

Town Centre Fund - Capital Grant 2020 - 2021

Report by Kevin Anderson, Executive Director - Place

Report for Decision

1 Recommendations

It is recommended that Council:

- 1.1.1 Notes the guidelines and timescales of the grant funding;
- 1.1.2 Agrees the process for identifying project proposals;
- 1.1.3 Agrees project proposals will be presented to February Council meeting for final approval.

2 Purpose of Report/Executive Summary

- 2.1 The purpose of this report is to provide information in relation to the recently announced £18 million Town Centre Capital Fund of which Midlothian has been awarded a £331,000 allocation.
- 2.2 The report seeks approval for both the governance of the fund and the mechanism for proposing and approving Midlothian based projects.

Date 03/12/2020

Report Contact:

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3 Background

- 3.1** The Scottish Government is delivering £30 million capital into regeneration in 2020-21 as part of the £230 million economic recovery stimulus package. This is particularly aimed at supporting construction activity across Scotland. The Scottish Government agreed with COSLA and local authority Leaders that £18 million will be provided to local authorities through the Town Centre Capital Fund.
- 3.2** In September 2020, £331,000 was allocated to Midlothian Council, which was formally accepted by return to Scottish Government on 21st September 2020.
- 3.3** All grant expenditure must be complete by 31st March 2021. Expenditure is defined as “It is expected that work will be completed; or, at least work or contracts signed or commenced within 2020/21”.
- 3.4** The grant is for capital expenditure which is additional to that which is already or would otherwise be allocated to the 2020-21 budget, and should not substitute for existing spend.
- 3.5** Decisions on use of funding will reside with the grantee. However, the aim of this additional £18 million fund is to stimulate local construction activity and support employment across Scotland, and local authorities should ensure this is prioritised in investment decisions.
- 3.6** Local authorities should also make investment decisions in the context of national and local commitments to town centres including the Town Centre First Principle and the Town Centre Action Plan; and more recently, the Place Principle.
- 3.7 The Town Centre Action Plan themes are:**
 - Town Centre Living – footfall is key to achieving thriving, successful towns centre; and, the best footfall is residential for people who will use shops, services, and will care for its safety and security in the evenings
 - Vibrant Local Economies – creating a supportive business environment including the involvement of Business Improvement Districts (BIDs) and other local partnerships
 - Enterprising Communities – social enterprise, services, arts and events; and, community empowerment and community based activities which increase the health, wealth and wellbeing of town centres
 - Accessible Public Services – creating and accessing public facilities and services, supported by economic, service and transport hubs
 - Digital Towns – exploiting digital technology and promoting Wi-Fi infrastructure to enable access to information, data analytics, marketing opportunities, branding, and communication with the wider world

- Proactive Planning – land reform and supporting the creation of sustainable, low-carbon and connected places which promote natural and cultural assets, designed in partnership with local communities and key stakeholders.

3.8 The Place Principle recognises:

- Place is where people, location and resources combine to create a sense of identity and purpose, and is at the heart of addressing the needs and realising the full potential of communities. Places are shaped by the way resources, services and assets are directed and used by the people who live in and invest in them
- A more joined-up, collaborative, and participative approach to services, land and buildings, across all sectors within a place, enables better outcomes for everyone and increased opportunities for people and communities to shape their own lives.

3.9 Conditions of Grant

- 3.9.1 The Grant may be used to fund third party capital expenditure in the current year, either directly or through the provision of grants to third parties (public sector bodies, private sector bodies or individuals) which would, if incurred by the local authority, be capital expenditure. Limitations apply and these are detailed in Schedule 1 – Appendix B of the Town Centre Capital 2020-21 Grant Offer and Conditions letter.
- 3.9.2 There is an assumption that the Grant will be applied to finance local authority capital programmes before the application of any other capital or revenue resources such as capital receipts or borrowing.
- 3.9.3 Any grant paid to a third party subsequently repaid to the local authority, may only be used to fund further capital investment as permitted by this agreement. This condition only applies where the grant is repaid within five years of the original grant payment.
- 3.9.4 Where the grantee does not use the grant in the financial year 2020-21, unused grant is to be repaid to the Scottish Government unless otherwise agreed in writing by Scottish Ministers.
- 3.9.5 No part of the Grant shall be used to fund any activity or material which is party political in intention, use, or presentation or appears to be designed to affect support for a political party.

