

The Highland Council

Agenda Item	6.
Report No	CC/08/24

Committee: Caithness Committee

Date: 20 May 2024

Report Title: Community Regeneration Fund Assessment of Deferred Applications

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

1.1 Community Regeneration Funding is an umbrella term for several funds that are available for communities/organisations to access in Highland. At present it comprises elements of the UK Government's Shared Prosperity Fund along with the Highland Coastal Communities Fund and the Place Based Investment Programme, both of which are Scottish Government Funding streams to support economic regeneration and sustainable development in Highland. Area Committees are awarded devolved allocations according to approved formulae and decision making on which projects should receive funding sits with elected Members.

1.2 At Caithness Committee on 29 January 2024 Members:-

- Approved a total of £270,002.68 of funding to 10 Projects;
- Deferred decisions on 5 applications seeking additional information from those organisations; and
- Of those deferred applications, 4 applicants have responded with additional information.

1.3 In summary the position in Caithness for area Committee on 29 January 2024 is as follows:-

- Available Funding – £84,410.30;
- Number of applications for consideration – 4; and
- Total value of grant requests - £223,565.70

1.4 To aid Members in their decision making, the following appendices are provided to this report:

- **Appendix 1** – Caithness Deferred Application Summary Sheet; and
- **Appendix 2** – Caithness Technical Assessment RAG Summary Spreadsheet

RAG status on key criteria is based on the original application form and supplementary information provided from the applicant following the queries raised at the previous Committee. All applications presented are technically eligible – if any criteria are marked as red this does not indicate an eligibility concern but reflects the quality of information provided or outstanding requirements that will require technical conditions to be applied to any award of funding.

2 Recommendations

2.1 Members are asked to:-

- i. **Consider** the deferred applications presented and agree whether to approve, defer or reject the application. An approval of funding should detail the amount approved and outline any conditions of funding that Members wish to attach to the approval over and above the required technical conditions. A deferral would allow an applicant to resubmit the current application at a future date with updated information or for the project to be approved subject to further funding becoming available. A rejection would mean that the application will not proceed and any future application to the fund should be brought forward initially as a new expression of interest; and
- ii. **Agree** the approved CRF grant award for each application up to the value of the available area allocation.

3 Implications

- 3.1 **Resource** - Caithness have available funding of £84,410.30. Applications under consideration total £223,067.00 therefore as the applications exceed the funds available, the Committee will need to undertake a prioritisation process to agree the final funding awards.
- 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)** - The focus of the funding is economic recovery, regeneration, and community resilience. Consideration on issues relating to equalities, poverty and rurality 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 CRF funds. All applicants are required to evidence environmental sustainability as referenced in the technical assessments.
- 3.5 **Risk** - A balanced approach to risk is necessary when disbursing grant funds as sometimes it is necessary if a community led project is to proceed, to forward grant payment. Factors such as past knowledge of and project experience of the grant recipient, release of funds related to invoices/works completion certificates etc are considered in such assessments.

- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – No risks arising directly from this report. Risks within projects are identified and managed on a project-by-project basis by the applicant organisation.
- 3.7 **Gaelic** - Consideration given within individual project applications in line with the Council's policy.

Designation: Assistant Chief Executive - Place

Date: 26 April 2024

Author: Fiona Cameron, CRF Programme Manager
Mark Crowe, Project Officer

Background Papers: None

Appendices: Appendix 1 – Caithness Deferred Application Summary Sheet
Appendix 2 – Technical Assessment RAG Summary Spreadsheet

