

REPORT TO: 3MG Executive Sub-Board

DATE: 12th January 2012

REPORTING OFFICER: Strategic Director, Policy and Resources

PORTFOLIO: Leader

SUBJECT: Regional Growth Fund (RGF) Grant

WARDS: Ditton and Riverside

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to seek authority to draw down the first instalment of grant funding following a legal agreement with the Government's Business, Innovation and Skills (BIS) Office for £9m Regional Growth Fund (RGF) grant.

2.0 RECOMMENDATION: That

2.1 Authority be given to the Operational Director for Economy, Enterprise & Property to negotiate funding drawdown arrangements with the Office for Business, Innovation and Skills to make the first claim from a £9m grant to undertake land remediation of 100 acres of brown field land; and provide rail infrastructure to open up HBC Field in order to prepare the 3MG site for private sector occupation and development; and

2.2 The Council enters into a clawback arrangement with the Stobart Group to share the risk.

3.0 SUPPORTING INFORMATION

3.1 The Executive Board on 9th December 2004 (EXB162) adopted the Ditton Strategic Rail Freight Park Masterplan, now known as 3MG (the Mersey Multimodal Gateway). The Business Innovation and Skills office has offered a Regional Growth Fund allocation of £4.5m towards the remediation works to be carried out by the Stobart Group and £4.5m towards the provision of additional rail sidings to serve HBC Field and the wider 3MG area.

4.0 POLICY IMPLICATIONS

4.1 The Council adopted the 3MG Masterplan in December 2004. The 3MG programme is included in the Council's Corporate Plan, the Halton Partnership and Halton Borough Council Urban Renewal Strategy and Action Plan, and supports the Council's Urban Renewal corporate

priority. The Regional Growth Fund grant funding is essential to facilitate the delivery of 3MG.

- 4.2 The Business Innovation and Skills Office have offered £9m Regional Growth Funding to progress 3MG. These funds are offered on condition that the Council enters into an agreement.
- 4.3 As is usual with such arrangements, the funding offer places the balance of risk with the Accountable Body, in this case HBC. Although some have been negotiated away, the most prominent risks for the Council remain:
 1. There is a specific clawback provision which will require the council to repay grant if the job target is not met. However, in turn, Halton will enter into a clawback agreement with The Stobart Group to underwrite and share the risk in the event that the jobs or investments do not materialise or is reduced.
 2. The responsibility for State Aid compliance rests with HBC. For this reason Halton will take advice regarding the potential implications of European Commission rules and regulations and implement appropriate procedures to monitor the project as it develops.
- 4.4 These risks are similar to those previously accepted by Members in connection with other projects such as Widnes Waterfront.

5.0 OTHER IMPLICATIONS

- 5.1 The Council has given a commitment to secure as much external funding as possible to support the delivery of 3MG. The Regional Growth Fund grant referred to in this report supports that commitment.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

None known.

6.2 Employment, learning and Skills in Halton

Overall the 3MG programme will assist in providing job opportunities for local people and will go some way in addressing the level of unemployment in Halton. The next phases of development are estimated to create up to 2,717 new jobs.

6.3 A Healthy Halton

The overall 3MG programme provides new walking and cycling routes as well as a bus service, which offer safe and affordable means of accessing key services and thereby can overcome many of the transport barriers often faced by people who do not own or have access to a car.

6.4 A Safer Halton

The 3MG programme will provide much needed environmental improvements to the immediate areas.

6.5 Halton's Urban Renewal

The 3MG programme is acting as a catalyst to attract developers and new businesses to the area by creating an attractive, well-accessed and serviced area, which provides a safe and attractive environment for employees and visitors.

7.0 RISK ANALYSIS

7.1 There are risks to the Council in entering into the Contract with the office for Business, Innovation and Skills. These same risks have been acknowledged and accepted previously, e.g. previous NWDA funding agreements on 3MG and on the Widnes Waterfront Programme. In broad outline the risks are that minor breaches of the agreement (e.g. failures to provide, or delays in providing, information such as performance reports) can result in the Business, Innovation and Skills office having the right not only to discontinue funding for the future but also to demand the return of funding received prior to any breach of the agreement. This could have extremely serious consequences for the Council's services given that the maximum funding to be received under the agreement is £9m. The Operational Director for Economy, Enterprise & Property will be advising on this agreement. On balance the Chief Executive feels that the benefits of the scheme outweigh the risks and recommended Halton enter into a clawback agreement with The Stobart Group to underwrite and share the risk in the event that the jobs or investments do not materialise.

8.0 EQUALITY AND DIVERSITY ISSUES

Not applicable.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
DSRFP Masterplan	Major Projects	Sally McDonald