



**Strategic Outline Programme
Business Case**

**Welsh Government
Targeted Regeneration Investment
Programme**

Version 1

BUSINESS CASE: KEY DETAILS PAGE

COMPLETED/UPDATE BY: INITIATIVE MANAGER AT EACH NEW VERSION]

Initiative Name: Targeted Regeneration Investment Programme

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Access to Business Case:

Does this business case require restricted access on SharePoint?	No
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Progress Reporting:

What is/will be, the progress reporting mechanism for this project	The programme is being managed and reported through the Growing Mid Wales Partnership. Progress will be reported to the Cabinet Member for Planning & Regeneration and Cabinet as required.
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Version	Date	Author	Summary of Changes made
v0.01	10/6/18	Gareth Jones	

*This section must include review and signature from Finance and Legal.

STRATEGIC OUTLINE PROGRAMME: TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	4
1.1 EXECUTIVE SUMMARY	4
2. STRATEGIC CASE	4
2.1 PURPOSE	4
2.2 STRATEGIC CASE	4
2.2.1 Organisation overview	4
2.2.2 Strategy and programme investment aims	4
2.2.3 Existing arrangements	4
2.2.4 Business needs	4
2.2.5 Potential scope and service requirements	4
2.2.6 Benefits, risks, dependencies and constraints.....	5
3. ECONOMIC CASE	5
3.1 CRITICAL SUCCESS FACTORS	5
3.2 MAIN OPTIONS	5
3.3 PREFERRED WAY FORWARD	5
4. COMMERCIAL CASE	6
4.1 COMMERCIAL STRATEGY	6
4.2 PROCUREMENT STRATEGY.....	6
5. FINANCIAL CASE	6
5.1 INDICATIVE COST.....	6
5.2 FUNDING ARRANGEMENTS	6
5.3 AFFORDABILITY	6
6. MANAGEMENT CASE	6
6.1 PROGRAMME MANAGEMENT ARRANGEMENTS.....	7
6.2 PROGRAMME MILESTONES	7
6.3 PROGRAMME ASSURANCE	7
7. FINANCIAL IMPLICATIONS	7
8. LEGAL IMPLICATIONS	7
9. EQUALITY IMPACT IMPLICATIONS	7
10. HEALTH & SAFETY IMPLICATIONS.....	7
11. SUSTAINABILITY IMPLICATIONS.....	7
12. SOCIAL VALUE ACT IMPLICATIONS	7
13. SUPPORTING EVIDENCE	7

1. EXECUTIVE SUMMARY

1.1 Executive summary

The Welsh Government Targeted Regeneration Investment Programme (TRIP) aims to support capital projects that promote economic regeneration in targeted areas. The Programme is being delivered on a regional basis through the GMW Partnership as Welsh Government require robust regional partnerships and governance arrangements to be in place. Project must be identified and prioritised by regional partnerships.

There is a notional funding allocation of £7M for Mid Wales over a three year period commencing in April 2018. The maximum intervention rate per project is 50% for development stage funding and 70% for implementation stage. Project-level decision-making will be supported by clear assessment criteria and consideration by a National Regeneration Investment Panel.

Following a regional open call for projects 31 initial project proposals have been identified. These have been assessed against the programme criteria by an Evaluation Panel on behalf of the GMW Partnership. The Panel recommended the initial prioritisation of the projects shown in Table 1. It also recommends that the top five projects listed are progressed to development funding application stage and that all projects shortlisted are included in the Regional Regeneration Plan for consideration by Welsh Government.

3.4 Table 1 – Recommended Prioritisation of Initial Projects

Project	Indicative TRIP Funding Requested
Regional Property Development Investment Fund, Powys CC/Ceredigion CC	£1.5M
Lampeter Canolfan Dulais, Tai Ceredigion Housing Association	£1.5M
Research & Development Centre, Llandrindod, Private sector	£2.5M
Business Units, Dole Road Llandrindod, Powys CC	£600,000
Business Unit, Abermule Business Park, Powys CC	£700,000
Tregaron Swimming Pool Refurbishment, Tregaron Town Council	£320,000
Burgess Hall, Lampeter UWTSD	£700,000
District Heating Scheme, Tregaron, Ceredigion CC	£306,000
Business Incubation Units, Ladywell House, Newtown, Powys CC	£1M
Enterprise Park, Going Green for a Living Community Land Trust Ltd, Newtown	£1.3M

2. STRATEGIC CASE

2.1 Purpose

This outline business case seeks approval for the inclusion of a list of prioritised project proposals for Mid Wales in a draft Regional Regeneration Plan as part of the Welsh Government TRIP process. It provides the context for potential future investments and approvals through the Programme and subsequent business cases.

