

## EAST AYRSHIRE COUNCIL

CABINET – 23 JUNE 2010

### KILMARNOCK CONSERVATION AREA REGENERATION SCHEME AND TOWNSCAPE HERITAGE INITIATIVE

#### Report by Depute Chief Executive/ Executive Director of Neighbourhood Services

#### 1. PURPOSE OF REPORT

- 1.1 To seek Cabinet approval to integrate fully the Kilmarnock Conservation Area Regeneration Scheme (CARS) and Townscape Heritage Initiative (THI) to achieve maximum partnership funding potential.

#### 2 BACKGROUND AND CURRENT POSITION

- 2.1 The Kilmarnock CARS project was established and became operational from May 2007 prior to the submission by the Council for Stage 2 approval to the Heritage Lottery Fund (HLF) to establish the Kilmarnock THI Scheme. HLF granted a 'Permission to Start the (THI) Scheme' in December 2008. The table below summarises the funding position for both schemes.

Summary of CARS & THI Expenditure/Commitments/Balances			
	CARS	THI	CARS & THI TOTAL
Approved Target Funding	1,819,261 (see Note 1)	5,287,153	7,106,414
Total Secured/Anticipated Funding (see Note 2)	3,221,975	3,792,175	7,014,150
Expenditure to Date	1,253,273	129,906	1,383,179
Commitments	858,762	820,000	1,678,762
Total Expenditure + Commitments	2,112,035	949,906	3,061,941
Uncommitted Balances	1,109,940	2,842,269	3,952,209
Proposed Change to Funding Package	(1,109,940)	1,109,940	0
Proposed Revised Funding Package	2,112,035	4,902,115	7,014,150
Differential Approved Target Funding/Revised Funding Package	292,774 surplus (additional funds committed)	385,038 shortfall	N/A (See Note 3)

**Note 1** CARS approved Target funding as contained in offer of grant from Historic Scotland dated 15<sup>th</sup> January 2007

**Note 2** Includes anticipated Fairer Scotland Fund allocations for 2011-13 of £180k for CARS and £180k for THI

**Note 3** Total is not applicable as THI funding shortfall cannot be offset by funding already committed to CARS

**2.2** Whilst the CARS and THI projects were established as distinct grant schemes, they share a common purpose in the heritage-led regeneration of Kilmarnock Town Centre. Both schemes provide grant support to owners and tenants of historic buildings within the Kilmarnock John Finnie Street and Bank Street Outstanding Conservation Area to undertake comprehensive building repair projects, reinstate special architectural details and implement traditional shopfront schemes. Both schemes also promote training and educational outreach opportunities in conservation and heritage.

**2.3** The projects that have received grant funding under the CARS project to date would also have been eligible under the Kilmarnock THI scheme. Appendix 1 of this report summarises progress to date in relation to grant funded projects. It has not been possible hitherto to achieve this combination of partnership funding, principally as a result of the CARS project having been operational prior to the establishment of the Kilmarnock THI and also due to the fact that CARS grants have been able to be offered at a higher intervention rate than THI grants. However it is now considered best to integrate the funding for both schemes. The benefit of combining the CARS and THI projects is that it pools partnership funding and enables us to maximise drawdown of funding from the Heritage Lottery Fund and other project funders.

### **3. SCHEME INTEGRATION**

**3.1** HLF requires an annual review of the approved THI Action Plan to be undertaken and submitted for approval. As part of the Kilmarnock THI Year 1 Action Plan Review that has been submitted to HLF for consideration, the Kilmarnock Townscape Heritage Initiative Partnership at its meeting on 1 December 2009 agreed to recommend to HLF that the maximum grant intervention rates for the THI be increased to the same levels as those provided under CARS for building repair. This will of itself encourage a greater take up of THI grants.

