

Agenda Item	7
Report No	CIA/54/19

HIGHLAND COUNCIL

Committee: City of Inverness Area

Date: 21 November 2019

Report Title: Town Centre Fund

Report By: Chief Executive Officer Transformation and Economy

1 Purpose/Executive Summary

1.1 This report seeks Members consideration and ranking of the eight proposals submitted to the Council seeking Town Centre Fund financial support from the indicative City of Inverness area allocation of £596,901.

2. Recommendations

2.1 Members are asked to consider the proposals submitted, determine which projects merit Town Centre Fund resources and rank by order of priority.

3. Implications

3.1 Resource – The funding involved is capital grant from the Scottish Government. No additional funding has been provided to the Council to manage the Town Centre Fund but certain staff costs directly linked to project delivery are grant eligible.

3.2 Legal/Risk – When managing external funding on behalf of others, the associated grant terms and associated legal and financial obligations ultimately rest with the Council. It is therefore imperative that the risks to the Council are assessed and any grant award letters with third parties protect Council financial and reputational interests.

3.3 Community (Equality, Poverty and Rural) – The funding involved seeks to encourage town and city centres to diversify and flourish, giving new purpose and creating footfall. The grant actively encourages community based groups to apply for and deliver on projects which seek to improve the viability of their town centre.

3.4 Climate Change/Carbon Clever – No direct implications

3.5 Gaelic – No direct implications

4. Background

4.1 The Town Centre Fund (TCF) seeks to encourage town and city centres to diversify and flourish, giving new purpose and creating footfall. The Council has been given a £2,965,000 capital grant from the Scottish Government and is obliged to legally commit all funding before end March 2020 and full spend by end October 2020

4.2 While the fund can be used for a wide range of investments, in practice this is more limited due to:

- the capital nature of the fund (it must be used on physical assets),
- the Fund must be committed by end March 2020 (or else returned to Scottish Government) and spent by end October 2020 and,
- the guidance received from the Scottish Government states that the projects must be 'transformational' for the town centre and making a change from what has happened in the past.

4.3 The top priority for any project is to give people a reason to be in the town/city centre by re-purposing buildings for housing, retail, business, social and community enterprises, services, leisure and culture, tourism and heritage. The secondary priority, and ideally one that is undertaken in support of the re-purposing of buildings, is to improve town centre access and infrastructure.

4.4 At the meeting of the Environment, Development and Infrastructure Committee on 16 May 2019, Members agreed indicative allocations to Area Committees and the governance arrangement for the management of the grant. The agreed decision-making process requires Area Committees to rank eligible projects (using Town Centre Strategies or Plans where they exist) and a cross-party sub-group, chaired by the Chair of Environment, Development and Infrastructure Committee, to consider the ranked eligible projects and approve funding, utilising as appropriate the Reserve Fund.

4.5 On 2nd October 2019 City of Inverness area Members held a Briefing meeting to consider and rank the applications received. While ranked project recommendations were agreed, the recommendations were not presented to the sub-group (Town Centre Fund Working Group) for approval at their meeting on 3rd October 2019, as it was decided to first circulate the ranking recommendations to all Members of the City of Inverness Area for information and consideration. After this process was complete, the ranking recommendations were confirmed as correct, and on this basis were put forward to the Town Centre Fund Working Group when they met on 30 October 2019, who approved three of the five projects – with two projects assessed as ineligible needing to be referred to EDI Committee on 7 November 2019.

4.6 At EDI Committee on 7 November 2019, it was agreed that the Inverness projects be deferred out of the approval process and brought to the Inverness City of Inverness Area Committee for project ranking and to bring these recommendations to a future meeting of the Town Centre Fund Working Group.

5. Town Centre Fund Eligibility

5.1 In order for a project to be eligible and to fit the criteria set by the Scottish Government and agreed to by the EDI Committee in May 2019, it needs to be located within the eligible town centre and is required to satisfy at least one of the following three criteria:

1. The project involves the re-purposing of buildings.
2. The project improves town centre access
3. The project improves town centre infrastructure.

