

Decision maker:	Director for economy and place
Decision date:	Wednesday 10 April 2019
Title of report:	One Public Estate - Wave 7 Funding
Report by:	Strategic property services manager

Classification

Open

Decision type

Non-key

Wards affected

Widemarsh and Central

Purpose and summary

To approve the receipt of One Public Estate (OPE) funds of £335k which have been awarded to Herefordshire Council as the accountable body following a bid to the Cabinet Office for OPE Phase 7 central government monies in respect of funding to bring forward the following projects: Urban Village Development, to undertake masterplanning and feasibility work to release land for key worker housing, etc; Refurbishment of the Lionel Green Building, Hereford Hospital, to enable the relocation of services and release other premises for redevelopment and to provide funding for a One Public Estate Programme Manager.

Herefordshire Council will receive the funds as the lead authority in respect of One Herefordshire group of public sector organisations further to the original award under OPE Wave 5, which was subject to an earlier decision dated 27 July 2017. The funding award is split between direct grant (non-repayable - £135k) and sustainable grant (repayable - £200k). Approval to receive the funds will enable the S.151 Officer to sign a Memorandum of Understanding to enable the transfer of funds to the council.

Recommendation(s)

That:

- (a) **further to a successful bid to the cabinet office the council accepts receipt of OPE Phase 7 funding of £335k as the accountable body on behalf of the One Herefordshire group of public sector organisations.**

Alternative options

1. Not to accept the funding: this will mean that alternative sources of funding will have to be found to replace the direct grant by Wye Valley NHS Trust as the owner and project lead for the Lionel Green Building refurbishment. It is likely that without this funding a dedicated Programme Manager will not be appointed therefore running a risk to the delivery of the existing OPE programme due to a lack of resource. By not accepting the sustainable grant then it will take longer to bring forward the desired outcomes in terms from the delivery of the Urban Village project. This option may also have reputational risk given that One Herefordshire is seen as a high performing OPE body to turn down the funding would have negative impact on the relationship with OPE Regional Managers and the Cabinet Office.

Key considerations

2. One Public Estate (OPE) is a national programme run by the Cabinet Office Government Property Unit and the Local Government Association. It provides support, mainly in the form of funding to the council to deliver property focussed programmes in collaboration with central government and other public sector organisations. The OPE programme promotes joint working across the public sector to make use of assets. It has three key objectives; creating economic growth (homes and jobs), delivering more integrated services and generating efficiencies through capital receipts and reduced running costs.
3. One Herefordshire is a group of public sector organisations comprising Herefordshire Council, Herefordshire Clinical Commissioning Group (CCG), Wye Valley NHS Trust, West Mercia Police and Hereford and Worcester Fire and Rescue Service. The council is the lead authority and account holder having been accepted into the OPE programme in April 2017.
4. The council has successfully bid for OPE funding under previous allocations and submitted a bid for Wave 7 funding of £480k in late 2018. This bid was submitted in consultation with partners from the One Herefordshire group where all organisations were given the opportunity to put forward projects which meet the aims and objectives of the OPE programme. Notification was received on 15 February 2019 that the council had been successful in securing an offer of funding of £335k in respect of three projects specified within the bid:
 - a) direct grant of £75k for feasibility work in respect of the refurbishment of redundant premises at the Hereford County Hospital to enable other land/buildings to be released for redevelopment to provide key worker residential accommodation;
 - b) direct grant of £60k to fund an OPE programme manager for one year. It was suggested by our Regional Manager that the application included this post which,

- if successful, would help support the existing programme and new as currently this role is split between a number of officers ; and
- c) sustainable grant (loan) of £200k to fund feasibility work in respect of the Urban Village, Hereford. This will support all the masterplanning work.
5. Guidance from OPE regional manager indicated that bids for only direct grant were unlikely to be successful and submissions for a mixture of direct and sustainable grant funding would be viewed more favourably.
 6. The majority of land identified as having the potential to deliver the development of an Urban Village is in council ownership. The Urban Village project is at an early stage and it was felt that a bid for sustainable grant for this project would be appropriate, as repayment can be funded from the revenue generated or capital receipts received from the future development of the land over the next three years, as the sustainable grant has to be repaid by the end of the financial year 2021/22. The availability of the sustainable grant will aid cash flow and enable feasibility work to support the masterplanning to commence in late spring 2019, which is earlier than originally estimated.
 7. The direct grant to fund a Programme Manager will mean that dedicated resource can be sourced to manage the OPE programme and help accelerate the delivery of projects as resource is currently split across other business areas as well as One Herefordshire OPE.
 8. The direct grant to fund feasibility work at Hereford County Hospital will enable the NHS Trust to bring forward a refurbishment scheme which will release property within their estate to be used in the provision of key worker accommodation. The ability to provide accommodation will assist the NHS Trust in recruiting and retaining key staff as this is recognised as a significant issue with regard to future service delivery.
 9. Receipt of the funding is conditional on the council signing and returning a Memorandum of Understanding (MoU) by 8 March 2019. The MoU is not legally binding but the council is expected to honour its commitment as fund holder to ensure the appropriate management and monitoring of the awarded monies. There are no clawback clauses in the MoU but we would operate the grant through normal best practice and governance approaches.

