

<b>Agenda Item</b>	<b>7</b>
<b>Report No</b>	<b>ECI/21/2023</b>

## HIGHLAND COUNCIL

**Committee:** Economy and Infrastructure

**Date:** 4 May 2023

**Report Title:** Community Regeneration Programme

**Report By:** Depute Chief Executive

### 1 Purpose/Executive Summary

- 1.1 This report briefly reviews activity with the Community Regeneration Programme in 2022/23 before setting out proposals for the delivery of the Programme in 2023/24 including governance arrangements and fund allocations across a range of funding streams.

### 2 Recommendations

- 2.1 Members are asked to:-
- i. **Note** work underway to develop and extend the Highland approach to Community Regeneration including the preparation of Area Place Based Plans and inclusion of UK Shared Prosperity Fund into the Community Regeneration Programme;
  - ii. **Agree** arrangements, as detailed in Appendices 1,2,3 and 4, for the management of the Highland Coastal Communities Fund, the Place Based Investment Programme, the Community Led Local Development Programme and the UK Shared Prosperity Fund;
  - iii. **Agree** the process for dealing with other funds over and above those included in this report, as outlined in Appendix 5; and
  - iv. **Agree** to homologate the decision to submit two applications to the Scottish Government's Islands Infrastructure Fund as outlined at paragraph 5.8.

### 3 Implications

- 3.1 **Resource** – Community Regeneration including the engagement of communities in plan making, project development support, project assessment and then associated claim management and reporting to external funders, is a significant task. Whenever possible the Council utilises external funding to resource this work.

- 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 The Highland Council financial and reputational interests.
- 3.3 **Community (Equality, Poverty, Rural and Island)** – Consideration on issues 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 national funding streams. All applicants are required to evidence environmental sustainability as referenced in the technical assessments
- 3.5 **Risk** – A balanced approach to risk is adopted when disbursing grant funds as sometimes it is necessary if a community-based project is to proceed, to forward grant payment. Factors such as past knowledge of and project experience of the grant recipient; release of funds linked to invoices/works completion certificates etc. are considered in such assessments.
- 3.6 **Gaelic** – Consideration given within individual project applications in line with the Council's policy.

## 4 2022/23 Programme

- 4.1 In August 2022, Committee considered a report that set out an ambitious programme to put in place a Highland approach to community regeneration, encompassing local Area Place Based Plans; local decision-making structures and the introduction of multi annual/multi fund area allocations. Progress is as follows:-
- 4.2 Place Based Plans  
With Council and UK Shared Prosperity Fund resources, a programme is in place to prepare by December 2024, Area Place Plans and to embed a Place Based Approach for all parts of Highland. Most recently work has commenced on the Inverness and Easter Ross Plans. Funds will support the targeting and development of local outcomes and priorities.
- 4.3 Local decision-making structures  
There is a desire to ensure that the setting of priorities and decisions on local funding awards are in line with the development of the Area Based Place Plans, and that there is appropriate local stakeholder involvement in this process. The aim being that funding decisions will deliver the aspirations of the plan and ensure that there is a much more co-ordinated approach to community regeneration across Highland that retains the flexibility to adapt to the needs of each local area. Given the tight timelines and work ongoing with Area Place Based Plans, decision making with the 2022/23 funds has remained with the CLLD LAG and the respective Area Committees.

#### 4.4.1 Multi annual/multi fund

As anticipated this task has been the most challenging to progress due to it being heavily influenced by external funders. After petition to the respective Scottish Government Directorates, it has not proven possible to secure agreement to combine different financial allocations to create multiyear funds.

4.4.2 What has been achieved however, is that within Highland the different funding streams (Highland Coastal Communities; Place Based Investment Programme and Community Led Local Development) have, from an applicant's perspective, been delivered as a combined fund with the one application process and one grant award. To do so has been an incredible effort since the end of August 2022 from all involved and has resulted in some £5m being disbursed to some 100 projects. Feedback to date from applicants has been universally positive and there is clear merit in seeking to extend this approach into 2023/24.

### 5 **2023/24 Programme**

5.1 As identified in the August 2022 committee report, it is going to take time to put in place the desired approach to community development across all parts of Highland. As Place Based Plans get prepared and rolled out this current financial year, this will better enable local priorities to be identified and factored into local decision-making. In turn this then will help ensure that local community regeneration funds are better targeted to help deliver those projects most needed locally.

5.2 While multi annual / multi fund allocations remain an aspiration due to existing accounting and distribution mechanisms within the Scottish Government, it is considered that the multi fund approach successfully adopted by the Council in 22/23 merits extension and expansion into 2023/24. To do so a number of actions are required.

#### 5.3.1 Highland Coastal Communities Fund

The Council receives on an annual basis, funding from the Scottish Government to support projects that deliver economic regeneration and sustainable development in coastal areas. The coastal focus is driven by the fact that the funds are sourced from the net revenues of the Crown Estate marine assets in Scotland.