2.2 Strategic case

2.2.1 Organisation overview

TRIP is a Welsh Government funding programme. Welsh Government is inviting applications for regionally-endorsed local authority project proposals for a three-year period which began in April 2018.

The proposals for the programme mirrors the commitment to joined up working and doing things differently set out in '*Prosperity for All*', the Welsh Government's new national strategy. The programme will also directly contribute to the delivery of the Economy Programme under the Council's Vision 2025 and the Powys Well Being Plan.

2.2.2 Strategy and programme investment aims

The TRIP is looking to support projects that promote economic regeneration - creating jobs, enhancing skills and employability, and creating the right environment for businesses to grow and thrive – with a focus on individuals and areas most in need.

The programme seeks to develop targeted regeneration investment in the physical infrastructure of those communities that can promote economic regeneration. The aim of this programme is to facilitate the development of, and support for, regionally-significant regeneration investment proposals in defined Regeneration Areas.

Based on the programme criteria and looking to build on the legacy and impact of Welsh Government initiatives, Growing Mid Wales will focus regeneration activity on the towns under the Powys Local Growth Zone (Newtown and Severn Valley, Llandrindod Wells, Brecon) and the Teifi Valley Local Growth Zone (Llandysul, Lampeter and Tregaron as three small towns in one regeneration area). This approach will ensure value is added to existing Welsh Government investments in areas of previously identified need of economic regeneration, designated as Local Growth Zones, and will focus on the specific market towns where activity will have the greatest potential to reach the greatest number of possible residents given the dispersed nature of settlements in the region.

2.2.3 Existing arrangements

Powys was unsuccessful in securing funding through the Welsh Government's Vibrant & Viable funding programme which was the predecessor programme to TRIP. Instead funding was allocated to the Council under the Welsh Government Town Centre Loans Fund. This scheme focuses on reducing the number of empty and underused sites and premises in town centres and currently operates until the end September 2018. Loans issues through the scheme will be recycled to support other projects once repaid.

2.2.4 Business needs

The programme provides the opportunity for capital grant funding to support regeneration projects in the targeted areas. This will enable projects to be delivered which otherwise would not take place or would be delivered on a reduced scale.

2.2.5 Benefits, risks, dependencies and constraints

The Programme will support the delivery of key economic outputs and outcomes in line with the Council's corporate priorities which include the Vision 2025 Economy Programme. These include job creation, the creation of business premises and refurbishment of vacant and underused buildings.

Risks associated with the delivery of capital projects would be managed through a robust design and costing process. The Welsh Government application process will only allow funding applications for delivery stage funding to be applied for once projects have been worked up to detailed design stage. Risks will be managed in the delivery stage through good project management and contingency elements built into scheme costs.

3. ECONOMIC CASE

3.1 Critical success factors

Project activity proposals were identified through a combination of Local Authority led investments and by an open call Speculative Notice published through 'Sell To Wales'. 31 expressions of interest were subsequently submitted for the initial phase of the programme. These were evaluated by a scoring panel made up of representatives from the GMW Partnership which included Cllr Martin Weale, Cabinet Member for Planning & Regeneration. The purpose of the scoring panel was to prioritise ideas submitted for inclusion in the Partnership's Regeneration Plan.

Expressions of interest for projects were evaluated using the following scoring matrix:

Scoring Criteria	Marks Available
Capacity of organisation to handle public funding in a regeneration project. A series of questions to judge track record and financial standing of the organisation	Pass / Fail
Eligibility of Activity to receive public funding from Welsh Government	Pass / Fail
How well the proposal delivers against the regeneration Themes and Criteria outlined above & proposal viability	40
Value for money in terms of potential to deliver against those Outputs detailed on Annex 1 compared with amount of public money required.	20
Absence of significant potential development barriers (for eg compliance with planning policy, property ownership guaranteed, listed buildings constraints etc)	20
Amount and credibility of match funding.	20

A review was also undertaken of a Qualification Questionnaire for each project by procurement officers at Ceredigion County Council in respect of point 1 of the scoring

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criteria. Total scores for each EOI were discussed by the panel in order to reach a consensus.

