

Agenda Item	14
Report No	CIA/43/21

HIGHLAND COUNCIL

Committee: City of Inverness

Date: 18 November 2021

Report Title: Place Based Investment Programme

Report By: Executive Chief Officer Infrastructure, Environment & Economy and
Executive Chief Officer Communities and Place

1 Purpose/Executive Summary

- 1.1 The Scottish Government has allocated the Council £1,963,000 ring-fenced Place Based Investment Programme funding for 2021/22. The grant is capital in nature and can be used to fund capital expenditure of the local authority or a third party. At its meeting on 1 September 2021, the Economy and Infrastructure Committee agreed an area-based approach to the delivery of this Programme which will also support the Council's legal duties with community planning partners and communities.
- 1.2 The Place Based Investment Programme allocation for the City of Inverness Area Committee is £640,433.

2 Recommendations

- 2.1 Members are asked to:-
- i. agree in principle to investing £79,000 in the Victorian Market, Market Hall and Fish Market refurbishment project;
 - ii. agree in principle to investing £335,499 in the Inverness Campus Sports Development project; and
 - iii. operate a challenge fund for remaining budget.

3 Implications

- 3.1 **Resource** - The Placed Based Investment Programme are capital and ring-fenced with specific conditions attached. The grant can be spent by Council or third parties. The grant needs to be contractually committed by 31 March 2022.
- 3.2 **Legal** – The Council, along with statutory community planning partners, has a legal duty from the Community Empowerment Act (Scotland) (2015) to tackle inequalities. The Council and its partners must produce 'locality plans' at a more local level for areas experiencing particular disadvantage. All partners must take account of these plans in carrying out their functions and must contribute appropriate resources to improve the priority outcomes. By seeking the views of the community partnerships in allocating this place-based funding and in recognising the areas of need to consider, the place-based investment can support the Council's legal duties.
- All capital grants over £25k issued by the Council to third parties are legally binding with a standard security granted in favour of the Council to ensure that the public sector investment is protected.
- 3.3 **Community (Equality, Poverty and Rural)** – A key objective of the Place Based Investment Programme is to support wellbeing and inclusive economic development, tackling inequality and disadvantage, community involvement and ownership. While the allocation formula included use of the Scottish Index of Multiple Deprivation (SIMD), the Council has agreed with community planning partners to also use the Socio-Economic Performance (SEP) index which recognises rural deprivation better. This has led to over 20 locality planning areas being identified for community planning partners to work together in and with communities to reduce inequalities. Communities where locality plans have been or are being produced should be included in the consideration for this funding.
- 3.4 **Climate Change / Carbon Clever** - A key objective of the Place Based Investment Programme is to accelerate net zero ambitions.
- 3.5 **Risk** - When managing external funding it is imperative that the risks to the Council are accessed/mitigated and any back-to-back grant award letters with third parties and financial claims management protect Council financial and reputational interests. In addition, the Best Value Assurance Report 2020 highlighted the need for the Council to make progress with partners in delivering our shared empowerment and locality planning obligations. The involvement of community partnerships in informing the priorities for place-based investment will help deliver this improvement action.
- 3.6 **Gaelic** - No direct implications arising albeit specific projects may bring positive implications.

4 Place Based Investment Programme background

- 4.1 The 2020 Programme for Government committed to establishing a Place-Based Investment Programme (PBIP), linking and aligning place-based funding initiatives. The aim of the PBIP is to ensure that all place-based investments are shaped by the needs and aspirations of local communities and accelerate ambitions for place, 20-minute neighbourhoods, town centre action, community led regeneration and community wealth building.

There is alignment with the legal requirements of community planning, specifically the need to produce 'locality plans' for areas experiencing disadvantage and supporting any community asset transfers.

- 4.2 The Place Principle, which underpins this approach, was adopted by Scottish Government and COSLA as a basis for collaborative working to ensure that future local investment is relevant to local communities for the benefit of local people. Bringing relevant services, enterprise, and communities together to make our towns, villages, and neighbourhoods more viable.
- 4.3 The Scottish Government recognise that local government is a key partner in delivering the PBIP. Scottish Government and CoSLA have agreed that Local Government will receive a share of the funding over 5 years to support and advance place-based investment.
- 4.4 Local Government will receive a share of this capital funding, with £38m in 2021/22; £33m in 2022/23; £23m in 2023/24; £23m in 2024/25; and £23m in 2025/26. The £1,963,000 awarded to the Highland Council for 2021/22 is based on a distribution methodology agreed by COSLA and Scottish Ministers with 80% distributed based on the total population and number of towns, and 20% distributed based on deprivation. E&I Committee agreed that the same formula be applied to arrive at the area committee allocations.
- 4.5 Assuming that no changes are made to the aforementioned distribution formula, the Council can expect the following awards in future years:-
 - £1,704,710 in 2022/23
 - £1,188,131 in 2023/24
 - £1,188,131 in 2024/25
 - £1,188,131 in 2025/26