Appendix 1 - Caithness Community Regeneration Fund – Deferred Applications

Ref	Organisation	Grant Request	Questions	Response
2131	John O’Groats Development Trust	£25,000	Q1. Members would ideally like to see the planning permission and building warrant in place to give certainty that the works can be completed within the funding window but may consider the applications being in process as sufficient progress to reconsider the application for funding. The reason being that several CRF grant funded projects have significantly stalled at the consent stage, which has tied up funding allocations whilst other projects have been ready to proceed	<ul style="list-style-type: none"> • Planning consent confirmed as not required. • Building warrant secured on 27 March. • Match funding – awaiting decision from Stroupster Windfarm Community Fund
2134	Home Start Caithness	£70,547	Q1. Members would like some further detail on the organisations present monthly or annual costs building rental costs, to help demonstrate the savings that purchasing the building will bring	The rent is at a reduced rate of £400/month as Home Start have undertaken to carry out repairs and maintenance themselves to reduce ongoing costs. Building purchase cost - £45,000
			Q2. Rather than have separate lines of “Development of Building” & “Associated Building Costs” Members would like to understand a breakdown of all these costs, and information as to why the works are essential at this time	<p>Development of Building Replace windows, doors and fire door - £14,796 Associated Building Costs (Totals £10,751) Security alarm - £2,405; Office costs - £2,460; Roof repairs - £3,078; Plumbing work - £2,808</p> <p>Full list of outstanding needs given in email:</p> <ul style="list-style-type: none"> • Single pain windows, some don’t close • No fire exit • Roof leaks, temporary fix but needs permanent fix • Need for private office space • Poor distribution of hot water throughout building • Insulation improvements to reduce heat loss

			<p>Q3. Members are aware that some refurbishment work to the premises has already been undertaken. Therefore, some information as to what work has already been undertaken since you occupied the premises, against what essential works remain to be carried out would be helpful, alongside any planned timescales. This will help to understand the organisations refurbishment strategy</p>	<p>Current work undertaken and completed:</p> <ul style="list-style-type: none"> • New plasterboard downstairs & decoration throughout • Heating replacement • Lighting • Flooring • Bathrooms and fitted kitchen • Sensory room completed
2140	Thurso Community Café	£27,520	<p>Q1 Committee Members would like to see a 3-5 year business plan with accompanying financial forecast to understand how the helping hub can develop to become self-sustaining, without reliance on grant funding. In particular where does the project develop a revenue stream?</p>	<p>A Business Plan has been provided by the applicant with an accompanying 3-year financial forecast. The plan shows year 1 being reliant upon grant funding to secure building lease and set up costs, whilst developing reserves through the year to cover lease and operating costs in year 2 and 3.</p> <p>The operating costs are clear understandable. It is not clear as to how the monthly income has been assessed, and in year two there is a monthly target of £300, rising to £400 of income from fundraising or events.</p>
			<p>Q2. Whilst not questioning the need, Members would like to understand how the Helping Hub differs from the offering presented by the Charity Shops in the Thurso area, as whilst the application mentions refurbishing donated unwanted goods, it also covers laundering donated clothes and either giving them out for free, donation or sale</p>	<p>The response to this question is summed up by a paragraph from the Business Plan: <i>“The Hub would be more than a shop; it will be a support to the community. It will offer free items, such as clothes, school clothes to the most in need in the community but will also run sessions to show people how to upcycle items and reuse clothes that would otherwise be thrown away. It would offer emergency clothing for anyone in need at no cost”.</i></p>

2274	Wick Harbour Authority	£100,000	Q1. Members are aware that the planning, design of the works, costings, and funding package has been a dynamic situation since the EOI was submitted and would like to see an updated breakdown of costs including contingency	<p>Estimated project costs of £876,000 plus consultant recommended contingency of 20% (£175,000) Additional stabilisation works £110,000 Total including contingency £1,161,000 Aside from the stabilisation works, these are all estimated costs subject to imminent tender returns. The harbourmaster is hopeful that there will be a reduction in costs due to a revised sheet piling method.</p>
			Q2. Also, an update on funding packages both secured and applied for or in negotiation	<ul style="list-style-type: none"> • Marine Scotland - £450,000 Spent on material costs and off-site fabrication already as funding deadline was 31 March 2023 • NDA - £150,000 secured • HIE - £150,000 secured • SSE / BOWL - £200,000 under consideration • Wick Harbour Reserves - £100,000 Total confirmed & pending - £1,050.000
			Q3. Finally, an updated timescale for the project delivery and works on site.	<p>Harbour wall stabilisation, off-site fabrication work, sheet pile purchase completed. On site works to install frame and sheet plies late May / early June start.</p>