3.2 Main options

The following initial projects were recommended for prioritisation by the Scoring Panel for inclusion in the draft Regional Regeneration Plan:

Regional Ranking	Project
	Short Term (2018/19 – 2019/2020)
1	Regional Property Development Investment Fund across all 6 towns. Lead: PCC. Covers loan and grant aid to empty / underused property development and new build where gap between value of completed building is less than cost of build / renovation (£3M total investment in years 2018 - 2021).
2	Canolfan Dulais Enterprise Centre , Lampeter. Demolition of poor quality town centre building and new build to provide enterprise units focused on growing social care sector (£4.5M total investment), ERDF and Tai Ceredigion funding to cover first year investment (2018/2019)
9	Ladywell House Business Incubation Units , Newtown. Refurbishment of the first and second floors of the building to provide high quality, modern office accommodation for established and growing businesses, plus provision of some dedicated, flexible office space to support the development of start-up and micro businesses. This will be achieved through the provision of incubation units and flexible desk space. (£3.8m total investment)
	Medium Term (2019/2020 – 2020/2021)
3	Llandrindod Research & Development Centre , Llandrindod. Construction/renovation of building (£6.35M total investment).
5	Abermule Business Park , Newtown. Development of vacant business site; infrastructure and first business units (£1.56M total investment).
4	Llandrindod Wells, business units. Vacant site infrastructure and build of first business units. (£857k total investment).
6	Tregaron Swimming Pool Refurbishment. Refurbish and extend currently closed / redundant pool + provision of additional recreation facilities with provision of associated jobs and wellbeing benefits. (total investment £460k).
7	The Lampeter Creative Heritage Centre – Making Space for Art. Redevelopment of redundant Burgess Hall building as a centre for the arts and heritage which will deliver significant new employment and business facilities in association with cultural and entertainment opportunities for the community (£1m total investment)
	Long term (2020 →)
8	Tregaron District Heating System. Biomass district heating system as part of the Integrated primary and social care development 'Cylch Caron' to serve both the development and neighbouring private and third sector businesses. (£440k total investment).

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10	Newtown Enterprise park: Development of land for environmental enterprise location. (£1.9m total investment)
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3.3 Preferred way forward

The following initial project proposals recommended for inclusion in the draft regional plan would be overseen by Powys County Council if the concepts are endorsed by Welsh Government. This would enable development stage funding to be sought, where required, for feasibility work and for projects to be worked up to tender stage prior to an invitation to apply to Welsh Government for implementation stage funding:

Project	Details	Council Role	Indicative key outputs
Regional Property Development Investment Fund	Concept proposal no details at this stage. Details would be prepared as part of project development stage.	Potential role in managing and overseeing development and delivery of fund. Costs and resources would be built into scheme proposals.	Gross jobs created – 40, Enterprises accommodated -10, No. units created/refurbished- 20
Ladywell House Business Incubation Units	Council owned site. Existing Council project and priority.	Project management and ongoing management.	Gross jobs created- 30 Number of Jobs accommodated (enabled through regeneration investment) -220 Non-residential Premises created or refurbished (sqm)- 2500
Llandrindod Research & Development Centre	Concept proposal no details at this stage. Details would be prepared as part of project development stage.	Funding application would need to be submitted by Powys CC and third party funding agreement put in place.	Gross jobs enabled – c.119 Investment induced – c.£13M Non-residential premises created or refurbished (tbc m2)
Abermule Business Park,	Council owned sited. Existing Council project and priority. Outline planning permission submitted.	Project management and ongoing management.	Enterprises accommodated-3 Hectares of Land developed - 0.5, Non-residential Premises created or refurbished (sqm) - 550
Llandrindod Wells, business units.	Council owned site. Funding would be applied for to support feasibility and design stage.	Project management and ongoing management.	Enterprises accommodated -4 Hectares of Land developed -0.6 Non-residential

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			Premises created or refurbished (sqm) - 550
Newtown Enterprise park:	Concept proposal no details at this stage. Details would be prepared as part of project feasibility and design stage.	Funding application would need to be submitted by Powys CC and third party funding agreement put in place.	Gross jobs created – 13 Hectares of land developed – 1.5, Non-residential Premises created or refurbished (sqm) - 1,398

4. COMMERCIAL CASE

4.1 Procurement strategy

The procurement strategy for individual projects proposals would be prepared as part of the project development stage. Projects must be worked up to tender stage in order to apply to Welsh Government for implementation funding through the programme. Procurement proposals will comply Welsh Government and Council standing orders and tendering requirements.

