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REPORT TO EXECUTIVE			
PORTFOLIO AREA: HEALTH AND WELL BEING			
Date of Meeting:		28 TH April 2003	
Public			
Key Decision:	Yes	Recorded in Forward Plan:	Yes
Inside Policy Framework			

Title: LONGTOWN MARKET TOWN INITIATIVE

Report of: Head of Economic and Community Development

Report reference: ECD.10/03

Summary:

The Longtown Investment Partnership has asked if the City Council could take on the role of Accountable Body for the Longtown Market Town Initiative. The report explains the implications of taking on this role.

Recommendations:

That the Council agrees in principle to operate as the Accountable Body for the Longtown MTI, subject to the following:

[a] The completion of a partnership agreement between the Council and the Longtown Investment Partnership

[b] Clarification of the role and responsibility of the Council with regard to individual projects and an agreed process for assessing the level of risk to which the Council might be exposed before any project is approved by the Partnership. Separate reports will be brought to the Executive regarding those projects where the Council could act as the lead delivery partner.

[c] The Council covering its costs for the administration of the programme

Contact Officer: David Beaty

Ext: 7120

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2. BACKGROUND INFORMATION AND OPTIONS

1.1 The Longtown Market Town Initiative [MTI] is a three year programme initiated by the Countryside Agency to regenerate Longtown and those Parishes within its service hinterland. A local body –the Longtown Investment Partnership – has been created to manage and oversee the programme. It has undertaken a ‘health-check’ phase in accordance with the procedures of the Market Towns Initiative and an Action Plan has been produced. The Council is represented on the Longtown Investment Partnership and has also seconded an officer, part funded by the Council, to the Investment Partnership to act as manager and co-ordinator of the MTI. This secondment took effect from mid September 2002.

1.2 The inclusion of Longtown within the national MTI programme gives it some priority in bidding for funding from a variety of sources. There is clearly a significant opportunity for Longtown to draw in funds to help realise the vision in the Action Plan.

1.3 The value of the programme in the Action Plan is not yet known, as some of the projects have yet to be costed, but it has the potential to run to hundreds of thousands of pounds. The current management of the programme lies with the Investment Partnership which, at the time of writing, is an unincorporated body, although it has resolved to become a Company Limited by Guarantee operating under the name ‘Longtown and District Enterprise Trust’.

1.4 While there are examples elsewhere of community bodies managing and ‘bank-rolling’ publicly funded programmes these are few and far between. There are three reasons for this. First, most funds are paid in arrears, which means that the sponsoring body must bear the up-front project costs [and the risks] pending grant claims being made. Secondly, few community bodies have the capacity to meet the accounting, audit and project management requirements imposed by funding bodies. Thirdly many funders will only contract with ‘a legal entity capable of meeting the liabilities that flow from the conditions of grant’ [NWDA Guidance Manual]

1.5 When it is formed as a legal entity, the Longtown and District Enterprise Trust may be technically able to contract with funders for some projects within the Action Plan, but as it in its early stages it is unlikely to have the capacity, financial strength, or expertise to be the ‘Accountable Body’ for the programme as a whole.

1.6 Many, if not most, Market Town Initiative programmes depend on a local authority to act as Accountable Body. As one of the scheme partners the City

Council could act on behalf of all the other partners as the conduit through which all funding was channelled into projects, operating under Service Level Agreements where appropriate, or it could take responsibility for specific funding streams linked to certain projects or programmes. However, in common with many MTI Action Plans, the Longtown Plan does not yet specify what level of funding will be needed or how projects will be delivered. In these circumstances it will be important for the Council to make it clear that a decision to act as Accountable Body does not commit it to act in this capacity for all the projects in the Action Plan. Examples of where the Council could help are:

- Where the Council is to be the lead agency for an individual project within the programme, if that project was linked to a service already delivered by the Council or the Council had a specific expertise that resulted in it being best placed to deliver the project. The proposal for a heritage-led townscape scheme within the Conservation Area is a good example of this type of individual project.
- The North West Development Agency, to deliver its funding, is known to favour an arrangement that involves 'packaging' projects in a 'mini SRB'. This would involve a similar responsibility to that already undertaken by the Council in relation to the Raffles SRB schemes.

1.7 Each project, or package of projects, will need to be looked at individually through an established appraisal process with an assessment made of the likely administrative commitment involved.

1.8 The auditing, project appraisal, legal and administrative elements associated with being an Accountable Body have resource implications and this is also discussed in section 5 below. The Council should, therefore, reserve the right to top-slice grant income so that any additional costs borne by the Council as a result of this role are covered. A Partnership Agreement should be drawn up to clarify the roles and responsibilities of the Council and the Longtown Investment Partnership and its successor body.

