

Agenda Item	10
Report No	SR/13/20

## HIGHLAND COUNCIL

**Committee:** Isle of Skye and Raasay

**Date:** 30 November 2020

**Report Title:** Town Centre Fund

**Report By:** Executive Chief Officer: Infrastructure and Environment

### 1. PURPOSE/EXECUTIVE SUMMARY

- 1.1 The Scottish Government has allocated The Highland Council an additional £1,066,000 ring-fenced Town Centre Fund. On 5 November 2020, Members of the Economy and Infrastructure Committee agreed an area distribution of the grant. Isle of Skye and Raasay Committee has been allocated £56,104 to be invested in Broadford and Portree.
- 1.2 While a Town Centre focus remains with the fund, the key driver behind the extra funding is to stimulate local construction activity and support employment across Highland at this time of economic crisis. Accordingly, the Scottish Government has conditioned the grant offer that grant expenditure must be complete by March 2021 (i.e. works completed or contracts signed/commenced within 2020/21).

### 2. RECOMMENDATIONS

- 2.1 Members are asked to:
- i. Agree to provisionally award the Isle of Skye and Raasay TCF allocation to established organisations in Broadford and Portree whose remit aligns with the objectives of the TCF. On the proviso that they develop an eligible project(s) in accordance with criteria and carry out appropriate stakeholder engagement.
  - ii. Give consideration to arranging a Special Committee Meeting to agree the final detail of the project.

### 3. IMPLICATIONS

- 3.1 **Resource** – The additional TCF grant is capital (for investment in fixed physical assets) and ring-fenced with specific conditions attached. The grant can be spent by The Highland Council or third parties.
- 3.2 **Legal** – When managing external funding it is imperative that the risks to The Highland Council are assessed/mitigated and any back to back grant award letters

with third parties, and financial claims management protect Council financial and reputational interests.

3.3 **Community (Equality, Poverty and Rural)** – The purpose of the additional grant is to support the construction sector with contracts in town centres across Highland.

3.4 **Climate Change/Carbon Clever** – No direct implications arising albeit specific projects may bring positive implications.

3.5 **Risk** – As per 3.2 above.

3.6 **Gaelic** – As per 3.4 above.

#### 4. **TOWN CENTRE FUND GRANT AWARD: 2020/21**

4.1 On 10<sup>th</sup> September 2020 the Scottish Government announced an additional £18m through the Town Centre Fund as part of its national economic recovery stimulus package, particularly aimed at supporting construction activity across Scotland. On 18<sup>th</sup> September the Scottish Government issued its formal grant offer to The Highland Council. The value of the grant offered is £1,066,000.

4.2 The grant offer and accompanying guidance includes the following key conditions of grant:

1. *All grant expenditure must be complete by 31 March 2021 (whether the project is led by The Highland Council or third party)*
2. *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. *The Grant may also be used to fund third party capital expenditure in the current year.*
4. *No part of the grant may be transferred to the Capital Fund, nor may any part of the grant be used to meet the costs of debt redemption.*

#### 5. **TOWN CENTRE FUND GRANT AWARD: 2019/20**

5.1 When disbursing the original Town Centre Fund award of £2.96m in 2019, The Highland Council:

1. provided indicative allocations to each of the relevant Area Committees (Isle of Skye and Raasay Committee - £198,967); and
2. established a decision-making process that required Area Committee 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.

5.2 On this basis, 34 projects (1 in Broadford and 1 in Portree) across Highland received grant awards. As per the original timetable all projects should have been already completed or have utilised their TCF allocation by end September 2020. In recognition that across Scotland projects were struggling to meet the 31 March 2020 contract commitment and October 2020 spend deadline, the Scottish Government (20 February 2020) relaxed the timelines for spend completion by September 2021. At

the time of writing the current TCF projects in Broadford and Portree are on track to be delivered as per the revised timetable.

## 6. DELIVERY CONSIDERATIONS

### 6.1 Potential Projects

The Scottish Government in their TCF grant award guidance explicitly states that: *it is expected that local authorities will prioritise projects which are established and can progress in time to meet this deadline (31 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"*.

In other words, this together with the town centre purpose of the fund can be read as, the Scottish Government is expecting The Highland Council to support existing Town Centre located projects that could benefit from some additional spend, or new Town Centre projects that are 'shovel ready' to be progressed.

6.2 There are four possible options available to Isle of Skye and Raasay Committee for identifying and investing TCF grant in projects:

1. "Top-up" existing TCF projects where there is an identifiable need i.e. overspend projected or additional phase of work can be readily bolted onto existing contracts. This could be undertaken quite quickly and existing grant contracts modified accordingly.
2. Support other projects that are "shovel ready" and can be delivered within the allotted timescales.
3. An open call for project proposals to be submitted to The Highland Council i.e. the approach adopted for the first tranche of TCF grant.
4. Work in partnership with established organisations that have a remit for enhancing and improving the town centres of Broadford and Portree.

6.3 In respect of option 1. The existing projects benefiting from TCF grant are fully funded and progressing satisfactorily.

6.4 After consulting Ward Members and carrying out desktop analysis of existing community organisations, it would appear that there are no suitably developed projects that would fall into the "shovel ready" category.

6.5 Option 3 is more all-encompassing and allows for options 1 and 2 to be considered alongside an opportunity for new projects to be identified. However, given the relatively small sum of money available it is quite conceivable that demand will exceed the available budget. As such, it may not be possible to agree an equitable distribution of the TCF allocation between Broadford and Portree as Members desire.

6.6 Option 4 will deliver an even distribution of funds between Broadford and Portree. It also provides lead organisations the comfort of knowing the budget available to them when developing proposals.

6.7 Both the Broadford & Strath Community Company and the Portree & Braes Community Trust are well positioned to deliver Option 4. The Broadford & Strath Community Company mission is to improve the natural and built environment of Broadford and Strath and ensure it's a desirable place in which current and future generations enjoy living, working and spending time. Portree & Braes Community Trust aims to stimulate and coordinate the economic, cultural and environmental regeneration of Portree and Braes in response to community identified priorities. It is

clear that the objectives of both organisations are in line with that of the TCF. Consequently an opportunity exists to provisionally award each organisation £28,052 to develop an eligible project in consultation with other key stakeholders.

- 6.8 Given that significant project development is required and that the next meeting of the Isle of Skye and Raasay Committee is 1 March 2021. Members need to agree the mechanism for finalising the project detail. Consideration should therefore be given to convening a Special Committee Meeting as early as possible in 2021

Designation: Executive Chief Officer: Infrastructure and Environment

Date: 23 November 2020

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