Project	Indicative Procurement Process
Regional Property Development Investment Fund	Quotes/tender process to be complied with by individual applicants
Ladywell House Business Incubation Units	HWPS/open tender
Automobile Palace Research & Development Centre	Tender process requirements to be complied with by applicant
Abermule Business Park,	Framework/open tender
Llandrindod Wells, business units.	HWPS/open tender
Newtown Enterprise park	Tender process requirements to be complied with by applicant

5. FINANCIAL CASE

5.1 Indicative cost

A notional funding allocation of £7m has been outlined for the region, on a *per capita* basis, to assist with planning the programme. This is not a fixed budget, but an indication of the available budget over the initial 3-year period. Actual allocations will be dependent on the quality of projects approved and the decisions of the WG National Panel. A pipeline of project proposals over and above this allocation is therefore proposed which will be reviewed on an annual basis.

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Should a project succeed in gaining a funding approval, Welsh Government will enter into contract with the relevant County Council for the delivery of the project. Where appropriate, the County Council will in turn enter into contract with the sponsor to deliver the project, passing on the funding and associated terms and conditions.

Intervention rates will vary for each proposal but will most likely follow the following criteria:

- Minimum amount of grant to be awarded to enable the investment to take place.
- Any grant awards will be made within the constraints of State aid regulations applicable at time of award. The State Aid mechanism will need to be agreed on a case by case basis.
- The maximum level of grant intervention is set at 50% for development stage funding and 70% for implementation stage.

5.2 Funding arrangements

The indicative TRIP funding profile for the initial project proposals across the region is as follows:

Regional Ranking	Project	Indicative TRI Grant Funding				
		2018/19 £k	2019/20 £k	2020/21 £k	Future £k	Total £k
	Short Term (2018/19 – 2019/2020)					
1	Regional Property Development Investment Fund	200	600	700	700	2200
2	Canolfan Dulais Enterprise Centre	0	1000	500	0	1500
9	Ladywell House Business Incubation Units	500	500	0	0	1000
	Medium Term (2019/2020 – 2020/2021)					
3	Research & Development Centre	0	2500	0	0	2500
5	Abermule Business Park	0	700	0	0	700
4	Llandrindod Wells, business units.	0	600	0	0	600
6	Tregaron Swimming Pool Refurbishment.	0	160	160	0	320
7	The Lampeter Creative Heritage Centre – Making Space for Art.	0	350	350	0	700

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	Long term (2020 →)					
8	Tregaron District Heating System. businesses.	0	100	206	0	306
10	Newtown Enterprise park:	0	350	950	0	1300
	TOTALS:	£700k	£6.86M	£2.866M	£700k	£11.126

5.3 Affordability

Match funding for Powys and other schemes would be worked up as part of the development stage of the projects subject to their approval by Welsh Government.

A budget request has been made to the Council's Capital Programme for match funding towards the programme as follows:

2018-19	2019-20	2020-21
£150,000	£250,000	£200,000

The three year bid has been approved and funding of £150,000 allocated in the current financial year. Funding for 19/20 and 20/21 will need to be confirmed in the budget process for each respective year.

