

PERTH AND KINROSS COUNCIL

STRATEGIC POLICY AND RESOURCES COMMITTEE

1 SEPTEMBER 2021

UPDATE ON THE SCOTTISH GOVERNMENT TOWN CENTRE FUND AND PROPOSALS FOR THE NEW PLACE BASED INVESTMENT PROGRAMME

Report by Head of Planning and Development
(Report No. 21/149)

This report provides an update on progress with projects allocated funding from the Town Centre Fund. It also outlines the new Scottish Government funded Place Based Investment Programme and recommends further projects to receive funding in order to utilise the 2021/2022 allocation.

1. BACKGROUND

- 1.1 The Scottish Government currently operates three funds that support place-based regeneration and economic development. The long-established Regeneration Capital Grant Fund is a competitive fund that provides significant funding for capital projects led or sponsored by local authorities and targeted at the most deprived urban and rural areas across Scotland. In 2018, the one-off Town Centre Fund was announced and more recently its replacement, the Place Based Investment Programme which will operate from 2021-2026. It should be noted these Scottish Government grant schemes operate independently of the UK Government's Levelling Up Fund and Community Renewal Fund. This report focuses on the Town Centre Fund and Place Based Investment Programme.
- 1.2 The Town Centre Fund was announced by the Scottish Government in December 2018, and Perth and Kinross Council was allocated £1.983M in March 2019. Following discussion by members, the Strategic Policy and Resources Committee awarded funding to 5 projects in June 2019 (Report No 19/127 refers):
- Strathmore Community Hub (£150K)
 - Coupar Angus Cycle Hub (£50K)
 - Connecting Loch Leven with Kinross Town Centre (£800K)
 - Drummond Arms, Crieff (£600K)
 - Events Space, Pitlochry (£383K)

- 1.3 The funding was originally due to be committed by end of March 2020 and spent by end of September 2020. However, due to the COVID pandemic, this was extended to the end of March 2021, to be spent by end of September 2021. Scottish Government have advised this is no longer a hard deadline and if projects are underway and likely to complete by the end of December 2021, this will be satisfactory. There is, however, no additional funding. As part of the Scottish Government's Economic Recovery Plan, additional funding was announced in September 2020. The additional allocation for Perth and Kinross was £714K, bringing the total budget to £2.697M.
- 1.4 An update report was provided to an Executive Sub-Committee of the Strategic Policy and Resources Committee on 23 October 2020 (Report No 20/204 refers) where it was agreed to:
- de-commit funding from the Coupar Angus Cycling Hub due to the project not proceeding
 - provide an additional allocation of £487K to the Strathmore Community Hub
 - provide an additional £20K to the Kinross/Loch Leven project
 - allocate £25K to the YMCA Perth Y Centre project
 - allocate £200K to the Local Full Fibre Network project
 - make further efforts to bring forward a viable project in Pitlochry as the original idea did not generate widespread community support.
- 1.5 A subsequent report was brought back to the Strategic Policy and Resource Committee on 25 November 2020 (Report No 20/227 refers). Committee agreed that it would not be possible to bring forward a project in Pitlochry to expend the grant before the deadline, but that officers would continue to work with community groups to seek viable schemes and alternative sources of funding. Committee also approved the allocation of the remaining balance of Town Centre Fund funding to the following projects:
- Crieff Hotel arts hub (£100K)
 - Strathearn Hotel demolition and site clearance (£265K)
 - Town Wi-Fi Schemes (£50K)
- 1.6 Meantime, the Place Based Investment Programme (PBIP) was launched in September 2020, with the grant offer and objectives received on 10 May 2021. The main objectives of the PBIP are to:
- align place-based initiatives and establish a coherent local framework to implement the Place Principle
 - support place policy ambitions such as town centre revitalisation, community led regeneration, 20-minute neighbourhoods and Community Wealth Building
 - ensure that all place-based investments are shaped by the needs and aspirations of local communities
 - accelerate ambitions for net zero carbon, wellbeing and inclusive economic development, tackling inequality and disadvantage, and community involvement.

