



Single Programme Funding Update

SUMMARY

- 1.1 This report sets out a number of key issues on the management of the Single Programme funding stream:
- commitments and spend position for 2009/10
 - future spend implications for 2010/11
 - an update on the commissioning process for the remainder of the Single Programme Funding alongside the European Regional Development Fund - ERDF – programme.

RECOMMENDATION

- 2.1 To note the updated grant allocations relating to the Single Programme for 2009/10 and 2010/11.
- 2.2 To note the forecast outturn position on the Single Programme for 2009/10.
- 2.3 To approve the proposal to over allocate against the 2010/11 Single Programme revenue allocation.
- 2.4 To approve the increased income and expenditure to the relevant Council departments for those schemes allocated to the Council for delivery, as detailed in paragraph 4.7 and in Appendix 2.
- 2.5 To note the process for identifying and allocating the remainder of the Single Programme capital through the proposed commissioning process as described in paragraph 4.16

REASONS FOR RECOMMENDATION

- 3.1 To update Cabinet on the latest Single Programme and ERDF funding position and any associated risks.
- 3.2 Cabinet approval is required to add the income and expenditure to the departmental revenue budgets relating to this additional external funding.

Background

- 4.1 Derby City Partnership took over the management of the Single Programme from Derby and Derbyshire Economic Partnership - DDEP - in April 2009. East Midlands Development Agency - Emda - recently announced that Derby's amended allocation for 2009/10 is £3,088,191 capital and £1,191,000 revenue, and for 2010/11 is £2,298,000 capital and £1,364,000 revenue.
- The revenue allocations also cover 'administration' which is delivered for Derby by Derby City Partnership Centre and the Council's City Development and Tourism Section.
- 4.2 In April 2009, nine projects were transferred from DDEP, with a forecast spend of £423,000 for 2009/2010. In May 2009, a request was made to the Performance and Commissioning group and the sub groups of City Growth to identify and submit priority projects for Single Programme and align to ERDF proposals as match funding.
- 4.3 The single programme is closely aligned with the European Regional Development Fund - ERDF. A strategic commissioning approach, being undertaken by DCP Centre in conjunction with Emda, will ensure activity is identified and delivered through both programmes. Emda have notified Derby that the final deadline for full ERDF applications is 30 June 2010.

2009/10

- 4.4 By the end of 2009/10 Derby is anticipating a total Single Programme grant spend of 93% of its allocation. Emda has agreed that due to under commitment of grant funding, it would take back £186,050 revenue grant and £127,813 capital grant this financial year.
- The total of £313,863 returned to Emda represents 7% of the overall total, in the first year of Derby undertaking this programme. Details of the schemes and funding is shown in Appendix 2.
- 4.5 This figure is subject to increase as there are a number of projects still to confirm whether they are able to spend their profiled allocation this financial year. These are:
- Castleward Boulevard – City Development and Tourism Section are in the process of confirming the spend against the completed project
 - Enterprise Coaching – this ERDF match application is still under appraisal with emda – profiled to spend £63,971 this financial year. Emda to confirm position.
 - Network House – this ERDF match application is still under appraisal with emda – profiled to spend £18,066 this financial year. Emda to confirm position.

Management Issues – 2009/10

- 4.6 There are some management issues for the 2009/10 programme. These relate to a number of projects which have not been endorsed by Emda or moved forward by P&C and have therefore impacted on spend and commitment figures. We have now agreed with emda that they will de-commit our revenue and capital allocation. It is imperative that projects spend all of their grant allocation this financial year to avoid further loss of grant this financial year. Projects not spending their allocated grant this financial year will lose that grant funding. This may have impact on completing project delivery

Derby City Council projects

- 4.7 A number of the projects within the single programme are allocated and delivered directly by the City Council. The sections delivering these projects and the schemes including funding totals for 2009/10 and 2010/11 are ...

Revenue

City Development and Tourism Section:

- Sub regional investment & development strategy – two projects - £247,500
- Derwent Valley Mills Coordinator - £115,085
- Sector Development Managers - £212,538
- World Cup Bid - £100,000
- Railway Station Interchange - £9,707

Arts Development Section:

- Cultural Landscape - £550,000

Capital

Public Realm:

- Castleward Boulevard Phase 1 - £855,691
- Morledge Improvements - £580,000
- Railway Station Interchange - £798,132

[The capital allocations are already included in the Councils capital programme]

- 4.8 Cabinet is asked to approve the additional income and expenditure against these schemes in the Regeneration and Community department revenue budgets for 2009/10 and 2010/11, in line with the profiled spending allocations in Appendix 2. Cabinet is also asked to approve the delivery of any of the schemes which have yet to commence, in particular the Cultural Landscape which has recently had the funding agreed.

