Berwick and Newbiggin Portas Pilots Update

Report of the Chief Executive: Steven Mason

Cabinet Member: Councillor A Hepple - Planning, Housing and Regeneration

Purpose of Report

To respond to a request from the Committee and Chairman’s Group meeting dated 8 December 2015 for an update on the Berwick and Newbiggin Portas Pilots.

Recommendations

That the Committee receives this final report (which follows on from the report dated 24 February 2015) on the Berwick and Newbiggin Portas Pilots.

Link to Corporate Plan

This report is relevant to the economic growth and places and environment priorities included in the NCC Corporate Plan 2013-2017.

Key issues

Berwick Portas Pilot

1. The new arrangements for delivery of the Berwick Portas Pilot to address under performance were reported to the Overview and Scrutiny Committee in February 2014. A further report in February 2015 indicated that these arrangements had shown to be positive unfortunately this has not been sustained; the identification of deliverable projects, highlighted as being critical, has been a significant issue.

2. The accountable body issued formal notification to Berwick Town Council (BTC) dated 23 July 2015, indicating the termination of the Berwick Portas Pilot and NCC’s agreement to fund existing commitments, these required financial completion by the deadline 31 Dec 2015.
3. Referring to Appendix 1. Of the £200k budget (made up of £100k Portas and £100k NCC match funding), £121,702 (60%) has been spent to date (this includes a commitment of £8k for NCC works in connection with the Electronic Notice Board project), leaving an increased amount of programme underspend (£78,298 NCC match funding) to that previously reported.

4. NCC agreed, following a request from BTC in August 2015, to spend the remaining programme funds in Berwick. Four projects have been identified to take up this funding (refer below and to Appendix 1):

<table>
<thead>
<tr>
<th>Project</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quayside Path through the cobbles</td>
<td>£63,560</td>
</tr>
<tr>
<td>Berwick Market promotion</td>
<td>£4,452</td>
</tr>
<tr>
<td>Contribution to Berwick Task Force’s Investment Conference</td>
<td>£5,000</td>
</tr>
<tr>
<td>Planters</td>
<td>£5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£78,012</strong></td>
</tr>
<tr>
<td><strong>Variance</strong></td>
<td><strong>£286</strong></td>
</tr>
</tbody>
</table>

Newbiggin Portas Pilot

5. Newbiggin Town Team Ltd (NTTL) has continued to be proactive in the identification and delivery of programme activity, a defrayal plan has been produced, updated and expanded upon, with NCC closely monitoring budgets and defrayal of funds.

6. As indicated in Appendix 2.1, Newbiggin Portas had a programme budget of £248,300 and by 31 December 2015 when conclusion of the programme was expected, NTTL had spent £230,340 (92.8%), leaving a balance of £17,960 (7.2%) to be committed.

7. NTTL were given approval in January 2016 to continue with programme activity to fully utilise the remaining £17,960 in order to close the programme in preparation for the formation of a Development Trust during 2016. Activities to take up the balance have been identified in Appendix 2.2, this includes £8,611 allocated to the Property Improvement Project; Defibrilators (x2) £2,500; tools for Skiff construction, a programme evaluation report, accountancy fees, leaflet distribution costs and admin costs.

8. The payment of SSE Section 106 Windfarm monies from Arch to NTTL has now ceased; a balance of £42,482 remains with NTTL for investment in the high street. From 2016 funds will be paid to Newbiggin Town Council (NTC) annually.

9. NTTL have made efforts to improving partnership working with NTC, a key requirement to working collaboratively for the town as a Development Trust.
Background

Berwick Portas Pilot

10. Three months prior to the deadline of 30 June 2015 for the conclusion of Berwick Portas Pilot, NCC considered and approved an extension request to March 2016. Subsequently, this was reconsidered with the issue of a termination letter as there were a number of issues which have contributed to poor progress in delivery namely:

- The lack of deliverable project ideas coming forward to enable the funding to be used for its intended purpose within an acceptable period of time.
- The Police investigation into fraud allegations.
- The continuing negative publicity around the programme.
- The recent resignation of the Chair of the Berwick Portas Management Group (BPMG), which is the 2nd resignation of the Chair in 12 months.

11. At the time of termination, Berwick had spent £78,235 (39%) of their £200k programme budget, committed £52,716 (26%), leaving a predicted underspend of £69,049 (35%). The increase in underspend from that last reported is primarily due to not progressing the purchase of a further 10 market stalls and a reduced budget requirement for the Electronic Notice Board project.

12. It was noted that there was a risk of additional underspend if committed project activity did not spend to profile or projects, having secured BPMG non-delegated approval, did not secure BTC Full Council approval to proceed to contract or approval to issue grant payments ie:

- Electronic Notice Board project £29,850 (now approved and in delivery)
- Hanging Basket/Christmas Tree brackets project (£8,500) added 31 July 2015 to the approved list of commitments following an appeal from BTC. However project delivery did not commence within an appropriate timeframe.