Appendix 2 - Technical Assessment RAG Summary Spreadsheet

CRF ref	Organisation	Project title	Project description	Total project cost	Grant Requested	CRF % rate	Project Robustness	Engagement & Support	Meeting a need/demand	Legacy & Exit Strategy	Equalities issues/ impacts	Environmental sustainability	Value for Money	Match funding	Meets Local Priorities	Additionality	Score	Comments following additional information
2131	John O' Groats Development Trust	John O' Groats Hall Refurbishment	Renovation of male and female toilet facilities as well as the addition of disabled toilet facilities. New external fire doors and acoustic panelling will also be replaced, along with internal lighting to LED units, and the addition of a generator changeover switch.	£ 54,360.40	£ 25,000.00	46%	2	3	3	3	3	3	3	2	3	3	28	The applicant has now secured the Building Warrant to allow the works to commence. If successful in their CRF application they will peruse match funding from Strouper Community Windfarm Fund for the balance. If they encounter difficulties with the match funding decision the project is scalable.
2134	Home Start Caithness	Volunteer Coordinator and Family Hub	Continue to employ a volunteer coordinator, responsible for recruiting, supporting, and developing the volunteers. Also to purchase the building we lease, creating an environment where the community can connect, feel safe and access the correct and right support, all in one place.	£ 70,547.00	£ 70,547.00	100%	2	2	3	3	3	3	3	2	3	3	27	Home Start Caithness have responded to the queries raised and their response is detailed in the appended response summary. They have a low cost lease on the premises due to the poor condition of it, and they have undertaken to carry out essential maintenance and upgrades to the property. The breakdown of works required is scalable if members were minded to approve a reduced offer.
2140	Thurso Community Cafe	Helping Hub	The Helping Hub Project is about repurposing perfectly good, but unwanted, items for use by those in our society who have the most need. The project will work with the motto of Repair, Reuse, Recycle. We want to collect unwanted items of clothing and other household items from people in the community and create a hub where those most in need can get free access to such items.	£ 39,520.00	£ 27,520.00	70%	2	2	3	2	3	3	3	2	2	3	25	The organisation have provided a business plan document and accompanying 3 year financial forecast. The aim is to use grant funding to establish and cover lease and operational costs in year 1, whilst building up reserves from income and fundraising events for year 2 & 3. The applicant believes that the offering differs significantly from a charity shop in that it will be community focused and not dependant on the ability to pay. It will also run sessions on upcycling goods and clothing that may otherwise go to landfill.
2274	Wick Harbour Authority	Harbour Entrance Improvement Works - Phase 1	WHA have been investigating options to develop the Outer Harbour which is not suitable for all year round berthing due to wave climate during winter storms. To progress this we have to make improvements to the existing harbour entrance as Phase 1 of the project. Works will strengthen and better align the harbour entrance for vessels using innovative modern methods and materials. This will future proof the ongoing fishing, leisure and offshore wind activities of stakeholders.	£ 1,161,000.00	£ 100,000.00	9%	3	3	3	3	2	2	3	3	3	2	27	The full reply to the questions raised by Members is contained within the appended response summary. In brief: 1) Estimated project costs of £876,000 + £175,000 contingency + £110,000 early stabilisation works - £1,161,000 total project costs ; 2) Total funding secured or under consideration is £1,050,000 ; 3) Initial urgent stabilisation has been undertaken, off-site fabrication has taken place, on-site works planned for end of May, early June start

Remaining Area Allocation (HCCF) £ 84,410.30

Total applied for £ 223,067.00

Oversubscribed / Undersubscribed -£ 138,656.70

All projects are given a rating of red, amber or green against key assessment criteria. As part of the application paperwork applicants are made aware of the criteria for these. These ratings are then converted into scores as follows: Red = 1; Amber = 2; Green = 3. This allows a total score for each project to be provided. Ratings are based on information provided during the application process and are provided as a guide only.

All projects presented are eligible but if Members wish to approve projects that have red or amber ratings it would usually suggest that additional conditions will be attached to the award to address these concerns.