2010/11

4.9 **Management Issues – 2010/11**

There is considerable pressure to commit all of the ERDF grant allocation by 31 December 2010, with full applications not being accepted after 30 June 2010. This impacts on the allocation of match funding from the single programme. We have to ensure commitment and spend of Single Programme grant by 31 March 2011

- 4.10 **Cityscape** – Emda have for some time been contributing towards the cost of Derby Cityscape along with its other partners, including the City Council. The Emda allocation for 2010/11 is £200,000. Emda have notified us that their allocation towards Cityscape is to be met from within the 2010/11 revenue allocation for the single programme. As a number of schemes have already been committed and are either in progress or in development, the P&C group reviewed the allocations for 2010/11 revenue on 3 February 2010. The final reallocation is detailed in appendix 2. This has led to an overprogrammed revenue allocation of £172,240 which is approximately 13%.

- 4.11 **Overprogramming** – Emda recommend that organisations commit the full allocation including a 25% over commitment to allow for slippage. The principle behind this is to ensure full allocation by the end of the year as some schemes will inevitably be delayed and therefore not spend in full. In addition, regular reviews with Emda may identify regional underspends which could be reallocated to Derby if the programme is progressing.

- 4.12 The risk of over programming is that schemes may spend to their full allocation without additional support from Emda. The impact for DCC is that firstly it may directly affect the schemes which we are delivering if funding is varied, and also, as the accountable body, the risk of any funding shortfall against external projects spending. To provide some scale and assurance to Cabinet it is worth noting that the level of funding returned to Emda for 2009/10 is higher than the current level of over programming proposed for 2010/11. Emda have also evidence that organisations which do not allow any level of over programming historically underspend and lose funding from their area.

- 4.13 The overarching funding agreement with Emda includes a clause regarding allocations are subject to funding availability. Funding agreements with projects from DCC include a similar clause. The risk of a reduced funding level is therefore passed to the projects within the funding agreement. This is not the case for some schemes which were transferred to Derby, however these schemes do not extend into financial periods where funding levels are less certain.

2011/12

- 4.14 The single programme extends into 2011/12. The level of funding for 2011/12 has not been confirmed by Emda, but as a guide they are suggesting that partners work on a level which is 50% of the 2010/11 allocation. The P and C Group are considering the impact of this on a regular basis. An update on this position will be reported to Cabinet later in the year when the programme has been developed further.
- 4.15 Regular monitoring of the programme by the P and C Group will identify and recommend actions to mitigate the risk of under spending and over programming. The timing of release of funding to projects will also be managed by the P and C Group. Possible schemes to create a reserve list will also be considered should there begin to be some slippage during the year.

Future Planning - Single Programme and ERDF

- 4.16 Emda require a Sub Regional Development Plan - SRDP - detailing a three year spend plan - SRIP, subject to future funding. An outline plan was submitted in August 2009. Two themes have emerged from the work CD and T have undertaken with the P and C Group.

These themes are:

- Converting Assets into Economic Use
- Specialist Support for Key Clusters.

DCP have invited organisation to identify appropriate projects which meet these criteria during February 2010. The P and C Group have recommended that the uncommitted single programme capital allocation for 2010/11 should be used to match as match funding against the ERDF Programme. An update on this process including the update on the Single Programme and ERDF funding will be reported to Cabinet later in the year when the programme has been developed further.

- 4.17 The single programme funding for 2010/11 and 2011/12, alongside the ERDF funding programme are being considered as additional support towards our Regeneration Fund.

OTHER OPTIONS CONSIDERED

- 5.1 Allocation of funding across the programme has been considered by the Performance and Commissioning Group of the City Growth Executive, involving a number of partners and in coordination with Emda.