1.7 The Programme is to be achieved by investing in projects focussed on:

- rural places with smaller populations, dependent on larger geographical areas for support, for example:
 - small towns with a limited range of non-specialised facilities
 - villages with very limited, or non-existent, access to facilities.
- urban places with sizeable populations, for example:
 - regional centres with extensive provision supporting a wide geographical area
 - larger towns with a comprehensive range of dedicated services and facilities
 - individual neighbourhoods with limited access to relevant local provision.

1.8 The PBIP grant can be claimed for eligible capital expenditure incurred by local authorities or third parties. The grant is for expenditure additional to that which is already, or would otherwise, be allocated to the 2021/22 budget and should not substitute for existing spend. The grant may also be used to fund third party capital expenditure either directly, or through the provision of grants to third parties (public sector bodies, private sector bodies or individuals). The grant must be committed in the financial year 2021/22. It is expected that expenditure will be met, or at least work or contracts signed or commenced, by 31 March 2022. This is a challenging timescale for capital projects.

1.9 The available funds have been allocated following agreement with COSLA as follows:

Year	LA Allocation £M	Perth & Kinross Share £M
2021/22	38	1.265
2022/23	33	1.089
2023/24	23	0.759
2024/25	23	0.759
2025/26	23	0.759
TOTALS	£140M	Est. £4.631M

1.10 Community engagement and co-design of outcome focussed projects, in line with the principles of the Perth & Kinross Offer, will be possible in future years. However, there is insufficient time or staff capacity to do this in the current year. The Council also currently does not have “shovel-ready” projects. This will be addressed by the allocation of £450K of COVID Reserve funding (Report No 21/101 refers) which will enable both feasibility studies to be progressed and develop staff capacity to write and submit future bids for competitive funding schemes.

1.11 Therefore, this year, a pragmatic approach will again be required to ensure the £1.265M allocation is spent on projects which meet the Fund’s criteria. The only feasible option is to focus on existing projects that require additional funding, and are already approved, or any others the Council can progress this year that also demonstrate a contribution to the objectives of the PBIP.

2. PROPOSALS

2.1 The table below provides both an update on progress and spend relating to the approved Town Centre Fund projects and identifies where additional PBIP funding could be allocated.

PROJECT	£ FUNDING ALLOCATED	19/20 SPEND	20/21 SPEND	21/22 SPEND	TOTAL TO DATE	COMMENTS/PROGRESS	RAG
STRATHMORE COMMUNITY HUB (refurbishment of former GP surgery into a Community Hub)	£637,000	54,877	14,160	100,297	£169,334 (27%)	Project is underway but additional funding is required to meet rising costs identified in revised tender information of c.£125K . They have also indicated delays in completing the project due to delays to materials supplies, which will mean project will not be complete until November 21.	
DRUMMOND ARMS, CRIEFF (refurbishment/repairs to former derelict hotel building) – we are now aware of 2 expressions of interests from hotel operators to purchase building once repairs & strip out complete.	£600,000	121,384	74,213	117,673	£313,270 (52%)	Strip out and repair works underway. Project could spend additional money & looking to purchase neighbouring RBS building. Estimated additional spend in total c.£962K – however this is made up of several different elements of which £140K could be spent this financial year.	
PERTH CITY CENTRE (refurbishment of building to create new multi-functional Youth facility)	£25,000	0	25,000	0	£25,000 (100%)	Money paid over to support design costs of larger scheme funded by the Regeneration Capital Grant Fund.	
LOCAL FULL FIBRE NETWORK (installation of high-speed broadband into town/city centre PKC buildings – part of wider Local Full Fibre Network project)	£200,000	0	0	0	0	Funding allocated to identified budget shortfall in overall LFFN Project. Project underway and should be complete by end September.	
CRIEFF HOTEL (purchase of derelict former hotel building to create a multi-use community arts space.	£100,000	0	100,000	0	£100,000 (100%)	Money paid out to part fund purchase of hotel. Project being developed by Creative Crieff. The next phase of the project is the demolition of the Hotel which is estimated to cost c£200K and requires planning consent.	
STRATHEARN HOTEL (demolition of former hotel building in Crieff)	£265,000	0	0	0	0	Some delays in project experienced, planning permission delayed due to bat survey being required. Planning Permission has now been approved, and it is hoped demolition will be on site by late August and complete by end September.	
TOWN WIFI SCHEMES (to install town centre Wi-Fi in Coupar Angus, Comrie, Alyth, Scone, and extend the Perth City Wi-Fi.)	£50,000	0	0	28,313	£28,313 (56%)	Projects underway but need additional funding to complete the schemes. We have identified an additional funding requirement of c.£30K.	