If eligible, the project is expected to be transformational i.e. it will increase footfall and give people a reason to spend time in the town centre.

In context of Inverness the decision to include Balloch, Culloden, Smithton, Milton of Leys and Westhill as eligible town centres alongside Inverness city centre, reflects the fact that the Scottish Government used them (localities with population equal to or over 1000) when calculating how to disburse the Town Centre Fund national allocation across Scotland.

- 5.2 Given the Scottish Government's timetable for spending the TCF grant and the absolute need to have project contracts entered into by end March 2020 and projects complete by end October 2020, Council Officers have carried out a degree of preliminary due diligence at this stage with project applicants. The purpose of the exercise was to determine how well positioned project leads are to satisfy the standard pre-start conditions that will form part of any future offer of grant and thus be in a position to meet the project delivery timelines. The information is detailed below.

6. City of Inverness Area TCF Proposals

- 6.1 The following paragraphs summarise the eight project proposals received by the Council for the City of Inverness Area and an assessment of their eligibility status. Detailed breakdown of costs for each proposal can be found in Appendix 1.

6.2 Midmills Phase 2 (WASPS)

Project Proposal

WASPS are seeking a £250k contribution towards Phase 2 of the Inverness Creative Academy project. Phase 2 (The Creative Industries building) will facilitate greater public access to the facility, including:

- Meeting spaces for tenants and the community;
- Publicly accessible exhibition, workshop and events spaces around a large social enterprise café
- 54 affordable creative industry workspaces
- 26 flexible co-working spaces for freelancers, start-ups and visiting organisations
- An access ramp, lift – making this building accessible for the first time.

TCF eligible?

Only one of the following criteria needs to be met.

- The proposal involves the re-purposing of buildings.
- The proposal improves access
- The proposal improves infrastructure.

Transformational impact

- The proposal is transformational i.e. it will increase footfall and give people a reason to spend time in the town centre

Comment:

In addition to creating additional 80 workspaces, Phase 2 of the redevelopment is the more public facing side of the facility with access to gallery space/retail and the café, increasing further the transformational impact of this development.

Is the funding requested 'capital'?

Yes

Project Funding and Leverage

- The overall cost is estimated at £3,329,187
- The Town Centre Fund applied for is £250,000

Phase 2 will cost £3,329,187 and to date £2,632,106 has been secured. The WASPS Board has agreed to take out a 2 year bridging loan for the current shortfall of £697,081 in order to enable them to award contract and satisfy current grant obligations. However, this is above their risk threshold and the WASPS Board are actively seeking additional funds to reduce their financial exposure. It is essential for the ongoing sustainability of the project that the entire capital shortfall of £697,081 is secured before the project completes. Any shortfall remaining at Jan 2020 must be raised whilst the project is on site. Hence the TCF bid and other applications pending can be viewed in Appendix 1.

Control of Asset

Yes

Permissions

Yes

Deliverability

WASPS obtained their Permission to Start from the National Lottery Heritage Fund on the 22 October 2019 and have now proceeded to award contract in order to comply with those grant obligations. It will also ensure that the contractor can get on site and secure the fabric of the building before another winter hits risking further damage.

The contract pre-start meeting is scheduled for 14 November at which point the start date will be agreed. It is anticipated that enabling works will take place this calendar year and the main works commencing January 2020. The estimated contract period is 12 months.

6.3 **The Victorian Market, Inverness**

Project Proposal

The Inverness Common Good/Highland Council is seeking £300k towards the redevelopment of the market hall to create a quality food and beverage offering. Includes 18 units and flexible entertainment space.

TCF eligible?

Only one of the following criteria needs to be met.

The proposal involves the re-purposing of buildings.

The proposal improves access

The proposal improves infrastructure.

Comment:

The diversification of the property to provide a greater mix of uses can be viewed as re-purposing.