5.3.2 An award of £2,887,397 has been received for 2023/24. **Appendix 1** sets out the proposed distribution and strategic and local decision-making arrangements.

#### 5.4.1 Place Based Investment Programme

The Council receives on an annual basis, funding from the Scottish Government to support projects that 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.

5.4.2 Highland has not yet received a formal grant award letter 2023/24. A verbal update will be provided at Committee. **Appendix 2** sets out the proposed distribution and local decision-making arrangements.

#### 5.5.1 Community Led Local Development (CLLD)

The Scottish Government has put in place the CLLD programme to help sustain community development across Scotland's rural area following the ending of the EU LEADER programme.

5.5.2 Highland has not yet received a formal grant award letter 2023/24. A verbal update will be provided at Committee. **Appendix 3** sets out the proposed approach to the management of this fund and how its delivery in 2023/24 will again be aligned and co-ordinated with other community regeneration funds.

#### 5.6.1 UK Shared Prosperity Fund (UKSPF)

The UKSPF has Communities and Place as one of its programme priorities. Within the approved Highland Investment Plan, funding (£1.43m) has been secured for six interventions:-

- S1: Place based investments for regeneration and town centre improvements;
- S2: Support and improvement of community assets and infrastructure projects;
- S8: Impactful volunteering and/or social projects;
- S9: Investment in capacity building and resilience for local groups;
- S10: Community measures to reduce the cost of living; and
- S12: Investment and support for digital infrastructure for local community facilities

5.6.2 While these funds are timetabled for spend over 22/23, 23/24 and 24/25, there is a strict spend deadline of end March 2025 for activity spend. It is therefore proposed to also include the 2024/25 UKSPF allocation in the 2023/24 community regeneration programme, thereby ensuring that supported projects complete before the end March 2025 deadline. **Appendix 4** sets out the proposed distribution and local decision-making arrangements. The criteria for each intervention will be identified as part of the call for projects and thereby increase the options for delivery across Highland.

#### 5.7.1 Other Funds

Across a financial year a number of time limited Challenge Fund opportunities arise whereby the Council is asked by the Scottish Government to advertise the opportunity, assess (and short-leet/prioritise) applications against criteria before submitting them for decision-making. Thereafter if the applications are successful, the Council is asked to manage the grant award and claim process.

5.7.2 In the absence of approved Area Place Based Plans, any short-leetting/prioritisation of project applications is challenging as it can be difficult to define the relative merits of a project and how locally valued it is as well as comparing one project against another. In addition, the timelines for decision making can be short.

5.7.3 **Appendix 5** sets out a decision-making process to assist with this work.

#### 5.8 Island Infrastructure Fund

The Scottish Government Island Infrastructure Fund (IIF) is currently seeking applications from Local Authorities with Island communities. Highland Council were notified of this in early February with the deadline for submissions the 21/04/23. The funding available nationally this year is reduced to £4m and therefore the expectation is that the funding round will be oversubscribed and competitive.

There are two eligible areas in Highland that can submit applications – Lochaber and Isle of Skye and Raasay. Taking account of the reduced funding available and following local engagement on potential projects ready to proceed, it was agreed to submit two applications by the deadline of 21 April, one for Lochaber and one for Isle of Skye and Raasay.

The projects identified for submission are ready to start within the required timescales of IIF and align with local identified priorities. The two applications submitted were the Canna Hub project and Skye & Raasay Roads Infrastructure Programme. Given the requirement to submit the applications by the deadline of 21 April, the Committee are being asked to agree to homologate the decision to submit these applications. The Committee will be updated on the outcome of these applications once they have been considered by the Scottish Government.

## **6 Conclusion**

- 6.1 A major step was taken in 2022/23 with the introduction of a multi fund Community Regeneration grant, bringing ease of application, grant award and claim to project applicant and grant recipients. The proposals contained in this report seek to continue and build on this successful approach.
- 6.2 The programmed preparation of Place Based Plans will critically aid this work, giving decision-makers valuable intelligence on local priorities and further driving forward community engagement and input to local decisions.

Designation: Depute Chief Executive

Date: 14 April 2023

Authors: Andy McCann, Service Lead – Economy and Regeneration  
Fiona Cameron, Programme Manager Community Regeneration

## Highland Coastal Communities Fund 2023/24

### Governance

Decisions on local area project approvals sit with each Area Committee. Area Place Plans, when developed, will assist in guiding and directing recommendations.

Decisions on strategic applications sit with a subgroup of the Economy and Infrastructure Committee, comprising the Chair and Vice Chair of Economy and Infrastructure Committee and the Chair of each of the Area Committees. This approach will ensure that local and informed knowledge will be incorporated into decision-making.