CONNECTING LOCH LEVEN WITH KINROSS TOWN CENTRE (Creation of a new car park at Loch Leven & improved access to town centre)	£820,000	0	73,528	347,099	420,627 (51%)	Project on site and progressing well. However due to issues with material delays the project will be subject to delay and is experiencing cost increases due to rising materials costs. Additional funding of £35K is required to allow the project to complete as planned.	
TOTALS	£2,697,000	176,211	286,901	593,382	£1,056,544 (39%)		

2.2 While most Town Centre Fund projects are on track for completion and spend by the end of September 2021, as highlighted in the summary above, there are some issues with several of the projects that require resolution.

2.3 Both the Strathmore Community Hub and the Town Wi-Fi projects require additional funding to complete their original project. In addition, several of the projects which are currently on site are experiencing delays in sourcing building materials, are facing rising construction costs, and are indicating that their projected completion dates will slip.

2.4 The Drummond Arms project is progressing well, and they have indicated they could spend significant additional funding on the building in the period from October to end March 2022. The most critical currently unfunded elements of the project would be the acquisition of the former RBS unit and the demolition of the former staff quarters at the rear of the main building. Any further requests for funding for this project in the future would require to be assessed against other competing priorities. The Creative Crieff group which is developing the Crieff Hotel project have also indicated they could move to phase 2 this year to demolish the hotel and clear the site, subject to planning consent which requires a case to be made for demolition rather than economic repair.

2.5 Taking all the above factors into consideration, the following projects could potentially be funded from the new PBIP, and the expenditure made in the 2021/22 financial year:

Additional funds to complete Strathmore Community Hub	£125,000
Additional funds to complete Town Centre Wi-Fi	£30,000
Additional funds to complete Connecting Loch Leven with Kinross project	£35,000
Additional funds for priority elements of Drummond Arms (Purchase of RBS building & Demolition of outbuilding at rear)	£140,000
Additional funds to demolish Crieff Hotel	£200,000
<i>Additional funding for Letham Hub</i>	<i>£735,000</i>
TOTAL	£1,265,000

- 2.6 One additional project has been incorporated into the table above: the Letham Hub.

Letham Hub

- 2.7 The Letham Community Hub project is being funded by Perth and Kinross Council, Regional Capital Regeneration Fund (RCGF) and Lottery. This exciting community focussed project will refurbish and extend the current recreation centre to create a community gym, sports hall, community kitchen, soft play area and multi-purpose rooms. The project is being tendered during a period when significant tender inflation is being encountered nationally, with material and labour shortages reported. The project tenders were received in July and the initial evaluation suggests the best tender will be in excess of the current budget. The additional funding detailed above is recommended to allow the project to proceed unaltered. However, if the total additional amount is not all required for the Letham Hub project we will bring back a further report to committee to re-allocate any balance.

Pitlochry

- 2.8 Following difficulties in securing community and landowner support for previously proposed public realm improvements at Atholl Road Pitlochry, it was agreed by the SP&R Committee that officers would provide support for the development of a broader place-based investment framework. This will assist the identification of community priorities in the town and support the development of projects. For example, a collective of local representative bodies are now progressing a Community Action Plan in Pitlochry which will identify priorities for community and place-based investment within the next 6 months. Therefore, a Pitlochry project is likely to be a priority for PBIP funding in a future year.

Future Years

- 2.9 It is proposed to hold a workshop with elected members in autumn 2021 to seek views on future projects, and other sources of potential funding which could be taken forward which would meet the criteria of the PBIP.