Transformational impact

The proposal is transformational i.e. it will increase footfall and give people a reason to spend time in the town centre

Comment:

The project will improve the visitor experience and the mix of uses will contribute to enhancing the vibrancy and attractiveness of the town centre.

Is the funding requested 'capital'?

Yes

Project Funding and Leverage

- The overall cost is estimated at £1,500,000
- The Town Centre Fund applied for is £300,000

Control of Asset

Yes – Inverness Common Good.

Permissions

Applicant has advised that Listed Building Consent to be applied for in Jan 2020, with decision anticipated by March 2020, and Building Warrant to be applied for Feb 2020 and decision anticipated by April 2020.

Deliverability

Significant concerns exist regarding the ability to award contract this financial year although the applicant has advised that tender to be issued Feb 2020 and returned March 2020, with contract award March.

At the time of writing match funding is not in place as a full business case is to be presented to CIA Committee on 21 November 2019.

6.4 **Inverness Lighting Project**

Project Proposal

The Highland Council is seeking £150,000 to purchase mobile lighting projectors to enable a Riverlights Project to proceed with a three day event lighting a number of sites across the city centre.

TCF eligible?

Only one of the following criteria needs to be met.

- The proposal involves the re-purposing of buildings.
- The proposal improves access
- The proposal improves infrastructure.

Comment: While the works and equipment involved in the night time lighting of buildings can be considered town centre infrastructure, the mobile nature of the proposal and its associated dependence on revenue event funding, means it does not fit well with the criteria, but nevertheless can be considered as town centre infrastructure.

Transformational impact

The proposal is transformational i.e. it will increase footfall and give people a reason to spend time in the town centre

Comment: Town centre events, particularly when they form part of a series of events over a period of time, can be transformational as they will bring people into the town centre.

Is the funding requested 'capital'?

Yes.

Project Funding and Leverage

- The overall cost is estimated at £200,000
- The Town Centre Fund applied for is £150,000
- The remaining £50k will be subject to a grant to HIE for £20,000 and Inverness Events and Festivals Budget £30,000.

Control of Asset

N/A

Permissions

N/A

Deliverability

From a Town Centre Fund delivery perspective, there are no reasons why the purchase of the equipment cannot take place in the timeframe.

The RiverLights Project is not included in the 2020/21 Inverness Events and Festivals programme and thus, if Town Centre Fund awarded, a pre-start condition would be confirmation of revenue funding to enable the RiverLights project to proceed.

The project lead has stressed that the purchase of equipment and any projection event(s) would be subject to consultation with, and the approval of, the City of Inverness Area Committee in the usual way.

6.5 Dr Black Memorial Hall

Project Proposal

Highland Print Studio are seeking £80k TCF support towards the £400k acquisition of the Dr Black Memorial Hall. Highland Print Studio propose to extend their current offering into the adjacent vacant building. Project includes the expansion of the creative workshop space, a café, retail space, office space and a studio apartment for visiting artists.

TCF eligible

Only one of the following criteria needs to be met.

The proposal involves the re-purposing of buildings.

The proposal improves access

The proposal improves infrastructure.

Transformational impact

The proposal is transformational i.e. it will increase footfall and give people a reason to spend time in the town centre

Comment:

The enhanced offering will secure more users and potentially attract visitors to the premises/town centre.

Is the funding requested 'capital'?

Yes

Project Funding and Leverage

- The overall cost is estimated at £3,300,000
- The Town Centre Fund applied for is £80,000

Control of Asset

No.

Permissions

None in place.

Deliverability

The applicant - Highland Print Studio wrote to the Council on 12 November 2019, requesting that their application for Town Centre Funding be withdrawn.

6.6 **Ardersier Skate Park**

Project Proposal

Ardersier PLAY proposes to demolish the current skate park and replace it with a new concrete skate park. They are seeking £85,600 Town Centre Fund towards the £135k project.

TCF eligible

Only one of the following criteria needs to be met.