### Allocations

<b>Total allocation</b>	<b>£2,887,397</b>
Admin @ 7.5%	£216,554
Strategic @ 15% (less Corporate Saving £300k)	£133,109

<b>Area</b>	<b>Amount allocated</b>
Inverness	£10,517
Dingwall & Seaforth	£1,790
Black Isle	£17,230
Nairn	£10,517
Wester Ross, Strathpeffer & Lochalsh	£301,422
Lochaber	£400,777
Skye & Raasay	£438,595
Sutherland	£607,544
Easter Ross	£93,761
Caithness	£355,351

If any project underspend arises in an Area, it will be used in the same area to fund project cost change requests or re-cycled and added to the funds available for grant award.

### Applications

At the Council meeting on 2 March 2023, it was agreed, following the review of non-statutory services for Early Years Grants, to reduce the grants available by £90k for the current financial year. It was also agreed that officers would work with organisations involved to identify alternative sources of funding to offset this reduction.

The Coastal Communities Fund was identified as the most likely source for this funding. In order to deal with this strategically, it is recommended that £90k is identified and agreed from the strategic allocation for this purpose, therefore avoiding the need for individual applications to each area fund. Organisations currently in receipt of grant funding from this budget are SNAP, Toybox Gairloch, Pultneytown Peoples Project, CSS, Fas Mor and Allsorts. This will be on a one-year basis.

## Place Based Investment Programme 2023/24

### Governance

Decisions on local area project approvals sit with Area Committees. Area Place Plans, when developed, will assist in guiding and directing recommendations.

### Area Allocations

The allocation for 2023/24 has not yet been confirmed but it is proposed to retain the allocation methodology used in previous years as follows:

<b>Area</b>	<b>% Allocation</b>
Badenoch & Strathspey	6.58
Inverness	32.63
Dingwall & Seaforth	7.17
Black Isle	4.95
Nairn	4.01
Wester Ross, Strathpeffer & Lochalsh	4.12
Lochaber	7.85
Skye & Raasay	3.90
Sutherland	5.45
Easter Ross	14.27
Caithness	9.07

If any project underspend arises in an Area, it will be used in the same area to fund project cost change requests or re-cycled and added to the funds available for grant award.



## Community Led Local Development 2023/24

### Governance

Decisions rest with the Highland Strategic Local Action Group (LAG) but the intention is to devolve decision making authority to appropriate local partnership structures in line with work being progressed by the Council to develop an Area Place Based plan in each area. For example, potentially subgroups of Community Planning Partnerships would be well placed to take on this role although where there is an existing appropriate group, i.e. the project board for Skye and Raasay Future, consideration could be given to widening the representation on this group to reflect the CLLD requirements.

Crucially this will ensure that the body which is ultimately responsible for the development and implementation of an Area Based Place Plan has influence over resources that are available locally.

### Allocations

Decision on fund allocation rests with the Highland Strategic Local Action Group (LAG) but the aspiration is to prepare area allocations and devolve to the appropriate local decision-making structures – as above.

Although the Scottish Government have expressed a desire to award CLLD funds over 2023/24 and 24/25, this has not yet been confirmed and it is recognised that it would be challenging to fully develop new local decision-making structures within the constraints of a March 2024 deadline for spend. As such this work will be progressed as appropriate in each area with the eventual aspiration of it being rolled out across all Highland to ensure a streamlined and cohesive structure for future area-based community led local development.

Given the need for CLLD funding to be allocated and spent within this financial year, the LAG will note the aspiration to align with this structure and work towards having implemented it in areas as appropriate over the course of this current year. This work is intended to provide a streamlined and cohesive structure for future area-based community led local development in future years.

**UK Shared Prosperity Fund (2023/24 and 2024/25)**

Governance

Decisions on local area project approvals sit with Area Committees. Area Place Plans, when developed, will assist in guiding and directing recommendations. Applicants will be asked to address the criteria set out through the Shared Prosperity Interventions.

Area Allocations

It is proposed that the same allocation methodology utilised for the Place Based Investment Programme is also utilised for the UKSPF.

<b>Area</b>	<b>% Allocation</b>
Badenoch & Strathspey	6.58
Inverness	32.63
Dingwall & Seaforth	7.17
Black Isle	4.95
Nairn	4.01
Wester Ross, Strathpeffer & Lochalsh	4.12
Lochaber	7.85
Skye & Raasay	3.90
Sutherland	5.45
Easter Ross	14.27
Caithness	9.07

If any project underspend arises in an Area, it will be used in the same area to fund project cost change requests or re-cycled and added to the funds available for grant award.

**Other Funds**

Governance

Decisions on which Challenge Fund short-leeted or prioritised project applications are to be submitted to Scottish Government or other Funders (if/as required), will sit with the sub-group of the Economy and Infrastructure Committee, comprising the Chair and Vice Chair of Economy and Infrastructure Committee and the Chair of each of the Area Committees.

Given the tight timelines which often accompany such decisions, it is recognised that meetings of the Sub-group may need to be called at short notice. If this is not possible, then a delegated decision-making is required with authority given to the Depute Chief Executive or appropriate Executive Chief Officer, to action following consultation with the Chair and Vice Chair of Economy and Infrastructure Committee.