

CABINET

Sea Change Funding – Winter Gardens 7th October 2008

Report of Corporate Director, Regeneration

PURPOSE OF REPORT				
To agree to support the submission of a funding application based around the Winter Gardens restoration, under the new national grant scheme to support regeneration projects in seaside towns, Sea Change.				
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
Date Included in Forward Plan	1 st September 2008			
This report is public				

RECOMMENDATIONS OF COUNCILLOR MACE

- (1) That Cabinet endorse the submission of a Sea Change bid based on the Winter Gardens Restoration
- (2) That a further report is brought to report on the implications for the Council in acting as Accountable Body for this project, and to agree any requirements that may need to be specified to Winter Gardens Trust to protect the Council's position, following a full project appraisal

1.0 Introduction

- 1.1 In February 2008 Cabinet considered a report on a new grant funding scheme to support regeneration in seaside towns. At the time, details of the scheme had not been announced, but it was clear that availability of funds would be very competitive, and that Morecambe may only be successful in gaining support for one or two projects. Members were therefore asked to indicate what priorities should be adopted for subsequent discussions with Northwest Development Agency and CABE (Commission for the Built Environment), who were promoting the scheme.

Cabinet resolved:

That the Winter Gardens restoration (for 2009/10 onwards, and subject to the outcome of current feasibility/business planning work) and the following smaller scale projects be prioritised as potential projects that might receive support under the Resorts Regeneration funding scheme and take particular account for the non funded balance remaining for the Townscape Heritage Stage 2 project:

Smaller scale projects:

- *Seaside Square (adjacent to Midland Hotel and Central Promenade redevelopment)*
- *West End Promenade enhancements*
- *Yorkshire Street retail centre support*
- *Other small scale public realm enhancements (eg Fisherman's Square, Poulton)*
- *Townscape Heritage Stage 2 (2009/10 onwards)*

Subsequent to this, details of the new funding scheme, known as "Sea Change", were published and officers have held a number of meetings with NWDA to discuss potential projects.

From these discussions it became clear that Sea Change would not be appropriate for the Townscape Heritage Stage 2 due to its timescale. Instead, a bid has been submitted to NWDA for match funding under their mainstream programme for TH12 and a decision is expected shortly.

NWDA also give strong advice that the best prospect for success for Morecambe would be to submit a single bid, based around a single large project, and that multiple bids for smaller projects would not be likely to succeed. They also stressed the highly competitive nature of bidding nationally, and advised that it would be best to aim for the second round of Sea Change bids, requiring expressions of interest to be submitted in July 2008 and aimed at projects capable of implementation from March 2009 onwards.

Accordingly, and in consultation with portfolio holders, an initial expression of interest was submitted to CABE in July. This sought £4 million Sea Change funds towards a grouping of projects around the central promenade area, including the Winter Gardens, Seaside Square, and West End promenade, and presented as part of a larger transformational programme for the central promenade area. This was seen to be the best way to maximise Sea Change funding and reflect Cabinet's original indication of priorities.

In August we were notified that the Morecambe expression of interest had been shortlisted by CABE and that they were inviting a full bid to be submitted. However, in a further meeting NWDA gave strong advice that the bid would need to be focussed much more clearly on a single, clearly identifiable project which could achieve a high profile nationally, and it was agreed that this could best be achieved by basing it exclusively on the Winter Gardens restoration.

The timescale for Sea Change round 2 is very tight, and the full submission must be completed by 31st October. Officers have therefore started to liaise with the Winter Gardens Preservation Trust to support the preparation of this bid, but Cabinet need to endorse the decision to base the Sea Change bid around the Winter Gardens and to consider the implications for the City Council who would need to be accountable body for receipt of the Sea Change funding.

2.0 Proposal Details

2.1 A progress report on the Winter Gardens project was presented to June Cabinet. Members will recall that the Winter Gardens Trust has engaged consultants to undertake a number of pieces of work required to support a Heritage Lottery Fund (HLF) bid, including an interim business plan. This work is now nearing completion and will provide much of the material needed for the Sea Change bid. The Council has also agreed to act as accountable body for an additional £300,000 of preparatory work, funded by NWDA, which includes recruitment of a dedicated project manager for the Trust (now in post).

As noted above, the Sea Change funding application needs to be submitted to CABE by 31st October, and the Trust's consultants and project manager are working towards this deadline, with support from Council officers. The application will have to be submitted by the Council, using information supplied by the Trust.

To meet Sea Change criteria, the project will need to commence early in 2009/10 and be completed by September 2010. This is a challenging timetable for a project as large and complex as Winter Gardens.

The funding package for the project is expected to be as follows:

Sea Change	£4 million
NWDA	£4 million
Heritage Lottery Fund	£4.5 million
Total	£12.5 million

(Note: there is a possibility of a contribution from ERDF but this would be offset against NWDA funding)

Whilst Heritage Lottery Fund will wish to contract directly with the Winter Gardens Trust, it is a requirement of the Sea Change scheme that its funding is channelled through the local authority. The City Council will therefore have to act as accountable body for the Sea Change and NWDA contributions, in a similar manner to that already taken on for the current £300,000 NWDA contribution.