1.9 Further work needs to be done to identify the scope of the Council's possible involvement and to consider how some of the projects in the Longtown Action Plan could be taken forward. As part of the Council's programme of Value for Money studies, Internal Audit is carrying out an assessment of those partnerships in which the Council is currently involved in order to establish clear accountabilities and responsibilities and to suggest a protocol for future working. This work has been given a high priority and is due to report to Corporate Resources Overview and Scrutiny Committee on 12th June. (See also Financial Implications in Section 5 below). However, it is also important that the Council is able to express a formal view now to the Longtown Investment Partnership on the question of the Accountable Body role so that progress can be made on the delivery plan for the MTI and with project development and bid planning. If the principle can be established, Officers can then discuss an appropriate Protocol with the Longtown Investment Partnership, assess the projects where the Council might take a

lead role and consider the legal and financial implications further, so that the Council is not exposed to unnecessary risk and can cover its costs. Further detailed report[s] will be brought back for consideration during the summer.

1. CONSULTATION

1. Consultation to Date.

The Longtown Investment Partnership Regeneration Officer has been sent an early draft of a Protocol Agreement to initiate discussions.

2. Consultation proposed.

Further detailed discussions with the Longtown Investment Partnership and the main funding agencies are required.

1. RECOMMENDATIONS

3.1 That the Council agrees in principle to operate as the Accountable Body for the Longtown MTI, subject to the following:

[a] The completion of a partnership agreement between the Council and the Longtown Investment Partnership.

[b] Clarification of the role and responsibility of the Council with regard to individual projects and an agreed process for assessing the level of risk to which the Council might be exposed before any project is approved by the Partnership. Separate reports will be brought to the Executive regarding those projects where the Council could act as the lead delivery partner.

[c] The Council covering its costs for the administration of the programme.

2. REASONS FOR RECOMMENDATIONS

4.1 To meet the requirements of funding bodies, to enable progress to be made in the implementation of the Longtown Action Plan and to ensure that the Council is not exposed to any unnecessary risk.

3. IMPLICATIONS

Staffing/Resources –

1. The capacity to carry out this role will depend on the staff resources in the Economic and Community Development Services BU and Financial Services BU. In respect of NWDA funded projects [and possibly others] some management and administration costs based on a negotiated % of the grant would be available to cover day to day management, overheads, publicity, audit costs, etc. However, as the overall value of the projects in the Action Plan is not yet known, the amount available for

administration cannot yet be calculated. It is probable that the Council will need to buy in additional temporary staff resources [probably part-time] to service this role. It is not known whether this could be fully covered by external funding. This is an unquantifiable risk at this stage and detailed discussions are needed with the Longtown Investment Partnership and the funding bodies. Another potential source of additional capacity [which will need to be paid for] is the expertise in appraisal, monitoring and other technical aspects of grant administration available through the proposed new Regeneration Support Team the County Council is seeking to establish.

- **Financial –**

1. There is an increased risk through involvement with partnerships and external funding in general, and these risks increase where the authority takes on the responsibility of Accountable Body. If issues are not fully addressed at the outset, accountabilities, responsibilities and decision-making lines can be unclear, and this can lead to inefficient working, and at worst, financial cost to the authority.

2. These risks have been recognised and Internal Audit have been requested to undertake a Performance Review Study into Partnership working as their first priority for the current year. The report will complement their earlier report into External Funding arrangements and the outcome will be a clear set of guidelines and protocols for the authority to guide future partnership working. It is anticipated that the report will be presented to the Corporate Resources Overview and Scrutiny Committee on 12th June, 2003 and this timescale will enable any issues to be considered in conjunction with the development of the Longtown Market Town Initiative partnership agreements.

- **Legal Comments**

1. Multi-agency service delivery of this sort through "partnerships" is now increasingly common and if Councils wish to secure funding for their areas then they have to be prepared to participate. The "partnerships", however, often do not have the clarity and vigour that the commercial sector would understand the arrangements to imply. The Council, therefore, needs to understand the potential risks in such arrangements and particularly in the Council being the "accountable body".

2. If the Council is the "Accountable Body" for any project, it will invariably mean that the authority signs up opposite the funding bodies and commits itself to ensuring that the various schemes are operated properly and delivered in accordance with the grant conditions and targets and the various funding bodies would look to the Council, not the Longtown Partnership, to make sure this was done. The Council, therefore, needs to be sure that before it signs up for any project with a funding body it is satisfied that the Longtown Partnership has the ability and capacity to deliver the project on the Council's behalf as per the grant conditions and requirements.

3. Following on from the above, a risk assessment should be undertaken by the Council, if possible, in respect of each individual project before the Council signs up to it, so that the authority can satisfy itself that the Longtown Partnership can deliver before the Council commits itself to the funding body.

4. The "Partnership Agreement" must be drafted to reflect the position relative to these particular arrangements.

- **Corporate –**

1. The programme is cross cutting and the projects will involve staff from across several Business Units. It will also be important to ensure good linkages between project work and financial and legal administration.

- **Risk Management –**

1. In taking on the role of Accountable Body the Council would become liable for all the obligations, terms and conditions imposed by the various funding bodies.

2. The recent internal Audit report on External Funding identified the need to improve the processes for managing external funding. If the projects within the Longtown Plan turn out to be significant and sizeable this will accelerate the need for improvements in these processes.

- **Equality Issues –**

No implications

- **Environmental –**

No implications

- **Crime and Disorder –**

No implications