

Agenda Item	7
Report No	NC/14/20

HIGHLAND COUNCIL

Committee: Nairnshire Committee

Date: 2 December 2020

Report Title: Town Centre Fund

Report By: Executive Chief Officer Infrastructure and Environment

1. PURPOSE/EXECUTIVE SUMMARY

- 1.1 The Scottish Government has allocated The Highland Council an additional £1,066,000 ring-fenced Town Centre Fund. On 5 November 2020, Members of the Economy and Infrastructure Committee Members agreed an area distribution of the grant. Nairnshire Committee has been allocated £28,052 to be invested in Nairn.
- 1.2 While a Town Centre focus remains with the fund, the key driver behind the extra funding is to stimulate local construction activity and support employment across Highland at this time of economic crisis. Accordingly, the Scottish Government has conditioned the grant offer that grant expenditure must be complete by March 2021 (i.e. works completed or contracts signed/commenced within 2020/21).

2. RECOMMENDATIONS

- 2.1 Members are asked to:
- i. Agree to provisionally awarding the TCF allocation for Nairn to an established organisation whose remit aligns with the objectives of the TCF. On the proviso that they develop an eligible project(s) in accordance with criteria and carry out appropriate stakeholder engagement; and
 - ii. Give consideration to arranging a Special Committee Meeting to agree the final detail of the project.

3. IMPLICATIONS

- 3.1 **Resource** – The additional TCF grant is capital (for investment in fixed physical assets) and ring-fenced with specific conditions attached. The grant can be spent by The Highland Council or third parties.
- 3.2 **Legal** – When managing external funding it is imperative that the risks to The Highland Council are accessed/mitigated and any back to back grant award letters with third parties, and financial claims management protect The Financial Council financial and reputational interests.

- 3.3 **Community (Equality, Poverty and Rural)** – The purpose of the additional grant is to support the construction sector with contracts in town centres across Highland.
- 3.4 **Climate Change / Carbon Clever** – No direct implications arising albeit specific projects may bring positive implications.
- 3.5 **Risk** – As per 3.2 above.
- 3.6 **Gaelic** – As per 3.4 above.

4. TOWN CENTRE FUND GRANT AWARD: 2020/21

- 4.1 On 10th 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 Highland 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 The Highland 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.*

5. TOWN CENTRE FUND GRANT AWARD: 2019/20

- 5.1 When disbursing the original Town Centre Fund award of £2.96m in 2019, The Highland Council:
1. provided indicative allocations to each of the relevant Area Committees (Nairnshire Committee - £198,967); and
 2. established a decision-making process that required Area Committee 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 (1 in Nairn) 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 (20 February 2020) relaxed the timelines for spend completion by September 2021. At the time of writing the single TCF project in Nairn is on track to be delivered as per the revised timetable.

6. DELIVERY CONSIDERATIONS

6.1 Potential Projects

The Scottish Government in their TCF 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"*.

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

6.2 There are four possible options available to Nairnshire Committee for identifying and investing TCF grant in projects:

1. "Top-up" existing TCF projects where there is an identifiable need i.e. overspend projected or additional phase of work can be readily bolted onto existing contracts. This could be undertaken quite quickly and existing grant contracts modified accordingly.
2. Support other projects that are "shovel ready" and can be delivered within the allotted timescales.
3. An open call for project proposals to be submitted to The Highland Council i.e. the approach adopted for the first tranche of TCF grant.
4. Work in partnership with an established organisation that has remit for enhancing and improving Nairn town centre.

6.3 In respect of option 1. The existing project benefiting from TCF grant is fully funded and progressing satisfactorily.

6.4 After consulting Ward Members and carrying out desktop analysis of existing community organisations, it would appear that there are no suitably developed projects in Nairn town centre that would fall into the "shovel ready" category.

6.5 Option 3 is more all-encompassing and allows for options 1 and 2 to be considered alongside an opportunity for new projects to be identified. However, given the lack of well-developed projects in the town centre, this approach may not deliver the desired results and could ultimately erode what is an already challenging timetable.

6.6 Option 4 offers a compromise between the need to develop proposals quickly but ensures that work commences immediately as opposed to awaiting the outcome of an open call for projects. Nairn BID could potentially perform such a role, given that their overarching objective is to work with local businesses and the community, with the principle aim of restoring Nairn's reputation as a place to visit and shop and make it a more attractive place to do business. Furthermore, the Nairn BID 2018-23 Business Plan highlights the potential of a BID as a possible vehicle to deliver the economic and business elements of the Community Action Plan. An opportunity has now arisen to provide Nairn BID with the security of funding to develop a capital project in the town centre and realise the aspiration of being a facilitator of such activity.

6.7 Given that significant project development is required and that the next meeting of the Nairnshire Committee is 10 March 2021. Members need to agree the mechanism for finalising the project detail. Consideration should therefore be given to convening a Special Committee Meeting as early as possible in 2021.

Designation: Executive Chief Officer: Infrastructure and Environment

Date: 16 November 2020

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