- The proposal involves the re-purposing of buildings.
- The proposal improves access
- The proposal improves infrastructure.

Comment:

The proposed project does not satisfy any of the Town Centre Fund criteria set by the Scottish Government. While located in an eligible settlement, the project location is in a residential area removed from the commercial centre of the town.

Transformational impact

- The proposal is transformational i.e. it will increase footfall and give people a reason to spend time in the town centre

Comment: The project proposed seeks to replace an existing sporting/leisure facility and thus is unlikely to increase new footfall which will directly improve the viability and sustainability of the town centre.

Is the funding requested 'capital'?

Yes

Project Funding and Leverage

The applicant originally advised that it would be seeking a possible £50k Developer's Contribution for new housing in Ardersier to match the TCF applied for and to complete the funding package. It has now been advised by applicant (email 12.11.19) that the Developer Contribution from Springfield Homes is not secured and hence applications will now be made to SportScotland and the Scottish Communities Landfill Fund. Applications will take 4 months to be concluded.

Applicant has indicated that if no additional funding secured, project would be reduced to the budget available.

Control of Asset

Ardersier PLAY lease Cameron Park from Highland Council with a current 10 year lease of the land in place until 2024 and applicant has advised that the Council have agreed to extend this for a further 10 years.

Permissions

Planning Permission to be applied for if funding secured.

Deliverability

Subject to match funding being secured and planning permission in place, there are no reasons identified why this project could not be tendered and contracted by end March 2020.

However, if project match funding is unlikely to be determined until March 2020, it is anticipated that tendering would need to progress on basis of 100% TCF and at a smaller scale, if a contract is to be let by end March 2020.

6.7 **The Pavilion, Cromal Hill, Ardersier**

Project Proposal

Cromal Hill Recreation Trust proposed to refurbish the pavilion. Works include new windows, doors, showers flooring, kitchen units and external refresh.

TCF eligible

Only one of the following criteria needs to be met.

- The proposal involves the re-purposing of buildings.
- The proposal improves access
- The proposal improves infrastructure.

Comment:

The proposed project does not satisfy any of the Town Centre Fund criteria set by the Scottish Government. While located in an eligible settlement, the project location is on the edge of the settlement and removed from the commercial centre of the town.

Transformational impact

- The proposal is transformational i.e. it will increase footfall and give people a reason to spend time in the town centre

Comment: The project proposed seeks to upgrade an existing community facility to an acceptable standard. The project therefore does not seek in itself to increase footfall and improve the viability and sustainability of a town centre.

Is the funding requested 'capital'?

Yes

Project Funding and Leverage

The applicant is seeking £4000 match funding from a number of sources, see Appendix 1 and if secured this will reduce the value of the TCF grant sought.

Control of Asset

Yes

Permissions

N/A

Deliverability

Given the scale of the works involved, there is no reason why the works cannot be specified, tendered for and contract in place by end March 2020.

6.8 Inverness Campus Sports Pitch

Project Proposal

Inverness College UHI is seeking £150k towards the installation of a full-size 3G synthetic Sports Pitch at Inverness Campus on plot 13. The pitch will be designed for Rugby and Football. It will be floodlit, fenced and constructed to World Rugby, FIFA and Sports and Play Construction Association (SAPCA) standards.

TCF eligible

Only one of the following criteria needs to be met.

- The proposal involves the re-purposing of buildings.
- The proposal improves access
- The proposal improves infrastructure.

Comment:

The project location is not located within an eligible town centre as per the purpose of the Town Centre Fund.

In addition, sports infrastructure or sports facilities is not considered as town centre infrastructure, i.e. roads, pavements, lighting, street furniture etc. and thus the project does not satisfy any of the Town Centre Fund criteria set by the Scottish Government.

Transformational impact

- The proposal is transformational i.e. it will increase footfall and give people a reason to spend time in the town centre

Comment:

The sports facilities will have far reaching benefits for the City of Inverness. However, it does not in itself bring transformational benefit to an eligible town centre.