**3.2** If formal approval is given by the Heritage Lottery Fund to reconcile THI grant funding with the CARS scheme for building repair, there will be no financial reason for the Council not to pool partnership funding for CARS and THI in this regard and thereby maximise funding drawdown against the £1.99m grant allocated to the Kilmarnock THI. It should be noted that potential combined grant funded projects currently anticipated include the following:

- 6-18 John Finnie Street (the Opera House site)
- 100-106 John Finnie Street (Paper Roses)
- 108-114 John Finnie Street (The Balti)
- 64-70 John Finnie Street (the John Morton building)
- 2-4 John Finnie Street/26 West George Street (Allen & Harris)

- 22-24 West George Street (Fanny by Gaslight)
- 60 Bank Street/22 Nelson Street (the White's building)
- 98 – 104 Portland Street (Weir's Building)

**3.3** Maximum funding drawdown from the Heritage Lottery Fund and other project funders can be achieved if the uncommitted funding balance held under the Kilmarnock CARS project (£1,109,940) is combined with with the current total secured/anticipated funding allocated against the Kilmarnock THI project (£3,792,175). The net effect is an improved partnership funding total secured of £4,902,115 and a reduced additional funding requirement of £385,038 to meet the approved THI funding of £5,287,153.

**3.4** The secured/anticipated funding identified includes anticipated combined CARS/THI Fairer Scotland Fund allocations totalling £360k. The Council is engaged in a process of review in relation to FSF funded projects. The FSF allocations indicated for CARS/THI cannot, therefore, be considered as secured funding and the outcome of the review of FSF funded projects could have an impact on the total partnership funding available to the Kilmarnock CARS/THI project. Again, any opportunity to secure additional funding from other sources will be taken as they arise, but expenditure commitments to individual projects will only be made where sufficient secured funding is available to meet them. Further detail in relation to partnership funding is provided at Appendix 2 to this report

## **4 FINANCIAL IMPLICATIONS**

**4.1** With agreement from the Heritage Lottery Fund and Historic Scotland, the full integration of partnership funding for Kilmarnock CARS and THI and the application of consistent grant intervention rates will allow combined CARS/THI grants to be disbursed to maximise funding drawdown potential from the Heritage Lottery Fund and other project funders.

**4.2** Any opportunity to secure the revised target additional funding requirement of £385,038 will be taken as it arises. If it is not possible to secure the additional funding this will result in the Council not being able to claim up to £144,928 of the HLF Grant. This would then result in a total funding gap of up to £529,966. Expenditure commitments will only be made where sufficient secured funding is available to meet them.

**4.3** The proposals contained within this report have no financial implications for the Council. As noted in paragraph 3.4 above, the Council is engaged in a process of review in relation to FSF funded projects. The FSF allocations indicated for CARS/THI cannot, therefore, be considered as secured funding and the outcome of the review of FSF funded projects could have an impact on the total partnership funding available to the Kilmarnock CARS/THI project. Any such impact and its implications on the CARS/THI project will be reported to Cabinet as required.

## **5 PERSONNEL IMPLICATIONS**

**5.1** There are no direct personnel implications arising from this report.

## **6 LEGAL IMPLICATIONS**

- 6.1** There are no legal implications arising directly from this report. The proposals contained within this report will be submitted formally to Historic Scotland and the Heritage Lottery Fund for approval as core funders, although it is not anticipated that there will be significant difficulties.

## **7. POLICY IMPLICATIONS**

- 7.1** Community Regeneration is one of the Council's key strategic priorities and the CARS/THI project contributes directly to the achievement of these objectives.

## **8 COMMUNITY PLANNING IMPLICATIONS**

- 8.1** The implementation of the CARS/THI project contributes directly to the Delivering Community Regeneration Strategy and Action Plan through its approach to heritage-led regeneration within Kilmarnock Town Centre.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1** The CARS/THI project manages financial risk in accordance with the Council's approved Accountancy Policy Bulletin procedures. No financial commitments will be made in excess of the available secured partnership funding.

## **10. RECOMMENDATION**

- 10.1** It is recommended that Cabinet: -

- (i) Agree to the full integration of the Kilmarnock CARS and THI Partnership Funding allocations in order to maximise grant drawdown potential from the Heritage Lottery Fund and other project funders;**
- (ii) Authorise the Head of Planning and Economic Development to formalise this and agree any necessary adjustments to the operational requirements of the schemes with the Heritage Lottery Fund and Historic Scotland as required**