Project	Indicative TRI Funding	Indicative Match funding	Indicative Total	Likely Revenue Implications to PCC
Regional Property Development Investment Fund	£2.2M	£2M Source: Town Centre Loan scheme Third party applicants	£4.2M	Third party schemes – no implications
Ladywell House Business Incubation Units	£1M	£2.8M Source: Powys CC - existing Capital Programme allocation	£3.8M	Income generation to cover revenue costs
Research & Development Centre	£2.5M	£3.85M Source: Private Sector, EU	£6.35M	Third party schemes – no implications

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		Town Centre Loan scheme		
Abermule Business Park	700k	£300,000 Source: Powys CC - existing Capital Programme allocation	£1M	Income generation to cover revenue costs
Llandrindod Wells, business units	600k	£250,000 Source: Powys CC - Capital Programme	£850,000	Income generation to cover revenue costs
Newtown Enterprise park	£1.3M	£600,000 Source: Big Lottery	£1.9M	Third party schemes – no implications

6. MANAGEMENT CASE

6.1 Programme management arrangements

As required by Welsh Government, TRIP is being delivered on a regional basis through the Growing Mid Wales Partnership involving a broad range of stakeholders from the public, private and voluntary sectors.

The GMW Partnership is required to compile a Regeneration Plan for the region to provide a strategic framework and context for project proposals. This will be an evolving document that can be adapted to meet emerging challenges and opportunities. To qualify for funding, the Partnership has to identify specific project investment proposals and include these in the Regeneration Plan which can be reviewed and updated.

Inclusion of project ideas in the Regeneration Plan does not guarantee that those projects will receive funding. Regional proposals for investment will be scrutinised and assessed by a National Regeneration Investment Panel. Applications will be invited from prioritised projects for development stage funding to work projects up to tender stage. Once at tender stage, projects may apply to Welsh Government for implementation funding. Applications for funding would be submitted by the relevant Council and required internal approval prior to submission.

Where full applications are approved, Welsh Government will enter into a contract with the relevant Council for the delivery of that project. If an approved project is sponsored by an external organisation, the Council would then need to enter into a legal contract with that organisation to pass on the funding and associated risks.

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The general principles of the emerging management arrangements are:

i. Where project activity is on the form of an umbrella targeted grant scheme:

A Lead Authority is to be agreed by the GMW Partnership and nominated as 'Lead Body' to be financially responsible for the funding and to contract with Welsh Government on behalf of the region for that project. Delegated powers for individual project investment approvals to be sought from respective Cabinets to be given to a joint 'Steering Group' drawn from and nominated and agreed by the GMW Partnership that is representative of all sectors.

The 'Steering Group' to be able to make "delegated" approvals against individual applications up to a threshold of total grant awarded, where that threshold is to be agreed with Welsh Government. Appropriate delegated powers will be sought from respective Cabinets / Monitoring officers to enable these approvals to be made.

Steering Group to recommend awards based on evidence based scoring against scheme criteria that drive investment in the very best proposals. There will be no geographical ring fencing to any of the 6 identified towns to begin with, unless the grant scheme criteria define such targeting. The Lead Body formally awards the offer of funding and invites the applicant to enter into a contract with it.

The 'Lead Body' enters into contract with successful applicants to deliver the individual developments in accordance with recommendations received from the 'Steering Group'. Grant awards made with the minimum amount of grant necessary to enable the investment to proceed and within State Aid regulations where applicable. Where State Aid is applicable then either De Minimis or the Welsh Local Government Aid scheme SA.49737 exemption within GBER to be used.

ii. Where project activity is in the form of more specific individual assessments:

The Local Authority in which that investment takes place will be the financially responsible 'Lead Body' and progress the proposal by working with the potential sponsor to develop the project through to an application to Welsh Government and then enter into contract with both the sponsor of the project and the Welsh Government should it become approved. The 'Lead Body' will effectively be a conduit between Welsh Government and the project sponsor to pass on money and obligations in accordance with the specific project contract. The 'Lead Body' will recoup the administration costs of doing this by adding project management costs to the project costs.

Authority for a 'Lead Body' to make an application to Welsh Government and enter into any subsequent contract with Welsh Government will be in accordance with the standing orders for the relevant Local Authority.

6.2 Programme milestones

End July 2018	Inclusion of initial project proposals in draft Regional Regeneration Plan
August 2018+	Applications to Welsh Government for Development Funding on a rolling basis
August 2018+	Project Design/Feasibility commences

September 2018+ Applications to Welsh Government for Implementation Funding on a rolling basis (subject to internal approvals)

6.3 Risk Management

The current proposal relates only to the inclusion of initial project proposals in the draft regional regeneration plan. A detailed risk assessment will be undertaken as part of the development stage and implantation stage of potential projects.