities</li> </ul>	25	
Proposal Clarity & Quality	<ul style="list-style-type: none"> <li>Outline aims and objectives</li> <li>Opportunity to make a positive impact</li> <li>Addressing need &amp; opportunity</li> </ul>	25	
Deliverability	<ul style="list-style-type: none"> <li>Leadership and Management</li> <li>Team and Experience</li> <li>Clarity of approach</li> <li>Proposal for performance measurement</li> <li>Outline Financial proposal</li> <li>Sustainability</li> </ul>	25	
Strategic Alignment & Linkages	<ul style="list-style-type: none"> <li>Regeneration opportunities</li> <li>Supporting initiatives</li> <li>Alignment / appreciation of wider Welsh Government policy – eg sustainability</li> </ul>	25	
		100	

### Process and next steps

9 <sup>th</sup> September 2016	LAs to submit applications
23rd September 2016	WG internal Panel to review applications
Mid October 2016	Minister to consider applications
Late October 2016	Offer letters to be issued
Nov 2016 – Mar 2017	LAs to claim funding
March 2017	Steering Group meeting held
March 2017	First Monitoring Report received

### Performance Measurement and establishing a Baseline

27. Each proposal must highlight how measuring the performance of the activities will be undertaken. This can be done through the consideration of a number of indicators such as footfall, vacancy rates, crime rates, perception surveys etc.



28. The Welsh Government isn't being prescriptive in this regard. It is for each area to determine the indicators in line with local needs and issues and, most importantly, reflecting the proposed Action Plan's activities.
29. The methodology for collecting the information should be clear and easy to replicate for collection in future years.
30. Each authority will be required to submit a baseline position for their area prior to commencement of the scheme.

### **Monitoring Forms**

31. We will require each area to submit a Monitoring Form to the Welsh Government on a quarterly basis, outlining progress and future milestones.
32. A Steering Group consisting of the Welsh Government and the Local Authorities will be established to manage and monitor activity. Meetings will be held on a bi-annual basis

### **Communications**

33. You must acknowledge Welsh Government support on all publicity, press releases and marketing material produced in relation to the work. Such acknowledgement must be in a form approved by us and must comply with the Welsh Government's branding guidelines.

### **Support**

34. Every local authority area has a designated Welsh Government Regeneration Manager from the Homes and Places Division that can advise you during this process.