

Town Centre Capital Fund – Update**Report by Kevin Anderson, Executive Director - Place****Report for Noting****1. Recommendations**

It is recommended that Council:

- a. Notes the revised timescales from SG for delivery of Town Centre Capital Fund (TCCF) projects and progress on the Midlothian projects to date.
- b. Notes the proposed changes to the Penicuik Town Hall project

2. Purpose of Report

The purpose of this report is to provide Council with a progress update on the projects allocated funding from the Scottish Government Town Centre Capital Fund (TCCF). The allocation of £910k was awarded to Midlothian Council, as set out in the report to Council on 1st October 2019; and to seek approval for delegated authority to accept proposed revisions to the Penicuik Town Hall project.

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3. Background and revisions to timescales

- 3.1 In spring 2019, it was announced that each local authority in Scotland would receive a share from the Scottish Government's £50m Town Centre Capital Fund. The aim of the fund is to enable local authorities to stimulate and support place based economic investments which encourage town centres to diversify and flourish, creating footfall through local improvements and partnerships.
- 3.2 Midlothian Council's funding allocation is £910k. The Scottish Government initially stipulated that all funding must be committed and spent by March 2020, with all building works to complete by September 2020. However, an extension to these deadlines was advised by email on 20 February 2020, allowing for an additional year for committing funding (until March 2021) and works to be completed by September 2021.
- 3.3 A report was submitted and approved by Cabinet in May 2019 which set out the process for promoting the TCCF fund and identifying suitable projects. A list of recommended projects was presented to Council and approved on 1 October 2019.
- 3.4 Ongoing management of the process (as agreed at Cabinet in May 2019) has been undertaken by a panel comprising officers from Economic Development, Planning, Estates and the Communities Team. Representatives from the Third Sector Interface and the Chamber of Commerce have supported the ongoing management of the funds.

4. TCCF Fund Update

- 4.1 There are a total of seven Midlothian projects underway, with the majority on target to complete within the original time period i.e. September 2020.
- 4.2 Covid-19 has delayed a number of projects owing to shut down in construction sites/supply but it is unlikely to negatively impact delivery of these projects given the revised Scottish Government timescales.
- 4.3 Monthly reports are received from all applicants and the project board is satisfied with progress and does not anticipate any under allocation of Midlothian funds.

Project & Applicant	£
Refurbishment of pavilion - Mayfield & Easthouses Development Trust	£49,097.10
Replacement of church hall roof - St Johns & Kings Park Church	£57,790.00
Dalkeith bus shelter replacement - Midlothian Council Transport Team	£25,000.00
Penicuik Town Hall - Midlothian Council, Planning	£601,180.00
Rosewell nursery expansion – Loanhead after school club	£100,000.00
Dalkeith Country Park - Public Access	£49,356.23
Installation of a training kitchen and boiler – Gorebridge Community Cares	£27,576.67
TOTAL	£910,000.00

5. Penicuik Town Hall

- 5.1 The Penicuik Town Hall project managed by Council officers is the largest of the TCCF projects. The grant application for this project was for a total of £601,180 to carry out works as detailed below in **Table 1**:

Work Item No.	Work Description	Total Grant Application- £601,180
1	Stone and Roof enhancement of Penicuik Town Hall	£59,180 (A further £106,233 of grant funding would be sought from the National Lottery Heritage Fund and Historic Environment Scotland when the project scope and costs are agreed and drawn up. The £106,233 would be in addition to the £59,180. The total spend on stone and roof enhancement would be £165,413 (£59,180 + £106,233).
2	Access Ramp and Stairs to Town Hall and public realm in front of Town Hall	£165,000
3	Public realm from Town Hall to St Mungo's Church	£72,000
4	Install renewable energy equipment in Penicuik Town Hall	£275,000
5	Install publicly available Wi-Fi in Penicuik Town Hall	£30,000
TOTAL		£601,180 (+ £106,233)

The project was awarded a total grant of £381,756.67

- 5.2 A report to Council on 1st October 2019 informed members that the Hardengreen to Newtongrange Cycleway project was unable to deliver within the timescales thereby releasing £247,000 of funding for other projects. £219,423.33 of this was reallocated to Penicuik Town Hall as a priority project under governance arrangements approved by Cabinet, with the balance of £27,576.67 being awarded to the Gorebridge Community Cares project.
- 5.3 Work is underway to deliver the Penicuik Town Hall project. Variations in cost between initial estimates and tenders received for the various elements of work within the project have resulted in the Penicuik Town Hall project manager proposing changes to the TCCF project board which have no cost implications but differ from the original application.

