

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	COUNCIL	16 JULY 2018	8
FAIRHAVEN HLF PROJECT UNDERWRITING			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The Council has previously confirmed its support for a Heritage Lottery Fund bid in relation to a scheme for the restoration of Fairhaven Lake and Gardens and has considered a number of reports on the progress of the bid since 2013.

The Heritage Lottery Fund has a two round bidding process, the first round being the development phase of the scheme and the second round being the implementation phase. Officers have developed the scheme since its inception and are now at a point where a full Round 2 capital funding application to the Heritage Lottery Fund (HLF) is to be submitted in August 2018. The bid ,through the 'Parks for People' grant funding programme, will be for a scheme with a cost of around £3million, approximately half of which would be provided from the HLF, with the remainder being formed by contributions from a range of other organisations, including Fylde Council.

The Heritage Lottery Fund have warned of significantly greater Round 2 competition for scheme approval due to increased budget pressures and therefore have requested any unsecured match funding to be underwritten at time of Round 2 submission. At the present time, and possibly also at the point at which the bid is submitted, not all of the external contributions will have been confirmed. At present some £343k is not yet confirmed.

Consequently the Council is now requested to approve the underwriting of the as yet unconfirmed funding for the Fairhaven Lake and Gardens lottery scheme in the maximum sum of £343k in order to ensure that the bid has the best possible chance of success.

The final bid document will be considered by the Tourism and Leisure Committee at the meeting of 26th July 2018, prior to its submission to HLF in August 2018.

RECOMMENDATION

1. To approve an addition to the Capital Programme for 2018/19, should it become necessary, in relation to the underwriting of the Fairhaven Lake and Gardens Heritage Lottery Fund bid in a maximum sum of £343k to be met from the Capital Investment Reserve.

SUMMARY OF PREVIOUS DECISIONS

Council – Monday 4th March 2013 (in respect of the approval to the capital growth item for the Fairhaven Lake and Promenade Gardens Heritage Lottery bid in the sum of £20,000):

After a full and detailed debate, it was RESOLVED:

1. That approval be given to the following:

(e) The updated Five Year Capital Programme including the changes proposed by Cabinet, as set out in Appendix G;

"Funding to support a first round Heritage Lottery Fund (Parks for People programme) bid to work up restoration proposals for Fairhaven Lake and Promenade Gardens historic buildings, landscapes and structures. The Heritage Lottery Fund has a two round bidding process, the first round is the Development Phase and the second round is project implementation. Each bidding round is competitive and it is expected that a further application will be made dependant on the extent of support from the Heritage Lottery Fund".

Final MTFS Budget Council Meeting 2 March 2016, it was RESOLVED:

1. To approve and adopt the recommendations of the Finance and Democracy Committee as follows:

(a) The revised estimates for 2015/16 and the revenue budget for 2016/17 as set out in Appendix E, which includes a transfer to the Funding Volatility Reserve in the sum of £3.0m and a transfer to the Capital Investment Reserve in the sum of £32k, the purpose of the Funding Volatility Reserve being described within the report as being:

*"For release to support the revenue budget as and when necessary to cushion the impact of future funding reductions and to fund investment in activity to stimulate Economic Development in the Borough, **with the first call on this reserve being as match funding for the Fairhaven lottery bid should this be successful in the maximum sum of £400k**".*

Note: At this stage of the project no further contribution is required by Fylde Council in addition to the £20,000 that was approved by Council in March 2013 (which has remained within the approved capital programme) and the Direct Revenue Financing from existing approved revenue budgets in the sum of £18,352. If the round two submission is successful the further £400,000 contribution would be required.

Tourism & Leisure Committee 22nd June 2017, After consideration IT WAS RESOLVED to recommend to Full Council:

1. To approve a fully-funded increase in the total scheme value within the Capital Programme for 2017/18 in the sum of £200,336 in respect of the Fairhaven Lake & Gardens Restoration Project, to be met in full as detailed in the report.

2. To authorise the proposed expenditure in respect of the scheme in the total sum of £220,366 as detailed within this report, subject to the approval by Council to the increase in the scheme value (as set out at 1 above). The funding will be used to recruit the two officers, lead consultant and quantity surveyor to develop and to submit a second round capital bid to the Heritage Lottery Fund as detailed in the report.