3. CONCLUSIONS AND RECOMMENDATIONS

- 3.1 The report summarises the good progress being made in the delivery of Town Centre Fund projects and highlights that several now require additional funding to complete them, due in the main to rising construction and material costs. However, some additional funding is now available via the Place Based Investment Programme allocation for 2021/22 and, practically, this could be utilised to fund these additional costs. Additionally, two other projects, both with community support, can also be progressed in the current financial year should PBIP funding be allocated.

3.2 It is recommended that the Committee:

- i) notes the progress being made to deliver the already approved Town Centre Fund projects.
- ii) notes the requests for additional funding from these projects.
- iii) approves the allocation of additional funding available via the Place Based Investment to the following projects:
 - Strathmore Community Hub - £125,000
 - Town Wi-Fi - £30,000
 - Kinross Loch Leven Car Park - £35,000
 - Drummond Arms - £140,000
 - Crieff Hotel Community Arts Space - £200,000
 - Letham Hub - £735,000
- iv) requests officers to convene a workshop in autumn this year for all elected members to consider options for the use of the remaining PBIP funding and other sources of potential funding; and
- v) requests the Head of Planning & Development to report on progress before the end of March 2022.

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Approved

Name	Designation	Date
David Littlejohn	Head of Planning and Development	23 August 2021

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	YES
Corporate Plan	YES
Resource Implications	
Financial	YES
Workforce	YES
Asset Management (land, property, IST)	YES
Assessments	
Equality Impact Assessment	YES
Strategic Environmental Assessment	YES
Sustainability (community, economic, environmental)	YES
Legal and Governance	YES
Risk	YES
Consultation	
Internal	YES
External	n/a
Communication	
Communications Plan	YES

1. Strategic Implications

Community Plan/Single Outcome Agreement

- 1.1 The proposals within the report will support the delivery of the Perth and Kinross Community Plan in terms of the following priorities: -
- (iii) Promoting a prosperous, inclusive and sustainable economy
 - (v) Creating a safe and sustainable place for future generations

Corporate Plan

- 1.2 The proposals within the report will support the delivery of the following Council's Corporate Plan priorities: -
- (iii) Promoting a prosperous, inclusive and sustainable economy.
 - (v) Creating a safe and sustainable place for future generations.

2. Resource Implications

Financial

- 2.1 The Head of Finance has been consulted on the proposals and has indicated agreement with the proposals.

- 2.2 These proposals will be funded from a grant received from the Scottish Government and as such should have no direct impact on our existing Capital or Revenue budgets.

Workforce

- 2.3 There are no project specific workforce implications arising from this report.

Asset Management (land, property, IT)

- 2.4 The Head of Property has been consulted on the report and has indicated agreement with the proposals.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- (i) Assessed as not relevant for the purposes of EqIA

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The proposals have been considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:
- in the way best calculated for delivery of the Act's emissions reduction targets.
 - in the way best calculated to deliver any statutory adaptation programmes; and,

- in a way that it considers most sustainable.

3.6 The proposals have been assessed against the Council's Principles for Sustainable Development and it is considered that all the proposals outlined would support the achievement of sustainable development.

Legal and Governance

3.7 The Head of Legal and Governance has been consulted on the report and has indicated agreement with the proposals.

Risk

3.8 The key risks associated with the proposals presented in the report relate to our, and our delivery partners, abilities to implement approved projects within the timescales required. If we are unable to do this, our grant funding will have to be returned to the Scottish Government under the conditions of the grant offer.

4. Consultation

Internal

4.1 The Executive Director (Communities), the Chief Operating Officer, the Head of Finance, and the Head of Legal and Governance have been consulted in the preparation of this report.

External

4.2 No external parties have been consulted in the preparation of this report.

5. Communication

5.1 The agreed proposals will be communicated to all appropriate parties including external organisations receiving Town Centre Fund/Place Based Investment Programme grant awards.

2. BACKGROUND PAPERS

Report No. 19/127

Report No. 20/204

Report No. 20/227