

Agenda Item	8
Report No	ECI/17/2021

HIGHLAND COUNCIL

Committee: Economy and Infrastructure

Date: 5 May 2021

Report Title: Highland Coastal Communities Fund

Report By: Executive Chief Officer Infrastructure and Environment

1 Purpose/Executive Summary

1.1 The Highland Coastal Communities Fund is a new fund designed to support economic regeneration and sustainable development around coastal areas in Highland. The fund is derived from revenue generated by Scottish Government Crown Estate marine assets. Each year, local authorities are allocated a proportion of the profits.

There has been an overall allocation to Highland of £3,034,703, which represents two years of allocations from Scottish Government. Funding will be distributed as the Highland Coastal Communities Fund (HCCF).

1.2 Broad eligibility criteria for the scheme, as agreed at Council, is as follows:-

All projects are expected to be able to meet at least one of the following priorities:-

- Economic recovery;
- Community resilience;
- Mitigating the impact of the climate/ecological emergency; or
- Addressing the challenges of rural depopulation

Projects should be able to demonstrate that they are:-

- Sustainable/viable;
- Providing value for money;
- Providing additionality;
- Able to evidence local support/local benefit; and
- Able to evidence positive impacts for coastal communities and/or the coastal economy

2

Recommendations

2.1 Members are asked to:-

- i. Agree to an evaluation/review of the HCCF programme prior to the next tranche of funding being made available locally. This should be brought back to E&I Committee;
- ii. To make an open call for strategic projects i.e. projects that can clearly demonstrate a wider benefit than within their local Area Committee geography. Also, as agreed at Council in September 2020, Members are asked to agree that local areas can bid into this pot for additional top up support for approved or deferred local area projects where there has been over-demand from their first local area allocation round. No one area will be able to access more than 50% of the funds available; and
- iii. Consider the options in 4.3 below and agree a suitable mechanism to deliver the functions required from the two options proposed.

3 Implications

- 3.1 **Resource** – To date it is clear that the demand for funding is likely to exceed the funds available; however, Members may only award funds up to the maximum available. £100,000 was allocated as a maximum amount for the administration of the fund. Between November 2020 and May 2021 the fund has been administered by the LEADER team and it is clear that given the significant interest and numbers of applications dealt with to date that this resourcing has been required to front load the administration of the scheme. Given the ongoing need to support approved projects and bring new projects through the system any future tranche of HCCF should also include an allocation to fund the administration.
- 3.2 **Legal/Risk** – 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 The Highland Council's financial and reputational interests.
- 3.3 **Community (Equality, Poverty and Rural)** – Coastal communities funding is available to all Area Committees within Highland with a coastline. The focus of the funding is economic recovery and community resilience. Consideration of matters relating to equalities, poverty and rural issues are dealt with on an individual basis for applications and covered in the technical assessments of projects.
- 3.4 **Climate Change/Carbon Clever** – Mitigation of the climate/ecological emergency is a specific aim of the HCCF funding. All applicants are required to evidence environmental sustainability as referenced in the technical assessments.
- 3.5 **Risk** – 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 The Highland Council financial and reputational interests.
- 3.6 **Gaelic** – There are no specific Gaelic implications arising from this report.

4 Background and Context

4.1 In September 2020, full Council agreed to devolve allocations to Area Committee level in line with the original allocation methodology applied nationally by the Scottish Government. 15% of the fund was also ring fenced to be used for either top ups to local areas where demand exceeded available funding; and/or to allow for the funding of strategic/pan Highland projects; and to fund the administration of the scheme. The detail of this is shown in the table below.

In November 2020 the fund opened across Highland to accept expressions of interest (EOI) for local area projects. Following feedback from Members, within each area a number of expressions of interest were invited to proceed to full application stage early in 2021.

To date six Area Committees have met to consider the full applications submitted: Lochaber Committee, Sutherland County Committee, Isle of Skye and Raasay Committee, Easter Ross Area Committee, Nairnshire Committee and Caithness Committee. Area Committee meetings are also scheduled for Wester Ross, Strathpeffer & Lochalsh Committee, and Black Isle, Dingwall & Seaforth Committee. The Inverness Common Good Fund Sub Committee will meet on 26 April to consider expressions of interest for the Inverness area with a view to agreeing which applications should be progressed for a decision at the City of Inverness Area Committee. An update will be provided to the Economy & Infrastructure Committee on 5 May as to any remaining balance within local area allocations.