Community impact

10. This funding facilitates the pre-work to be undertaken to identify the appropriate development of land and buildings for residential purposes would help to meet the council's housing targets in providing additional market and affordable housing, including key worker accommodation, as well as supporting economic growth.
11. The rationalisation, modernisation and provision of infrastructure will improve both access to and the effectiveness of the operational use of buildings which therefore meets the OPE outcomes.

Equality duty

12. Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The public sector equality duty requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services. Our providers and partners will be made aware of their contractual requirements in regards to equality legislation. The procurement of the feasibility work will be carried out in accordance with the Equality Act and our own Equality Policy. Equality Impact Assessments will form part of the remit of the feasibility projects. The decision to either employ a dedicated Programme Manager or whether it will be disaggregated into current resources is yet to be decided. Any recruitment will be carried out in accordance with the Equality Act and our own Equality Policy.

Resource implications

14. Funding of £335k has been awarded by Cabinet Office and once received the council can draw on the funding in respect of the specific projects/items referred to in the award.
15. The funding is not identified in the medium term financial plan and is therefore an opportunity to source monies from outside the council’s existing budget.
16. Key benefits to the council will be funding to secure resource to manage the OPE programme thereby providing a cash saving, and easing cash flow in respect of the cost of feasibility work to bring forward the Urban Village on mainly council owned land. The Urban Village and Lionel Green building projects will be issued with separate offer letters which outline the responsibilities from an OPE perspective. This will be managed and monitored before funding is released. The Programme Manager role recruitment or disaggregation is yet to be decided.
17. The loan will be repaid either through economy and place revenue budget unless the project has developed enough to be capitalised, in line with the capital guidance policy and repaid at that time through use of the Development Partnership capital budget.

Revenue or Capital cost of project (indicate R or C)	2019/20	2020/21	2021/22	Future Years	Total

	£000	£000	£000	£000	£000
<i>Repayment of Sustainable Grant (C)</i>	0	0	200	0	200
Programme Manager cost (Rev)	60				60
Lionel Green Project WVT – Cap		75			75
TOTAL	60	750	200		335

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
<i>OPE Wave 7 funding (external)</i>	335	0	0	0	335
TOTAL	335	0	0	0	335

Revenue budget implications	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
<i>Cash saving from funding for an OPE Programme Manager</i>	60	0	0	0	60
TOTAL	60	0	0	0	60

Legal implications

18. The grant monies that will be paid on signature of the Memorandum of Understanding (“MOU”) are to be used towards the Herefordshire One Public Estate Partnership’s OPE programme.
19. Section 31 of the Local Government Act 2003 states that a Minister of the Crown may pay a grant to a local authority towards expenditure incurred or to be incurred by the local authority towards expenditure incurred or to be incurred by the local authority. The section further defines amounts payable and provisions for grant conditions.
20. The MOU sets out the terms on which both the Grant Funding and the Sustainable Grant Funding is provided including fact that the Grant Funding does not require repayment but the Sustainable Grant Funding will need to be repaid by 30 April 2022. The council must ensure that it has fully considered how the Sustainable Grant Funding will be repaid by 2022 and how such repayment will be funded.
21. The MOU also details what the grant is to be used for and other obligations on the council including meeting the pre-selection criteria, reporting, publicity requirements and working in a collaborative manner with the Local Government Association, the Office of Government and MHCLG.
22. The MOU needs to be signed by appropriate officers and returned by 8 March 2018.
23. Although the MOU is not legally binding, it is to be entered into as a statement of intent. The terms of the MOU are acceptable to the council.

Risk management

24. The following risks and mitigation are as follows:

Risk / opportunity	Mitigation
Inability to repay sustainable grant by the end of 2021/22	Project planning the generation of revenue from the development of council land by the end of this period. Making provision for this sum in the 2021/22 capital budget if there is advance indication that the realisation of revenue is likely to be delayed.
Benefits required to be released from the provision of OPE funds are not forthcoming and monies are asked to be returned	Ongoing monitoring and mandatory quarterly reporting to OPE Regional Managers will ensure that objectives are met.

25. The principle risk is in respect of the repayment of sustainable grant and this will be factored into the project management process for the Urban Village.

Consultees

26. The Cabinet Member Contracts and Assets has been consulted and has raised no issues or concerns. In addition the Widemarsh and Central Hereford ward members have been consulted and have not raised any issues or concerns.

Appendices

None

Background papers

None identified.