13. To fulfil NCC’s pledge to spend the remainder of programme funds in Berwick, Officers have worked with Town and County Councillors to identify projects which could complete ideally by end June 2016:

- Twenty six project ideas came forward from members of the public, BTC shortlisted these into three categories: Make Beautiful Berwick Happen; Cobbles at the Quayside and Shop Fronts. At a meeting between NCC’s Chief Executive, Leader and Berwick Town Councillors (9 Oct 2015) to review what was deliverable, it was agreed that the construction of a level pathway through the cobbles on the quayside would be progressed by NCC Highways as the main priority (construction commences 29 Feb 2016).
• Following the announced closure of General Mills, NCC has offered a £5k financial contribution to Berwick Task Force’s planned investment conference.

• Berwick Market promotion and heavy duty planters projects have had the support of BPMG previously but have been carried forward for development & delivery outside the confines of the Portas programme. The former is currently in development by NCC’s Local Services and BTC at their Full Council meeting held 25/1/16, approved the location of the planters (7 three-tier and 10 half barrels for Marygate, Castlegate & Quayside), this project (also suggested as part of the Make Beautiful Berwick Happen priority) will be delivered by Berwick in Bloom and is now subject to NCC contracting.

14. During the summer of 2015 BTC contacted the accountable body (NCC) to request an audit of Portas expenditure. This followed discussion by BTC and a perception that there may be some financial irregularities in the management of the scheme. NCC’s Internal Audit and Risk Management Service carried out a review to provide assurance to the Authority regarding compliance with DCLG funding requirements. The review also examined agreements NCC entered into with Arch and BTC in relation to the management and delivery of the programme.

At the time of the audit, expenditure was £78,235 and invoices totalling £52,490 (67% of expenditure) were reviewed. Sampling focused on larger value invoices, in common with usual auditing practice. All invoices examined appeared relevant to individual projects and were authorised for payment. NCC’s funding requirements require three quotes to be obtained for expenditure items exceeding £10,000. Evidence of this was not provided in relation to one such project managed by BTC. A number of non-compliances with the BTC process for approving projects were identified, however, all of the projects reviewed during the audit had, as a minimum, been discussed at BPMG. An itemised list of Berwick Town Team Limited (BTTL) expenditure (£12,484) in relation to Berwick Portas projects managed by this organisation was obtained during the audit. This indicated that the funds had been used for their intended purpose however, BTTL has not provided evidence of individual project approvals or expenditure. Internal Audit have therefore been unable to provide assurance regarding the defrayment of this expenditure (amounting to 16% of total spend at the time of the audit). However, as stated above, sample testing of the remaining spend demonstrated that those funds had been used for the purposes intended.

15. Furthermore BTC subsequently appointed their own external auditor (S. Warren) to scrutinise Portas expenditure amongst other things (this concentrated on funds expended through BTC only and not that defrayed by Berwick Town Team Ltd). The report produced November 2015 confirms that ‘there was no evidence that expenditure was other than for the purposes of an approved scheme’.
16. In addition to providing financial assistance and monitoring support, significant support has been provided by the External Programmes Co-ordinator to drive forward:

- grant payment requests requiring BTC’s Full Council approval
- delivery of Electronic Notice Board project involving the client (Berwick Deserves Better), an external supplier, BTC and NCC Local Services as delivery partners.

17. Notable projects delivered include:

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Bankhill</td>
<td>Conversion of a toilet block into a new catering outlet</td>
</tr>
<tr>
<td>Lowry</td>
<td>Refurbishment of trail, marketing/advertising, contribution to exhibition costs</td>
</tr>
<tr>
<td>Berwick Market</td>
<td>Promotion of Buttermarket and capital purchase of new market stalls</td>
</tr>
<tr>
<td>Electronic Noticeboards</td>
<td>Two information boards to be installed on Marygate and Castlegate</td>
</tr>
</tbody>
</table>

**Newbiggin Portas Pilot**

18. In April 2015 NTTL requested a 6 month programme extension from end June to 31st December 2015 to compensate for poor weather affecting delivery of the Property Improvement Project and to seek approval for proposed defrayal plan activities to utilise the balance of programme funds. After initial rejection, NTTL’s extension request was approved in August 2015 on the proviso of:
   a) improving working relationships with NTC  
      (Note: NCC facilitated a meeting 7/9/15 between all parties) and  
   b) to return the Windfarm monies (£42,482).

19. As reported in February 2015 NTTL were successful in securing a further £54,000 from three funding sources to supplement Portas (£94,300) and NCC Match funding (£100,000). All Portas, Alcan, Arts Council and now NTC match have been fully expended, leaving a balance of £17,960 NCC match funding to commit. Activities to take up this balance have been identified in Appendix 2.2.