Council meeting 17th July 2017 – it was RESOLVED to approve a fully-funded increase in the total scheme value within the Capital Programme in respect of the Fairhaven Lake & Gardens Restoration Project for 2017/2018 in the sum of £200,336, to be met in full as detailed in the report.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	✓
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	✓
Promoting Fylde as a great destination to visit (A Great Place to Visit)	✓

REPORT

BACKGROUND

1. The Council have been progressing a Round 2 capital funding application to the Heritage Lottery Fund (HLF) through the 'Parks for People' grant funding programme, with a total bid value of circa £3million; approximately £1.5million will come from the HLF with the remainder being contributed from a range of other organisations, including Fylde Council.
2. During the development phase the project team have identified and applied for match-funding from a range of external bodies in order to improve the overall project outcomes which will deliver more activities, reach wider audiences, reduce the percentage of HLF funding and maximise the future sustainability of a restored Fairhaven Lake and Gardens. These enhancements will give the project a far better chance of competing with other projects at Round 2, and will hopefully lead to a successful bid.

ROUND 1 COST POSITION

3. The Round 1 submission in August 2016 originally included an application to the HLF for £1,476,664 set against a total project cost of £2,516,989. The remaining £1,040,325 was to be obtained from a number of sources including contributions from the Council, private/statutory/charitable organisations and a number of future speculative funding applications from varying external funding bodies. The HLF grant equated to 58.67% of the overall project cost. The following table shows a full breakdown of the project income at Round 1:

Source of funding	Description	Secured?	Value
Local authority		Yes	£400,167
Other public sector			
Central government	Environment Agency - funding for inlet repairs and some landscaping/surfacing	Yes	£271,058
European Union			
Private donation - Individual			
Private donation - Trusts/Charities/Foundations	RSPB	No	£8,000
Private donation - corporate			
Commercial/business	United Utilities and café operator fit out of kitchens and serveries	No	£87,000
Own reserves			
Other fundraising	See schedule of fundraising		£100,000
Increased management and maintenance Costs (maximum five years)	Committed extra revenue funding from Fylde BC - 5 years at £20,000 per year	Yes	£100,000
Non-cash contributions			
Volunteer time			£74,100
HLF grant request			£1,476,664
Total			£2,516,989

Total delivery costs	£2,516,989
Total delivery income	£1,040,325
HLF delivery grant request	£1,476,664
HLF delivery grant %	58.67%

ROUND 2 COST POSITION

4. During the development phase of the project a number of further relevant match funding sources were identified which were previously not considered or did not exist at the time of the Round 1 bid submission. Officers have progressed bids to these funding bodies in order to strengthen the Round 2 submission as per point 2 above.
5. The current income position that will form the Round 2 bid submission is shown in the table below. This position shows a decrease in the HLF grant funding to match funding ratio from 59% to 49%, which will make the Fairhaven bid far more competitive against other bids at Round 2.

Source of funding	Description	Secured?	Value
Local authority	Capital Contribution	Yes	£400,167
Local Authority	Council funding for Stannah bank re-grading and footpath formation	Yes	£120,000
Local Authority	Parks and Technical Services Budget for in-house landscaping	Yes	£72,930
Central government	Environment Agency - funding for inlet repairs and some landscaping/surfacing	Yes	£328,636
European Union			
Private donation - Individual			
Private donation - Trusts/Charities/Foundations	RSPB	Yes	£8,000
Private donation - corporate			
Commercial/business	United Utilities	Yes	£60,000
Commercial/business	Café operator contribution to fit-out	Yes	£15,000
Own reserves			
Other fundraising	See schedule of fundraising	£15k secured	£357,897
Increased management and maintenance Costs (maximum five years)	Committed extra revenue funding from Fylde BC - 5 years at £20,000 per year	Yes	£100,000
Non-cash contributions			
Volunteer time			£74,100
HLF grant request			£1,476,664
Total			£3,013,394

Total delivery costs	£3,013,394
Total delivery income	£1,536,730
HLF delivery grant request	£1,476,664
HLF delivery grant %	49.00%

CURRENT POSITION - MATCH FUNDING AND UNDERWRITING

6. The match funding total (labelled as 'Other fundraising') as referred to in the table above totals £357,897, £15,000 of which has been secured already from the Lytham Schools Foundation and therefore does not require underwriting. The remaining unsecured match funding totals £342,897 which is shown in the following table:

Funding Source	Amount	Summary of Funding	Decision Due
Sport England Community Asset Fund	£131,791	Match funding for the Watersports Centre and Community Facility. A two-stage decision process. First stage submission by Fylde Council was issued late March 2018 and will now progress to stage 2 after confirmation via Sport England on 27 th June 2018.	Stage one confirmation received June 2018. Stage two decision due August /September 2018.
Coastal Community Fund	£130,000	Match funding for the lake desilting package. Two-stage funding process. Funding guidance was issued late February 2018 and a submission was made by Fylde Council on 30 th April 2018.	Stage one expected – July 2018. Stage two due October 2018.
Lawn Tennis Association	£51,106	Pre-application for tennis improvements match funding at Fairhaven in partnership with local Fylde clubs and Blackpool Council. This was lodged by Fylde Council at end May 2018 to go forward to LTA June Board. If successful the bid will be developed in partnership with the LTA and will go to full LTA funding Board towards the end of 2018.	Stage one expected early July 2018. Stage two due September /October 2018.
Lancashire Environmental Fund	£30,000	Not applied to yet due to the 6 month process restriction (grant must be expended within 6 months of application). The lead officers are confident of securing at least one LEF bid for the project and have been successful on many occasions for past projects working with friends groups.	2019
Sub Total	£342,897		

7. If the unsecured match funding total is not underwritten, the amount of secured funding to date would total £2,670,497 (including the proposed HLF grant) which would equate to 55% HLF to match funding ratio.
8. Although a scheme could be delivered for this amount, there would be a significant detrimental impact on the quality of the project and therefore the quality of the Round 2 submission. A number of strategic and specific consequences would result from the submission of a weakened bid application which are described in further detail below.

STRATEGIC

9. In the intervening period between achieving Round 1 development grant funding and the present position, the HLF have made significant changes to their funding allocations due to budget pressures resulting from a drop in lottery ticket sales, which in turn has led to a reduction in HLF grant awards.
10. The Parks for People programme (which the Fairhaven HLF project is funded through) is specific to public park restoration but is being discontinued as of December 2018 and therefore this project will be one of the last park projects to be considered for full capital funding.
11. The current funding programmes will be rationalised into a general heritage grants programme which will contain a much wider set of heritage projects for funding consideration – listed buildings, museums etc. and therefore public park projects will be in direct competition, thus making a successful bid even more difficult.

12. This significantly reduces the chances of a restoration project like Fairhaven (with limited local heritage) ever being considered for major capital funding in the future by the HLF.
13. Therefore this process should be considered as a last chance to secure circa £1.5m to act as the catalyst for the much needed restoration of Fairhaven – one of the Council's key strategic priorities.

SPECIFIC

14. Without the underwritten match funding amounts included within the Round 2 application, the specific consequences could amount to the following reductions in the scheme:
 - Rationalisation of current planned building works – potentially reducing down from 3 to 2 building refurbishments
 - Reducing overall architectural quality of the café restoration
 - Reducing the amount of dredging to the lake which will reduce the quality and range of water based activities
 - Scaled back tennis improvements (current overprovision and poor quality)
 - Removal of proposed boat storage yard and reduction of infrastructure improvements.
15. Officers consider that the potential reductions to the proposed scheme will lead to a diminished HLF bid being submitted which would significantly impact the project's chances of approval at the extremely competitive Round 2 submission stage.
16. Underwriting of the unsecured match funding would significantly increase the chances of bid success at the Round 2 phase as it underlines the strength of the Council's support for the project and addresses specific feedback made by the HLF Case Officer (that all unsecured match funding at time of Round 2 submission should be underwritten) along with the wider strategic context regarding overall HLF funding programmes. In addition to this it brings the total ratio of HLF funding to 49% in comparison to 55% with no underwriting.
17. A report will be presented at a special meeting of the Tourism and Leisure Committee on the 26th July 2018 asking for support for the second round bid to the HLF as detailed in this report. The request to Full Council to underwrite the £343K as detailed in this report will be dependent on the Tourism and Leisure Committee approving the full restoration project and the second round submission to the HLF in August 2018.

IMPLICATIONS	
Finance	The Council are recommended to approve an addition to the Capital Programme for 2018/19, should it become necessary, in relation to the underwriting of the Fairhaven Lake and Gardens Heritage Lottery Fund bid in a maximum sum of £343k to be met from the Capital Investment Reserve.
Legal	None arising from this report
Community Safety	Provision of modern recreational facilities is important in terms of providing diversionary activities
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	The new management and maintenance plan for the restored site will cover any potential changes to site management & maintenance and will ensure minimal environmental impact
Health & Safety and Risk Management	The tender requests detailed Health and Safety information which will be developed by the successful contractor prior to starting on site to safeguard the public and contractor personnel

LEAD AUTHOR	CONTACT DETAILS	DATE
Charlie Richards	charlie.richards@fylde.gov.uk 01253 658472	June 2018

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Budget Council Minutes	4 March 2013	Budget Council Minutes
Budget Council Minutes	2 March 2016	Budget Council Minutes
Tourism & Leisure Committee Minutes	22 June 2017	Tourism & Leisure Committee Minutes
Full Council Minutes	17 July 2017	Full Council Minutes