Cabinet need to recognise that, due to the scale of this funding, this is a significant risk for the Council who will need to be satisfied that the Winter Gardens Trust has the necessary capacity to manage and deliver the project successfully within the required timescale, as well as it being within the available funding. Relevant issues will include:

- viability of the project business plan
- project management capacity and adoption of a formal project structure
- financial systems and procedures to deal with external funds
- possible involvement of appropriate officers in the Trust's board and project team

These issues will need to be assessed as part of the Project Appraisal that will be carried out as part of the Council's established programme management procedures. A further report back to Cabinet will be needed to make recommendations on any arrangements needed to protect the Council's position as accountable body and before the funding offer is accepted, if the application is successful.

3.0 Details of Consultation

3.1 Representatives of the Winter Gardens Trust have attended meetings with NWDA and HLF and have been consulted on the content of this report.

4.0 Options and Options Analysis (including risk assessment)

4.1

Option	Advantages	Disadvantages	Risk and Mitigation
<p>Option 1</p> <p>Proceed with the submission of a Sea Change application based on the Winter Gardens restoration</p>	<ul style="list-style-type: none"> • Potentially secures a major injection of external funding and the restoration of a key landmark building in Morecambe • Allows for progress on a key element of the Vision and council priority. <p>This is the preferred option.</p>	<ul style="list-style-type: none"> • Accountable body status confers risk and responsibility on the Council. • Significant officer time required to assist the Trust with capacity building and ensure that the Council's position as accountable body is protected • Reputational risk to the Council if the Trust withdraw or the project fails 	<ul style="list-style-type: none"> • Further officer support can be given to assist the Trust in identifying the areas where it may need to improve its capacity, and funding is available within the £300,000 grant from NWDA to support the Trust with this activity.
<p>Option 2</p> <p>Develop an alternative Sea Change application and submit for Round 3</p>	<ul style="list-style-type: none"> • A project delivered directly by the Council (eg public realm) would carry lower risk 	<ul style="list-style-type: none"> • Less likely to be seen by CABE as transformational and therefore less likely to be successful • There is likely to be greater competition for funds under Round 3 • Unlikely to be supported by NWDA who wish to see other NW resorts supported in Round 3 • Leaves the Winter Gardens with uncertainty about future funding and could set back the restoration project by several years 	
<p>Option 3</p> <p>Do not submit a Sea Change bid</p>	<ul style="list-style-type: none"> • No risk 	<ul style="list-style-type: none"> • Misses an important opportunity to secure significant funds for Morecambe's regeneration • Sends a negative message to external funders and local stakeholders 	

5.0 Officer Preferred Option (and comments)

- 5.1 The officer preferred option is option 1, to proceed with submission of a Sea Change application based on the Winter Gardens restoration. However, it will be essential that the Council is satisfied that the Winter Gardens Trust has sufficient capacity to deliver the project effectively before the Council formally commits itself to the project (if the Sea Change bid is successful). This can be assessed as part of the formal project appraisal and appropriate recommendations made back to Cabinet for approval.

6.0 Conclusion

- 6.1 The Winter Gardens restoration is a key project and fits closely with the regeneration framework which is subject to an earlier report on this Agenda. Sea Change, together with the match funding from NWDA, represents a unique opportunity to secure sufficient funding, in addition to that being sought from Heritage Lottery, to secure the complete restoration of the Winter Gardens within a relatively short timescale. If this opportunity is missed, it is likely to set the restoration project back by several years.

As noted in the report, the scale of the project and the large amount of funding involved does present significant risk for the Council in its role as accountable body for a project delivered by an external organisation. It is essential that work is undertaken to assist the Winter Gardens Trust in meeting the minimum criteria that will need to be met to protect the Council's position and ensure successful project delivery.

RELATIONSHIP TO POLICY FRAMEWORK

Corporate Plan - The project contributes towards the following Strategic Objectives
Corporate Plan Priority 4 – "To lead the regeneration of our district"

The development of the Winter Gardens is a priority project by Lancaster City Council and has been supported through previous Cabinet decisions as indicated in the body of this report. The recommendation supports the Vision which was formally accepted in July 2006 as the high level regeneration strategy for the District. The recommendations therefore link to the Lancaster District Community Strategy, the Regional Economic Strategy and the Sub-Regional Investment Plan. NWDA will only support projects which are consistent with their Regional Economic Strategy.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

A project appraisal has been undertaken with regard to Equality and Diversity and Sustainability criteria as standard items. The project is expected to meet regional and local sustainability objectives and link to regional strategies which include wide community objectives.

FINANCIAL IMPLICATIONS

There are no immediate financial implications arising from the submission of the Sea Change bid, as all costs associated with this, apart from officer support time, will be met from the current NWDA funding available to the Winter Gardens Trust.

However, members should note the comments in the report about the implications for the Council as accountable body for this project should the bid be successful, and the need for a further report to consider this in detail before the City Council enters into any financial and/or contractual commitment with either the Winter Gardens Trust or external funding bodies

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

There are no legal implications directly arising from the report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Previous reports to Cabinet:

Resort Regeneration Funding, 19/02/08

Morecambe Winter Gardens 3rd June 2008

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