5.4 The revised scope and indicative costs for the Penicuik Town Hall project are detailed in Table 3 below:

Table 3

Item No.	Work Description	Cost
1	Stone and Roof enhancement of Penicuik Town Hall (to be partially funded by £106,233 of grant funding from National Lottery Heritage Fund and Historic Environment Scotland)	Initial Cost Estimate £165,413 Revised Cost Estimate £398,909
2	Installation in Penicuik Town Hall of: <ul style="list-style-type: none"> • new gas boiler; • combined heat and power system (CHP), • solar PVs; and • loft insulation 	Initial Cost Estimate £275,000 Revised Cost Estimate £302,877
3	Installation of publicly accessible Wifi in Penicuik Town Hall	Initial cost Estimate £30,000 Revised Cost Estimate £5,627
4	Public Realm and Access Improvements at the Entrance to Penicuik Town Hall This work will no longer be carried out under the TCCF project	Initial cost Estimate £165,000 Revised Cost Estimate £0
5	Public Realm works between Penicuik Town Hall and St Mungo's Church This work will no longer be carried out under the TCCF project	Initial cost Estimate £72,000 Revised Cost Estimate £0
Total Cost		£707,413
Total Budget		£707,413

5.5 The proposed changes will deliver significant stone and roof enhancements for the Town Hall. They will also deliver carbon and financial savings through an upgraded and more efficient heating and power system, partially powered by solar photo voltaic panels on the Town Hall roof. Determination of the planning and listed building applications have been delayed because the required bat survey of the building has not been undertaken due to the Covid-19 outbreak.

5.6 Changes to the scope of works for the project are as a result of the following:

- **Penicuik Town Hall Stone and Roof Enhancement** -The design team architects have indicated that additional budget is required to carry out

advisable works that were not apparent until detailed surveys had been completed

- **Installation of Renewable Energy Equipment in Penicuik Town Hall -** The design team mechanical and electrical engineers after visiting site advised that the Town Hall boilers were beyond useful life and need to be replaced. The engineers advised that to maximise carbon and financial cost savings, the boilers and radiators should be replaced and a new combined heat and power system be installed. The combined heat and power system could be partially powered by an air source heat pump and solar photo voltaic panels. The initial application to TCCF in August 2019 sought funding for the installation of renewable energy equipment however the requirement to replace the boilers was not known at that time.
- On receipt of tenders there was insufficient budget available to provide the air source heat pump and new radiators. Additional budget in the region of £75,000 would have been needed to include these two elements in the project.
- **Public realm works -** the two areas of public realm enhancements originally included within the scope of the town hall project; access and footpath improvements at the entrance to Penicuik Town Hall and footpath improvements between Penicuik Town Hall and St Mungos Church, have been removed as a result of the increased costs associated with the Town Hall stone and roof enhancement and the installation of the renewable energy equipment in the Town Hall. The public realm was considered by the project team to be of less priority and importance than the stone and roof works and heating/renewable energy components.

5.7 The approved application was for significant refurbishment and enhancement works to be undertaken to ensure the building is accessible and sustainable, with a focus on replacement of external ramps to the front of the town hall to enhance the facility. The Midlothian Council led Penicuik Heritage Regeneration Project 2018-2023 will seek to identify alternative funding sources to undertake further public realm and access enhancements at the Town Hall.

5.8 The panel are satisfied that the revised proposals still meet the initial project outcomes which the application was initially scored on.

6. Reporting

6.1 Funding is received from the Scottish Government quarterly, in advance and this has been drawn down successfully. The Council complies with the monitoring and reporting requirements, making returns to the Scottish Government as requested.

6.2 On acceptance of grant award conditions, the Council provided each project with 50% of their grant allocation to enable projects to get underway. The Council pays applicants following satisfactory return of progress reports and evidence of invoices paid.

6.3 Reporting and audit requirements align with the Council's existing Large Grant Scheme which has been subject to review from the Council's Internal Audit Team.

6.4 The project timescales were revised by the Scottish Government in February 2020. Although it is not anticipated that funding will be allocated beyond the original timescale of September 2020, this is welcomed should any project

suffer delays due to Covid-19, it is expected that all projects will be delivered within the revised timescales.