Is the funding requested 'capital'?

Yes

Project Funding and Leverage

- The overall cost is estimated at £915,000
- The Town Centre Fund applied for is £150K with match funding to be secured from Highland Council/Developer Contributions £250k; SportsScotland £100k; Colleges Foundation £250k, with budget shortfall £165k (discussions underway with number of potential funders).

Control of Asset

Lease with landowner (HIE) expected to be secured February 2020.

Permissions

Full Planning permission yet to be secured (anticipated February 2020). However, the plot has been allocated for sports and recreation.

Deliverability

Full Business Case was approved by Inverness College Board on the 10th October. This in turn allows for funding applications to be submitted to Colleges Foundation, SportsScotland and other funders (for gap finance).

The status of the match funding will not be confirmed until February 2020, then allowing the applicant to commence procurement through the Scotland Excel Framework Agreement for Outdoor Play Equipment and Synthetic Surfaces, reference 02-15, Lot 5 - Design, Supply and Install of Synthetic Surfaces. This is expected to go live on PCS in March 2020. Contract award by end March 2020 will be problematic.

6.9 **Fishermen's Hut, Bught Park**

Project Proposal

Inverness Angling Club is seeking £20k towards the rebuilding of outdated and un-serviced hut at Bught Road used by the Inverness Angling Club. Noted in planning application 18/05911/FUL - My Ness art installation.

TCF eligible

Only one of the following criteria needs to be met.

- The proposal involves the re-purposing of buildings.
- The proposal improves access
- The proposal improves infrastructure.

Comment:

Whilst the project is sports infrastructure with a cultural/heritage dimension, it is not town centre infrastructure i.e. roads, pavements, lighting, street furniture etc. and thus the project does not satisfy any of the Town Centre Fund criteria set by the Scottish Government.

In addition, the proposed new build property at Bught Road is not located within an eligible town centre as per the purpose of the Fund.

Transformational impact

- The proposal is transformational i.e. it will increase footfall and give people a reason to spend time in the town centre

Comment:

The scale and location of the proposed development will not bring transformational benefit to an eligible town centre.

Is the funding requested 'capital'?

Yes

Project Funding

- The overall cost is estimated at £48k
- The Town Centre Fund applied for is £20K
- Inverness Common Good Funding confirmed as £10K - November 2019
- Awards For All, The National Lottery Community Fund - submitted 01/10/2019. Waiting on decision

Control of Asset

Inverness Common Good land. Hut to be owned by Inverness Angling Club.

Permissions

Full Planning permission yet to be secured.

Deliverability

Assuming planning application is submitted in November as indicated and it is determined within two months, and match funding secured then it is conceivable that the tender exercise and contract award could be achieved by the end of the financial year.

7. Assessment

7.1 The timelines associated with TCF and the need to have projects ready and, at the very least, under contract by end March 2020, inevitably this makes project deliverability challenging. The offer of grant from the Scottish Government quite clearly states that any grant that is not contractually committed by end March 2020 is to be returned. Members are therefore asked when considering the project proposals, to place project deliverability as a key project consideration.

7.2 As Members will note from the assessment:

Four projects do not meet the eligibility criteria set and thus are not considered eligible for Town Centre Fund:

- Ardersier Skate Park
- The Pavilion, Cromal Hill, Ardersier
- Inverness Campus Sports Pitch
- Fishermans Hut, Bught Park

One project, for Dr Black Memorial Hall has been withdrawn by the applicant.

7.3 This therefore leaves three projects Midmills Building; Inverness Victorian Market, and RiverLights as eligible projects. Members are therefore asked to consider these projects and determine whether these projects merit Town Centre Fund support; rank them and advise of the value of any grant to be awarded.

Project	TCF applied for
Midmills	£250,000
Victorian Market	£300,000
RiverLights	£150,000
Total	£700,000
Inverness Area Allocation	£596,901

This ranking will then be presented to the Town Centre Fund Working Group for consideration and approval.