3.10 Process for identifying project proposals

- 3.10.1 To enable the Council to maximise the impact of this new Town Centre Fund - Capital Grant and consider projects in a fair, open and collaborative way, a group has been created with representation across Council Services.
- 3.11 The group have formulated a process for proposing and developing applications:

- The first tranche will be from eligible projects from the General Services Capital Plan. The timeframe for committed expenditure excludes projects that require planning consent therefore Council projects that meet the permitted development criteria will be given priority.
- The second tranche will include the applicants of the TCCF Phase 1 programme that were unsuccessful. Applicants will be invited to submit a revised application that could meet the timeframe of the fund.
- The third tranche for any remaining funds will be subject to public consultation to attract new eligible capital projects. Expressions of interest would follow a similar format to those currently in place within Tyne Esk LEADER; capturing a basic understanding/overview of the project proposal along with an estimated cost. Council led applications would require to follow this format in the same way.
- It is recognised that some Midlothian town centres have received considerable investment via Conservation Area Regeneration (CARS) /Townscape Heritage Initiative (THI) funding whilst some towns had received limited or no investment. Projects for towns which have received limited investment will be encouraged.
- Projects which offer leverage by way of match funding/ additionality will be considered favourably.
- Selection criteria will be developed which aligns with the Scottish Government fund guidelines and which takes recognition of local policy and priorities.
- Expressions of Interest will be considered by a project group comprised of senior officers from Planning, Estates, Economic Development, Finance and Communities & Lifelong Learning. The elected member with the Communities and Economy portfolio will also be invited to participate in this process.
- Projects that best fit the selection criteria will be shortlisted by the project group. Projects will then require further developing to include detailed costings and consultation as required. Support will be offered by council officers in the case of any community led submissions.
- Recommended projects will be submitted to February Council for final approval. Appropriate timescales will be applied to each stage of this process to ensure project delivery within the timeframe set by the Scottish Government.

4 Report Implications (Resource, Digital, Risk and Equalities)

4.1 Resource & Governance

- 4.1.1 The management and reporting of this fund will be led by the Council's Economic Development Team in liaison with Council colleagues. An officer group has been created to identify projects with the group continuing to meet throughout the duration of project activity, to ensure

projects remain supported throughout delivery and reduce risk of underspend. The project group includes officers from Economic Development, Community Planning, CLL and a representative from the Council's Finance team to ensure robust financial monitoring.

4.2 Digital

None

4.3 Risk

4.3.1 As this funding is time limited with spend required this financial year 2020/21, one of the main risks is not agreeing an effective process and timescales for considering project proposals.

4.3.2 Capital projects can require considerable time for associated planning, studies, and consultations and for completion of works. A critical part of the criteria when considering proposals should therefore be the ability for projects to be deliverable within the timescales provided. Any funds unspent within these timescales will be reclaimed by the Scottish Government.

4.4 Ensuring Equalities

4.4.1 Due to the short timeframe for this fund and the impact of the coronavirus on council officers' operational activities, we have not carried out an IIA at this time. We commit to having completed this for the next report due no later than February 2021.

4.5 Additional Report Implications (See Appendix A)

Appendices

Appendix A – Additional Report Implications

Appendix B – Background Information/Links

APPENDIX A – Additional Report Implications

A.1 Key Priorities within the Single Midlothian Plan

- The 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.
- The monies will directly fund projects which support place based economic investments which encourage town centres to diversify and flourish.
- Projects have the potential to improve opportunities for the people of Midlothian.

A.2 Key Drivers for Change

Key drivers addressed in this report:

- ☐ Holistic Working
- ☐ Hub and Spoke
- ☐ Modern
- ☒ Sustainable
- ☒ Transformational
- ☒ Preventative
- ☐ Asset-based
- ☐ Continuous Improvement
- ☐ One size fits one
- ☐ None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- ☒ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☐ Efficient and Modern
- ☐ Innovative and Ambitious

A.4 Delivering Best Value

All projects submitted will be evaluated as part of the scoring process to ensure that the Council's best value duties have been applied.

A.5 Involving Communities and Other Stakeholders

CLL is involved throughout the process. There will be direct engagement with communities should the third tranche of projects be considered necessary.

A.6 Impact on Performance and Outcomes

It is not possible to determine accurately the outcomes until the projects are approved however our aim would be to:

- Consider projects with the potential to have significant impact on a range of economic outcomes.
- Consider projects that have the potential to increase the attractiveness of Midlothian's town centres as a place to work, live or invest in.
- Consider projects that offer the opportunity to support the national inclusive growth agenda through: helping to support, attract or secure employment opportunities and/or public services, and encourage business start-ups and growth.

A.7 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.8 Supporting Sustainable Development

The nature of this fund is to support sustainable development and investment within Midlothian town centres. This will be a key criteria when considering proposals to ensure project viability.

APPENDIX B**Background Papers/Resource Links (if applicable)**

General Capital Grant 2020 -2021 Offer Letter and Grant Conditions - attached