

Town Centre Capital Fund 2019/20 Projects

Report by Mary Smith, Director Communities, Education & Economy

1. Purpose of Report

- 1.1 The purpose of this report is to provide detail on the recommended projects seeking funding from Midlothian's £910k allocation from the Scottish Government's Town Centre Capital Fund.
- 1.2 This report was presented to the Capital Plan and Asset Management Board on 10 September 2019. The recommendations of which are reflected in the projects recommended in this report.
- 1.3 The report seeks approval for the recommended projects and the administration of the fund.

2. Background

- 2.1 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.
- 2.2 Midlothian's funding allocation is £910k. This must be committed and spent by March 2020, with all building works to complete by September 2020.
- 2.3 A report was submitted and approved by Cabinet in May 2019 which set out the process for promoting the fund and identifying suitable projects.
- 2.4 With assistance from the Council's Communication Team, a communication strategy was developed to raise awareness and encourage applications.
- 2.5 The application process formed two stages: (1) Expression of Interest (EOI) and (2) formal project application. Projects successful at stage one were shortlisted and invited to submit a fuller application for consideration.
- 2.6 To manage the process and as agreed at Cabinet in May 2019, a panel was formed comprising officers from Economic Development, Planning, Estates and the Communities Team. They were joined by a representative from the Third Sector Interface and the Chamber of Commerce representing business.

3 Report Implications

Applications Received

- 3.1 A total of 28 Expressions of Interest applications were received with a total request in excess of £3.5million. Projects represented a wide geographical spread and were from a range of applicants; third sector, charities, social enterprises, business organisations and the local authority.

- 3.2 A scoring framework was developed which underpinned the guidelines of the Scottish Government's Town Centre Capital Fund and aligned with local priorities.
- 3.3 From the initial 28 EOI's, the highest scoring 16 projects were invited to make full applications.
- 3.4 An application form was drafted based on the existing Large Grant Scheme the Council currently operates but with recognition of the national fund requirements.
- 3.5 All applicants were offered dedicated officer support to aid with the development of project proposals and a closing date of 31 August was set for the submission of applications.
- 3.6 A total of 14 applications were received with two choosing to withdraw. A full list of projects accompanies this report.
- 3.7 The panel reconvened in early September to score the 14 applications. Projects were assessed by a weighted scoring framework which considered the fund priorities along with the deliverability and sustainability of the project.
- 3.8 The fund guidelines state that decision making on how to spend the funding resides with the local authority. There is no requirement for bids or submission of proposals to be approved by Scottish Government.
- 3.9 Local Authority investment decisions should align with the 'Town Centre First Principle' and the 'Place Principle'. As such, it is expected that investment decisions are based on approaches which are collaborative and place based with a shared purpose.
- 3.10 Based on this scoring exercise the panel recommend the following highest scoring projects for funding approval. A fuller summary of the projects is included separately with this report.

4. Project List

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, Communities and Economy	£381,756.67
Rosewell nursery expansion – Loanhead after school club	£100,000.00
Public disabled & level access - Dalkeith Country Park	£49,356.23
Hardengreen to Newtongrange Cycleway - Midlothian Council Resources	£247,000.00
TOTAL	£910,000.00

Reporting

- 4.1 Funding is received from the Scottish Government quarterly, in advance: April 2019, July 2019, November 2019 and March 2020. Responsibility for the monitoring and reporting back to Scottish Government resides with the Council.
- 4.2 It is proposed that funding granted to applicant's mirror this payment pattern to enable funding to be paid quarterly and in advance following satisfactory receipt of progress reports fulfilling any external reporting requirements.
- 4.3 Reporting and audit requirements will align with the Council's existing Large Grant Scheme which has been subject to review from the Council's Internal Audit Team.
- 4.4 Any funding not spent within 2019/20 financial year will be reclaimed by the Scottish Government. The definition of 'spent' in this instance is contracts signed and/or tenders awarded. Projects then have a further six months to complete works.
- 4.5 The existing project team of senior officers supported by Midlothian Voluntary Action will continue to meet and support projects throughout the delivery period to ensure spend and targets remain on track.
- 4.6 It is recommended that in the instance any projects underspending against the approved amount, and to avoid funds being reclaimed by the Scottish Government, the project team will have the ability to redistribute funds within the existing approved projects in order to add value where required. The priority project in this instance will be Penicuik Town Hall due to the project not securing the full requested amount.

5. Resource

- 5.1 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 will also join this group to ensure robust financial monitoring.
- 5.2 From the seven projects recommended for approval, the Council is the lead applicant on three of these. Whilst no Council match funding is required to enable the projects, delivery and management of the projects will come from the existing staff resource within each of the lead service areas.
- 5.3 One project, the Dalkeith bus shelter replacement, has a cost implication for removal of existing bus stop poles. This cost will be met from the Council's Transport and Fleet budget, as agreed at the Capital Plan and Asset Management Board on 10 September 2019.

6. Risk

- 6.1 The fund is time limited with spend required within the existing financial year March 2020 and all works completed by September 2020. Any unspent funds will be reclaimed by Scottish Government after this time.

6.2 Deliverability has been a key factor considered by the assessment panel during the scoring process. Each project has provided detailed timescales and milestones within their project delivery plan. The existing officer group will continue to meet regularly to ensure all project spend and milestones remain within the external time frames provided. Any potential risks will then be identified at an early stage with any remedial actions undertaken as required.

6.3 Should any projects not proceed, any resultant unallocated grant would be reallocated to further projects in the pipeline as outlined in 4.6.

6.4 To ensure robust financial monitoring and governance, the existing reporting and audit requirements in place for the Council's Large Grant Scheme will be mirrored throughout this project. All external applicants will be required to accept these terms and conditions within their grant award.

6.5 **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

6.6 **Key Priorities within the Single Midlothian Plan**

6.6.1 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.

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

6.6.3 And 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.

6.7 **Impact on Performance and Outcomes**

6.7.1 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.

6.7.2 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.

6.7.3 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.

Adopting a Preventative Approach

- 6.8 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.

Involving Communities and Other Stakeholders

- 6.9 The opportunity to submit project proposals for this fund was an open and transparent process supported by a communication strategy.
- 6.10 A total of 28 proposals were received and considered from communities, third sector, businesses and public sector groups. Recommended projects are those that best fit with the fund guidelines, local priorities and that are deliverable within the timeframe.
- 6.11 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 was also involved to represent business.

Ensuring Equalities

- 6.12 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.

Supporting Sustainable Development

- 6.13 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.

IT Issues

- 6.14 No IT Issues apparent at this stage.

7. Summary

- 7.1 This report provides detail on the application and assessment process for considering projects for funding from Midlothian's allocation of the Scottish Government's Town Centre Capital Fund.
- 7.2 The report provides a breakdown of recommended projects for approval along with project costs.
- 7.3 The report suggests a process for ongoing administration, governance and reporting of the fund to ensure reporting requirements to the Scottish Government and internal Council procedure.

8. Recommendations

Cabinet is recommended to:

1. Consider and agree the recommended projects for funding approval.
2. Agree the suggested process for project governance and reporting.
3. Agree a project update report will be presented to spring Council meeting.

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1. Background Paper: Town Centre Capital Fund 2019/20 – Guidance Note
2. Cabinet Report May Town Centre Capital Fund
3. Appendix list of Projects & Project Summaries.