20. Notable projects delivered, predominantly falling under the Programme Area ‘Newbiggin for Sale’ include:

- Property Improvements to 23 properties (plus 3 in development). Works include: repainting, new doors; floors; windows; signage and canopies. (Refer Appendix 2.3)
- Various Branding/Promotion activities undertaken to promote Newbiggin, creating a stronger brand for the town. Activities include: eg Holiday Guide/Days Out, marketing campaign, adverts, maps, leaflets, website, film production, illustrations
- Supporting and Setting up Events/Activities.
  Activities include: Music Festivals, Christmas Fayres, Attlee Play Park improvements and Christmas Lights. The largest event was the 2015 Easter Vintage Fayre held over a 3-day bank holiday weekend, attracting an estimated 8,000 visitors to the vintage car rally, food fair, fun fair, vintage ball, street musicians.

- Improving tourist & cycling signage

- Transport Feasibility study; North Seaton Road bus stop improvements providing better access and safety from the Sandy Bay Caravan Park into the town

Governance

21. NTTL have continued to hold monthly Tier 1 Directors meetings, responsible for strategic direction, accountability and sustainability. They receive regular financial reports from NCC and approve the annual accounts each year at their AGM. Membership of Tier 1 has fluctuated. Efforts have been made to recruit new members however the long term absence of a Treasurer will need to be addressed going forward.

Tier 2 meetings, open to everyone with an interest in Newbiggin are much less frequent. In addition to needs being identified via this forum, NTTL have brought forward, delivered or facilitated project ideas of their own through the establishment of working groups.

Windfarm S106 Funds

22. Over a three-year period (ending 2015), NTTL received SSE Section 106 Windfarm monies via Arch, these funds totalling £42,482 were to be used to promote and revitalise the high street and to lever in additional funding. To date these funds have not been spent as efforts have been made to concentrate on completion of Portas (it should be noted that funds are being used by NTTL to cash-flow Portas expenditure until NCC reimburse them with grant).

So long as the turbines remain in commission, Windfarm monies will be paid annually, from 2016 funds will be paid over to NTC instead of NTTL.

Due to contractual arrangements NCC could not pursue their request for NTTL to return windfarm monies back to Arch, so that funds would be made available to NTC, therefore partnership working between NTTL and NTC will be important going forward.
**Forward Strategy**

23. NTTL have started to consider the future of the Town Team once the Portas programme ends especially with respect to the Windfarm monies held. A Strategy Day was held December 2015, facilitated by NCC’s Social Enterprise Team, which identified the desire to form a Development Trust working on the following key priorities for the Town:

- Prosperity
- Maximisation of community assets
- Private Housing
- One stop health centre
- Pods/industrial units
- Marketing, History, Heritage, Attractions etc., Put Newbiggin on the map, Coastal route
- Best use of open spaces
- Community events, Locals, Visitors
- Night time economy
- Capitalising on visitor attractions
- Working together

NTTL will produce a Strategic Plan following public consultation in March 2016, the Strategic Event held and the Town Plan which NTC are undertaking.

**Implications**

<table>
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<th>Policy</th>
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<tbody>
<tr>
<td>Finance and value for money</td>
<td>Delivery arrangements are in place to ensure that value for money is achieved on both pilots.</td>
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<tr>
<td>Legal</td>
<td>NCC is the accountable body for the funding awards.</td>
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<tr>
<td>Procurement</td>
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<td>Human Resources</td>
<td>N/A</td>
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<td>Property</td>
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**Equalities**

(Impact Assessment attached)

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<th>No</th>
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N/A
Risk Assessment

As assessment of risk resulted in the initial decision to undertake a review; put in place alternative delivery arrangements for Berwick and subsequently accountable body notification that both pilots were required to become financially complete by 31 December 2015.

Crime & Disorder

Supporting regeneration is a key way of reducing crime and disorder.

Customer Consideration

Businesses and local stakeholders are involved in the delivery of the Pilots; public feedback secured regarding the identification of additional projects to take-up Berwick underspends.

Carbon reduction

Walking trails and cycling projects promote carbon reduction objectives and sustainable tourism objectives.

Wards

Berwick and Newbiggin by the Sea Wards

Background papers:

None

Report sign off:

Authors must ensure that relevant officers and members have agreed the content of the report:

<table>
<thead>
<tr>
<th></th>
<th>initials</th>
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<tr>
<td>Finance Officer</td>
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<td>Portfolio Holder(s)</td>
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Author and Contact Details

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Appendix 1

Berwick Portas Programme Summary

Appendix 2

Newbiggin Portas Programme Summary – App 2.1
Newbiggin Portas Activity Summary – App 2.2
Newbiggin Portas Property Improvement Project Summary – App 2.3