

Agenda Item	6
Report No	BIDS/003/21

HIGHLAND COUNCIL

Committee: Black Isle, Dingwall and Seaforth

Date: 13 January 2021

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 (TCF). On 5 November 2020, Members of the Economy and Infrastructure Committee Members agreed an area distribution of the grant. Black Isle, Dingwall and Seaforth Committee was allocated £196,364. The eligible settlements for TCF investment are Conon Bridge, Maryburgh, Dingwall, Muir of Ord, Avoch, Fortrose, North Kessock.
- 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).
- 1.3 At the 30 November 2020 and 7 December 2020 Ward Business Meeting, Black Isle, Dingwall and Seaforth Committee Members requested that Council Officers engage with existing TCF Grantees to determine whether the approved 2019/20 projects required additional financial assistance to complete or enhance their projects. Of primary concern to Members was the ability to meet the challenging timetable. As such it was felt that by working with existing Grantees would mitigate the threat of funds not being committed by 31 March 2021.

2. RECOMMENDATIONS

- 2.1 Members are asked to:
- i. Consider and agree the proposed additional items of TCF expenditure.

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 accessed/mitigated and any back to back grant award letters with third parties, and financial claims management protect The Highland 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 item 3.2 above.
- 3.6 **Gaelic** – As per item 3.4 above.

4. TOWN CENTRE FUND GRANT AWARD: 2020/21

- 4.1 On 10 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 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 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; and*
 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. DELIVERY CONSIDERATIONS

- 5.1 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. TCF PROPOSALS

6.1 Rosemarkie and Fortrose Public Toilets

The 2019/20 TCF project has experienced slippage due to the wider funding package (including £19,500 TCF grant) being insufficient to deliver the project. Tender returns were much higher than anticipated and unforeseen additional cost items such as electricity supply reconnection costs arose. The scope of works was modified and retendered but remain unaffordable. An additional injection of £25,000 TCF grant will ensure that this project is delivered as approved in 2019/20. This additional sum of money will also displace an outstanding £2,500 commitment from the Discretionary Ward Budget for the project (£5,000 in total). The Discretionary Ward Budget is under considerable strain as a result of the local response to COVID and it is felt that the TCF would be a more appropriate funding source at this time.

6.2 Dingwall Town Hall

The 2019/20 project (installation of elevator) remains on track to be delivered with the revised timetable. As a result of ongoing survey work it is evident that there is a need for significant capital investment in the property. This is to ensure that the built fabric does not deteriorate any further and adversely impact upon its usage. Just over £500,000 of essential works have been identified. At the time of writing this report, the client service (Performance and Governance) has not indicated which of those essential items TCF grant is being requested for. A verbal update will be provided.

6.3 Kessock North (A9) Layby

The 2019/20 project (lighting of steps and toilet refurbishment and motorhome waste disposal point) has experienced significant slippage with no substantive work taking place. This is in part a result of the approved £30,000 TCF grant being insufficient to deliver what was applied for by the project lead. Quotations recently obtained by the Project Officer indicates that the approved TCF budget (£30k) would only address the lighting of the steps (which was originally estimated at costing £7,500). In order to deliver the project as envisaged there is a need for additional TCF investment. At the time of writing this report, the client service (Infrastructure and Environment) has not indicated the value of additional TCF grant being requested nor have they been able to provide assurances about deliverability. A verbal update will be provided.

Designation: Executive Chief Officer: Infrastructure and Environment

Date: 18 December 2020

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