Allocations made to date and the projects currently in the pipeline for consideration are detailed in the table below:-

TOTAL AVAILABLE	£3,034,703.78		
Area	Total Allocation	Amount Allocated	Applications/EOIs current being considered
Administration	£100,000		
Strategic Fund	£355,205.57	£0	£172,420 (EOIs) *nb these have not been progressed to date
Inverness City	£12,156.72	£0	£21,213 (EOIs)
Black Isle, Dingwall & Seaforth	£22,015.82	£0	£9,450 (Applications)
Nairnshire	£12,090.00	£12,090	
Wester Ross, Strathpeffer & Lochalsh	£347,543.75	£0	£80,911.02 (Applications)
Lochaber	£462,032.02	£462,032.02	
Skye & Raasay	£505,492.06	£472,856.77	
Sutherland	£700,407.71	£700,407.71	
Easter Ross	£108,107.84	£92,111.24	
Caithness	£409,652.26	£409,652.26	
		£2,149,150	£575,746.82

In general, across all the Area Committee geography, the demand for funding has significantly exceeded the funds available. Officers have provided Members with technical assessments and RAG assessments of each project to guide their decision making. Members have also been able to direct the funds more strategically where it was felt there was a need for this – for example in Lochaber £30,000 was allocated to Business Gateway to enhance the Digital Boost grants that are available for local business as a means of supporting economic recovery.

Given the above and likely ongoing demand, it is suggested that a period of review and evaluation of the fund, both in terms of the overall governance and process but also in terms of the initiatives being taken forward, is considered prior to the next tranche of funding being awarded from the Scottish Government during 2021. This has been included within the recommendations above.

- 4.2 With regards the strategic funding available of £355,205.57, there is a need to agree how this element of HCCF should be taken forward. Members are asked to consider this in terms of the previous decision taken at full Council in September 2020.

Strategic Fund

The original approval given in September 2020 by full Council determined that the strategic funds could be used as follows:-

- additional top up support for local area projects where there is over-demand from area allocation – no one area should be able to access more than 50% of the strategic funds available; and
- funding for Highland-wide strategic projects – for example related to: Coastal Protection, Active Travel, Visitor Management projects that are of benefit to more than one Council area or locality

As per the recommendation above, Members are therefore asked to agree the following:-

To make an open call for strategic projects i.e. projects that can clearly demonstrate a wider benefit than within their local Area Committee geography. Also, as agreed at September Full Council, Members are asked to agree that local areas can bid into this pot for additional top up support for approved or deferred local area projects where there has been over-demand from their first local area allocation round. No one area will be able to access more than 50% of the funds available.

Work is underway to determine whether the UK Government Community Renewal Fund can be utilised to supplement the work being undertaken in respect of the Crown Estate Funding. A further update on this will be given to Committee to determine whether this call for projects can also be utilised as part of that funding stream.

4.3 Strategic Fund – Governance

In line with the recommendation above, a decision-making group is required to fulfil the following functions:-

- Consideration of EOIs and provision of feedback to applicants;
- Consideration of full funding applications and decisions on whether to approve/defer/reject applications;

- If approval is made, agree the level of funding to be awarded; and
- If approval is given, agree any supplementary conditions of funding beyond those required for technical purposes.

In order to strike a balance between full involvement of areas/Members in decision making, and the need to ensure that the process is not so time consuming or complex that it disadvantages applicants the following two options are suggested:-

1. The Chair and Vice Chair of E&I Committee along with the Chair of each Area Committee form a sub-committee to undertake the functions outlined above; or
2. A cross party sub-group of eleven Members, drawn from E&I Committee membership on the basis of political balance be formed to undertake the functions outlined above.

The outcome from the above process would be reported quarterly to E&I committee.

Designation: Executive Chief Officer Infrastructure and Environment

Date: 22 April 2021

Author: Fiona Cameron, Programme Manager