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Background papers:	None
List of appendices:	Appendix 1 - Implications Appendix 2 – Single Programme project allocations

IMPLICATIONS

Financial

- 1.1 A summary of the Emda allocations and the proposed spending is shown in the table below:

<u>Single Programme</u>	2009/10		2010/11	
	Capital £	Revenue £	Capital £	Revenue £
Allocation	3,088,191	1,191,000	2,298,000	1,364,000
Commitment	2,960,378	1,004,950	1,312,164	1,536,240
Variance (Under)/Over	(127,813)	(186,050)	(985,836)	172,240
Return to Emda	(127,813)	(186,050)		
<i>Emda recommended 25% overallocation</i>			<i>594,411</i>	<i>341,000</i>

- 1.2 The level of funding returned to Emda – following exhaustive discussions on proposed replacement projects and reappraisals is £313,863 or 7.3%.
- 1.3 The level of capital allocation still unallocated for 2010/11 is £985,836 and will be managed alongside the ERDF programme as matched funding. Match funding levels for the overall ERDF programme is approximately 36%.
- 1.4 The level of revenue over-programming for 2010/11 is £172,240 or approximately 13%. This level of over-programming is considered to be appropriate at this stage by the P and C Group.
- 1.5 Single programme allocations for revenue and capital are specifically defined. ERDF allocations can be flexible between revenue and capital.

Legal

- 2.1 The City Council has entered into a funding agreement with Emda for the Single Programme for 2009/10 and 2010/11.

Personnel

- 3.1 None.

Equalities Impact

- 4.1 None.

Corporate objectives and priorities for change

- 5.1 The single programme provides support towards the corporate objective on Creating a 21st Century City – through the City Growth Executive

Appendix 2

Single Programme

Approved projects Vired from DDEP	2009/10		2010/11		Total		Total
	Cap	Rev	Cap	Rev	Cap	Rev	
YMCA	181,621	0	0	0	181,621	0	181,621
TEMPO	0	53,639	0	5598	0	59,237	59,237
Investment & Development Strategy	0	75,000			0	75,000	75,000
Derby & Sandiacre canal	0	75,000			0	75,000	75,000
Business & Enterprise Centre	1,098,000	0	0	0	1,098,000	0	1,098,000
Derwent Valley Mills Co-ordinator	0	104,085	0	11,000	0	115,085	115,085
Derby Station Area Regeneration	93,000	0	0	0	93,000	0	93,000
Castleward Boulevard Ph1	855,691	0	0	0	855,691	0	855,691
Prog Admin	0	129,000	0	117,000	0	246,000	246,000
Darley Abbey Masterplan	85,000	0	0	0	85,000	0	85,000

Endorsed by emda April 09

Investment & Development Strategy	0	60,000	0	112,500	0	172,500	172,500
Lightspeed Derby	0	62,376	0	118,383	0	180,759	180,759
Sector Development Managers	4,000	71,871	0	136,667	4,000	208,538	212,538
Cultural Landscape	0	150,000	0	400,000	0	550,000	550,000
Cathedral Quarter Shop front Improvement Scheme	0	0	77,000	3,000	77,000	3,000	80,000
Total	2,317,312	780,971	77,000	904,148	2,394,312	1,685,119	4,079,431

	2009/10		2010/11		Total		Total
	Cap	Rev	Cap	Rev	Cap	Rev	
Submitted to emda August 09							
Enterprise coaching	0	63971	0	126768	0	190,739	190,739
Surviving the recession	0	2,037	0	3588	0	5,625	5,625
World cup bid	0	100,000	0	0	0	100,000	100,000
Creative Derbyshire	0	57,000	0	243,000	0	300,000	300,000
Network House	18,066	0	174,194	0	192,260	0	192,260
Derby Stn Derelict Bldg	20,000	0	287,838	0	307,838	0	307,838
Derby Stn Interchange	25,000	971	773,132	8736	798,132	9,707	807,839
Morledge Improvements	580,000	0	0	0	580,000	0	580,000
Total	643,066	223,979	1,235,164	382,092	1,878,230	606,071	2,484,301

Approved by P&C 11.1.10

Social Enterprise Strategy				20,000			
Jobs & Skills strategy				30,000			
Total				50,000			

Administration for Cityscape			200,000				
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Overall total approved & committed	2,960,378	1,004,950	1,312,164	1,536,240	4,272,542	2,291,190	6,563,732
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2009/10 Single Programme Performance target			Cap	Rev
Current allocation			3,088,191	1,191,000
Over / (under) commitment			(127,813)	(186,050)

2010/11 Single Programme Performance Target			Cap	Rev
Allocation			2,298,000	1,364,000
Over / (under) commitment			(985,836)	172,240