- 6.5 The revised deadlines from the Scottish Government provide sufficient time for all projects awarded funding from Midlothian's allocation of the Town Centre Capital Fund to be delivered but any funding not spent by September 2021 may be reclaimed by the Scottish Government.

7. Resource

- 7.1 The management and reporting of this fund will continue to be led by the Council's Economic Development Service in close liaison with Council colleagues. The existing officer group will continue to meet throughout the duration of project activity to ensure projects remain supported throughout delivery and reduce risk of underspend. A representative from the Council's Finance team is also participant to ensure robust financial monitoring.

8. Risk

- 8.1 The fund is time limited and whilst this has been extended by the Scottish Government in late February 2020, all spend must be committed by March 2021 and all works completed by September 2021. Unspent funds may be reclaimed by Scottish Government after this time. Given projects progress to date, extended deadline and robust management of the fund by the panel, the risk has been minimised.
- 8.2 Deliverability is monitored on a monthly basis; each project reports on detailed timescales and milestones within their project delivery plan. Any potential risks are therefore identified at an early stage with any remedial actions undertaken as required.
- 8.3 The project board will monitor in relation to extenuating circumstances caused by the COVID-19 pandemic, and seek guidance from the Scottish Government as required. It is not at this stage anticipated that delays will extend significantly beyond the original timeframe for financial drawdown. The extension of one year is anticipated to be adequate at this juncture, and will continue to be monitored by the board should this change.
- 8.4 All projects are underway and making good progress. Following approval by Council on 1 October 2019, the project team has the ability to redistribute funds within the existing approved projects in order to add value where required.
- 8.5 The risk to the Penicuik Town Hall project is in relation to the planning and listed building permissions which have not yet been approved. Should a bat survey determine there are bats present, this could have a detrimental impact on permissions and delay the roofing/ stonework elements. However, plans will be put in place to ensure the roofing/ stonework elements of the project can be carried out around any findings from the survey with a view to ensuring necessary permissions are granted.

APPENDIX A

A.1 Single Midlothian Plan and Business Transformation

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

A.2 Key Priorities within the Single Midlothian Plan

Funding is directly aimed at supporting the regeneration of Town Centres which is a key priority under the Sustainable Growth theme of the Single Midlothian Plan.

Monies will directly fund projects which support place based economic investments which encourage town centres to diversify and flourish.

All projects have been assessed in line with the priorities of the Single Midlothian Plan. Within each recommended project, the applicant has demonstrated the link with one or more of the local priorities of reducing inequalities in Health, Learning or Economic Circumstance and/or the priorities within their local neighbourhood plan.

A.3 Impact on Performance and Outcomes

The funding has the potential to have significant impact on a range of economic outcomes within the Single Midlothian Plan. A robust monitoring system will be established in order to capture and report on this.

The fund has the potential to increase the attractiveness of Midlothian's town centres as a place to visit, work, live or invest in by providing services within towns and improving the connectivity to and between towns.

It offers opportunity to support the national inclusive growth agenda through: helping to support, attract or secure employment opportunities and/or public services within our towns.

A.4 Adopting a Preventative Approach

Successful town centres are a key component of a thriving local economy and part of the Scottish Governments Inclusive Growth agenda. Having a vibrant and successful local town centre can help deliver key services, provide employment opportunities, attract tourism and encourage investment, all which has a positive impact on the local economy and its people.

A.5 Involving Communities and Other Stakeholders

The opportunity to submit project proposals for this fund was an open and transparent process supported by a communication strategy.

A total of 28 proposals were received and considered from communities, third sector, businesses and public sector groups. Approved projects are those that best fit with the fund guidelines, local priorities and that are deliverable within the timeframe.

Following a formal participation request from the Third Sector Interface, a representative from Midlothian Voluntary Action was involved throughout the project assessment stage. A representative from the Midlothian and East Lothian Chamber of Commerce represents business on the panel.

A.6 Ensuring Equalities

Projects were considered in line with fund guidelines which were developed aligned with local policy and priorities. This process was fully inclusive. Applicants were requested to demonstrate within their application that appropriate equality policies were in place.

A.7 Supporting Sustainable Development

The nature of this fund is to support sustainable development and investment within Midlothian town centres. Project sustainability was a key criteria within the application process to ensure project viability.

A.8 IT Issues

No IT Issues apparent at this stage.