

4. Town Centre Fund Grant Award: 20/21

- 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 18th September the Scottish Government issued its formal grant offer to the 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.*
 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.*
- 4.3 Other conditions of grant also apply including:
- submission of grant monitoring return by 30 November 2020 (including advice if Council is unable to utilise full allocation);
 - end of year report April 2021;
 - an evaluation of project completions by autumn 2021; and
 - standard statement of compliance with Conditions of Grant.

5. Town Centre Fund Grant Award: 2019/20

- 5.1 When disbursing the original Town Centre Fund award of £2.96m in 2019, the Council:
1. provided indicative allocations to each of the relevant Area Committees; and
 2. established a decision-making process that required Area Committee Members to rank eligible projects (using Town Centre Strategies or Plans where they exist) and a cross-party sub-group, chaired by the Chair of Environment, Development and Infrastructure Committee, to consider the ranked eligible projects and approve funding, utilising as appropriate the Reserve Fund.
- 5.2 On this basis, 34 projects across Highland received grant awards. As per the original timetable all projects should have been already completed or have utilised their TCF allocation by end September 2020. In recognition that across Scotland projects were struggling to meet the 31 March 2020 contract commitment and October 2020 spend deadline, the Scottish Government relaxed the timelines for spend completion by September 2021. Across Highland progress is mixed with some projects yet to start on site, while others progressing well. Some projects have options for further phased development if/when additional funding can be secured.

6. Delivery Considerations

- 6.1 The Council needs to determine how it wishes to manage this grant award and whether it is to be managed centrally with decisions taken by a strategic Committee or disbursed across Highland with the respective Area Committees making grant award decisions. A key imperative, no matter which approach is taken, is the need to

quickly identify the relevant projects and ensure the Highland construction sector benefits.

6.2 Decision-making

6.2.1 The decision-making structure, adopted in 2019, on the whole worked well with local Members and Area Committees engaging proactively and making pragmatic decisions based on the projects presented and funding allocation available.

6.2.2 It is proposed that an area approach be utilised for this latest tranche of funding. On this basis it is proposed that decision-making on the fund is delegated to the area committees and if no potential eligibility issues arise, then the area committee decision is final. This is slightly different from the approach followed for the previous round of funding, but this is justified by the pressing timescales that the funding has against it, and it largely follows the approach that was brought forward for dealing with the Crown Estates revenue funding at the Council meeting in October.

6.2.3 If a grant eligibility issue does arise and the area committee goes against report recommendation in this respect, then the matter is referred to the Executive Chief Officer: Infrastructure and Environment, 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. A similar decision-making process will be adopted if for whatever reason an area allocation will not be fully utilised (and as per terms of grant returned to Scottish Government and therefore otherwise lost to Highland), and there is a need to redistribute the residual funds quickly to other projects.

6.3 Area allocation

On the assumption that an area approach is to be adopted and there is no strategic aspect to Fund management, suggested area allocations have been prepared – see **Appendix 1**. The methodology used adopts the Scottish Government distribution methodology utilised when allocating the funds to the Council.

6.4 Potential Projects

6.4.1 The Scottish Government in their 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”.*

6.4.2 In other words this, together with the town centre purpose of the fund, can be read as **the Scottish Government is expecting the 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.**

6.4.3 Work is currently ongoing to identify town centre based projects that need or could benefit from additional investment and these will form the basis of reports to the most appropriate area committees. Member agreement is sought for this approach.

Designation: Executive Chief Officer: Infrastructure and Environment

Date: 20 October 2020

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**APPENDIX 1:
Proposed Area Allocations (2020-21)**

Town Centre Fund Grant received		£1,066,000
Name of Committee	Settlements	Area allocation
Badenoch and Strathspey Area Committee	Aviemore, Grantown-on-Spey, Kingussie, Newtonmore	£112,208
Caithness Committee	Thurso, Wick	£56,104
City of Inverness Area Committee	Beauly, Drumnadrochit, Inverness (Balloch, Culloden, Smithton, Milton of Leys, Westhill, Inverness), Ardersier	£252,468
Isle of Skye and Rasaay Committee	Broadford, Portree	£56,104
Lochaber Committee	Fort William (Banavie and Corpach, Caol, Fort William)	£84,156
Nairnshire Committee	Nairn	£28,052
Ross and Cromarty Committee	Strathpeffer, Ullapool, Ainess, Evanton, Invergordon, Balintore, Tain, Conon Bridge, Maryburgh, Dingwall, Muir of Ord, Avoch, Fortrose, North Kessock	£392,728
Sutherland County Committee	Brora, Dornoch, Golspie	£84,156

*A town is defined by the Scottish Government as a locality with a population equal to or greater than 1,000 people. The Scottish Government identified 38 such localities in Highland and therefore £1,066,000 divided by 38 = £28,052 per locality.