5. PBIP objectives

- 5.1 The main objectives of the Place Based Investment Programme are:-
 - to link and align place-based initiatives and establish a coherent local framework to implement the Place Principle;
 - to support place policy ambitions such as town centre revitalisation, community led regeneration, 20-minute neighbourhoods and Community Wealth Building;
 - to ensure that all place-based investments are shaped by the needs and aspirations of local communities; and
 - to accelerate ambitions for net zero, wellbeing and inclusive economic development, tackling inequality and disadvantage, community involvement and ownership.

6. PBIP locations

- 6.1 The Programme aims to invest in centres or neighbourhoods connected with two categories of settlement.

1. Rural settings with smaller populations, dependent on larger geographical area for support, for example:-

- small towns with a limited range of non-specialised facilities; and
- villages with very limited, or non-existent, access to facilities.

2. Urban settings with sizeable populations, for example:-

- regional capitals with extensive provision supporting a wide geographical area;
- larger towns with a comprehensive range of dedicated services and facilities; and
- individual neighbourhoods with limited access to relevant local provision.

6.2 As a consequence of the above aims, Economy & Infrastructure Committee agreed that all places, irrespective of population, be considered eligible for PBIP support.

7. CIAC PBIP Opportunities

7.1 The report considered by Members of the Economy & Infrastructure Committee on 1 September 2021 highlighted that the PBIP provides a valuable opportunity for Area Committee Members in the first instance to consider supporting existing Town Centre Fund (TCF) projects that may be experiencing deliverability challenges. Unfortunately the pandemic has resulted in cost escalation with some projects. It is also worth noting that when TCF grant amounts were approved they were often based on cost estimates rather than tenders so there was always a degree of risk that costs may rise. This is the case with two TCF projects approved by CIAC.

7.2 Victorian Market, Market Hall and Fish Market refurbishment project

The Victorian Market is experiencing a projected overspend of £50k with a need to set aside a further £200k in contingencies to address engineering and service challenges. When Members agreed the TCF contribution of £250k back in November 2019, the projected cost of the project was £1.5m. The TCF representing 17% of the projected costs. The final account is now anticipated to be £1,935,339. It is proposed that the 17% intervention rate is maintained. This equates to an additional financial contribution of £79k from the PBIP.

7.3 Inverness Campus Sports Development project

As the Inverness Campus Sports Development project has yet to be tendered and an updated cost plan is not available, it is more difficult to recommend a definitive financial contribution at this juncture. However, it is possible to work on assumptions. When Members agreed the TCF contribution of £126,901 back in November 2019, the projected cost of the project was £915k. The Council was also providing a developer contribution of £250k. This results in a total Council contribution of £376,901 (41% of total project costs). Applying a 40% increase to the original project cost estimate (due to project/construction cost increases) would give a revised figure of £1,281,000. As a minimum it is suggested that the Council maintains its intervention rate of 41%. That would result in an additional financial contribution of £135,499 from the PBIP.

7.4 Active discussions are ongoing regarding this project and with the passage of time and changed funding parameters, it is recognised that further funds may be needed to ensure the pull-down of external funding and the successful delivery of this project. It is therefore suggested that a further £200k is provisionally ring fenced from the PBIP allocation for this strategically important project.

This equates to an additional financial contribution of £335,499 from the PBIP. If for whatever reason these additional funds are not required then the balance will be added to the Challenge Fund.

7.5 Challenge Fund

It is recommended that an open call for projects is launched for the remaining funds. This process was utilised for the distribution of the Town Centre Fund in January 2021 and would allow for CIAC to scrutinise and approve applications at the next CIAC meeting set for 17 February 2022.

8. **Decision-making**

- 8.1 If a grant eligibility issue does arise during the challenge fund process and the local Area Committee goes against report recommendation in this respect, the Economy & Infrastructure Committee agreed that the matter is referred to the Executive Chief Officer Infrastructure, Environment and Economy, who in consultation with the Chair and Vice Chair of the Economy and Infrastructure Committee, will consider and determine, with their decision homologated at the next scheduled Economy and Infrastructure Committee. This process, as opposed to waiting for the next scheduled Committee meeting, is to ensure quick decisions on project spend can take place.

Designation: Executive Chief Officer Infrastructure, Environment & Economy

Date: 16 November 2021

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