Designation: Chief Executive Officer Transformation and Economy

Date: 12 November 2019

Author: Andy McCann, Economy and Regeneration Manager

Appendix 1: City of Inverness Area Committee TCF Cost Breakdown
 (Information provided by project leads)

1.	Midmills Phase 2 (WASPS)			
	Town Centre Fund		Overall costs and funding source	
	Capital Works Contract Costs	£250,000	Funding secured and in place, including National Lottery Heritage Fund £886k, Historic Environment Scotland £500k, HIE £330k, various Foundations and Trusts grant awards varying from £15k - £150k etc.	£2,632,106
			WASPS – 2 year bridging loan in place to enable contract to be awarded and time to complete fundraising including Town Centre Fund £250,000; Foundations and Trusts varying from £20k-£100k	£697,081
	Total	£250,000	Total	£3,329,187
2.	The Victorian Market			
	Town Centre Fund		Overall costs and funding source	
	Construction works	£300,000	Construction works (Inverness Common Good Fund)	£975,000
	Professional fees	£0	Professional fees (Inverness Common Good Fund £225,000)	£225,000
			Town Centre Fund	£300,000
	Total	£300,000	Total	£1,500,000

Appendix 1: City of Inverness Area Committee TCF Cost Breakdown

(Information provided by project leads)

3. Inverness Lighting Project

Town Centre Fund		Overall costs and funding source	
Purchase of Projectors & Equipment	£150,000	HIE*	£20,000
		Events Budget*	£30,000
		Town Centre Fund	£150,000
		*Subject to approval	
Total	£150,000	Total	£200,000

4.	Dr Black Memorial Hall			
	Town Centre Fund		Overall costs and funding source	
	Acquisition	£80,000	Acquisition (Inverness Common Good Fund £320,000)	£400,000
	Refurbishment	£0	Refurbishment (RCGF £1,580,000 / HIE £600k / HES £350k / NLHF £400k)	£2,930,000
Total	£80,000	Total	£3,330,000	
On 12 November 2019 the project applicant withdrew their application for Town Centre Funding.				
5.	Ardersier Skate Park			
	Town Centre Fund		Overall costs and funding source	
	Design and installation of concrete skatepark	£85,600	Town Centre Fund	£85,600
			SportScotland and the Scottish Communities Landfill Fund (to be applied for)	£50,000
Total	£85,600	Total	£135,600.00	
Design and installation of concrete skatepark				
6.	The Pavilion, Cromal Hill, Ardersier			
	Town Centre Fund		Overall costs and funding source	
	Windows	£6,000	Town Centre Fund	£40,000
	Doors	£6,000		
	Showers	£2,000		
	Wet Wall	£2,000		
	Decoration	£2,000		
	Flooring	£5,000		
	Kitchen units	£5,000		
	Exterior refresh	£2,000		
	Labour	£10,000		
Total	£40,000	Total	£40,000	

£4k of funding application prepared for submission and if successful would reduce the TCF request: Ward Discretionary Budget £500; Aldi Scottish Sport Fund £1000; Robertson Trust £1000, Cromal Hill Trust £1,500 (own funds).

7. Inverness Campus Sports Pitch

Town Centre Fund		Overall costs and funding source	
Capital Works Contract Costs (TCF 16% of capital costs)	£150,000	Inverness College Foundation	£250,000
		Highland Council/Developer Contribution	£250,000
		Sports Scotland	£100,000
		Town Centre Fund	£150,000
		Budget shortfall – funding source to be identified/secured	£165,000
Total	£150,000	Total	£915,000

8. Fishermans Hut, Bught Park

Town Centre Fund		Overall costs and funding source	
Construction	£20,000	Awards For All, The National Lottery Community Fund - submitted 01/10/2019. Waiting on decision	£10,000
		Town Centre Fund	£20,000
		Inverness Common Good Fund	£10,000
		Internal decoration (self-funding)	£8,000
Total	£20,000	Total	£48,000