**Elizabeth Morton**

**Depute Chief Executive / Executive Director of Neighbourhood Services**

**9 June 2010**

**FV-AN**

## **LIST OF APPENDICES**

Appendix 1 – Kilmarnock CARS Grant Funded Projects

Appendix 2 - Kilmarnock CARS and THI Schedule of Funding

## LIST OF BACKGROUND PAPERS

1. Kilmarnock Conservation Area Regeneration Scheme Grant approval process/delegated powers, Cabinet Meeting – 24 October 2007
2. Kilmarnock Townscape Heritage Initiative Stage 2 Submission, Cabinet Meeting – 21 November 2007
3. Regeneration Projects and Budget Allocations, Cabinet Meeting – 2 July 2008
4. Delivering Community Regeneration, Cabinet Report – 20 May 2009
5. Kilmarnock Conservation Area Regeneration Scheme – Approval of grant application for additional works to 75-81 John Finnie Street, Kilmarnock, Cabinet Meeting - 8 July 2009.
6. Kilmarnock Conservation Area Regeneration Scheme – Grant application for works at 39-41 John Finnie Street, Kilmarnock (Atrium Homes), Cabinet Meeting – 19 August 2009
7. Kilmarnock Conservation Area Regeneration Scheme – Approval of grant application for additional works Goodfellows Estate Agents 13/15 West George Street Kilmarnock, Cabinet Meeting – 24 February 2010

Members wishing further information should contact Colin McKee, Heritage Projects Coordinator on 01563 576759 or Karl Doroszenko, Development Planning and Regeneration Manager on 01563 576751

***Implementation Officer: Alan Neish, Head of Planning & Economic Development***

Appendix 1

Kilmarnock CARS Grant Funded Projects

Kilmarnock CARS Grant-Funded Projects			
Project	Description of Project	Grant Level	Committee Approval
75 John Finnie Street (Tannahills)	The project comprised a major scheme of conservation, repair and maintenance affecting all external building elements.	£202,029  Supplementary Grant £104,706	Regeneration Projects and Budget Allocations, Cabinet Meeting – 2 July 2008  Kilmarnock Conservation Area Regeneration Scheme – Approval of grant application for additional works to 75-81 John Finnie Street, Kilmarnock, Cabinet Meeting - 8 July 2009.
15 Strand Street (Walker Bonded Warehouse)	The project comprises a major scheme of conservation, repair and maintenance affecting all external building elements	£568,878	Regeneration Projects and Budget Allocations, Cabinet Meeting – 2 July 2008
13-15 West George Street (Goodfellows)	The project comprises a major scheme of conservation, repair and maintenance affecting all external building elements. The project also includes the replacement of ornamental stone vases to the parapet wall.	£238,635  Supplementary Grant £132,109	Kilmarnock Conservation Area Regeneration Scheme – Approval of grant application for additional works Goodfellows Estate Agents 13/15 West George Street Kilmarnock, Cabinet Meeting – 24 February 2010
95 John Finnie Street (Shona's Hair Salon)	This project comprised the installation of a traditional shopfront.	£5,594	Approved by delegated authority granted by Cabinet on 2 July 2008
25 John Finnie Street (Shah's Palace)	The project comprised the removal of inappropriate shop front elements and the installation of new elements and signage	£4,795  Supplementary Grant £4,746	Approved by delegated authority granted by Cabinet on 2 July 2008

93 John Finnie Street	The project involved several works to improve the shop front/public entrance and the replacement of aluminium casement windows with timber sash and case configuration	£28,004	Approved by delegated authority granted by Cabinet on 2 July 2008
39-41 John Finnie Street (Atrium Homes)	This project comprises new traditional shopfront and fascia sign.	£77,000	Kilmarnock Conservation Area Regeneration Scheme – Grant application for works at 39-41 John Finnie Street, Kilmarnock (Atrium Homes), Cabinet Meeting – 19 August 2009

## Appendix 2

### Kilmarnock CARS and THI Schedule of Funding

Kilmarnock CARS Partnership Funding					
Source of Funding	Amount Awarded	Amount received to date	Amount Still to come	Total	Notes
Historic Scotland	811,170	269,072	542,098	811,170	Offer of grant from Historic Scotland dated 15 <sup>th</sup> January 2007
Scottish Enterprise	670,805	570,000	100,805	670,805	Offer of grant from Scottish Enterprise dated 25 March 2008. Part of total grant of £870,000
Fairer Scotland Fund	460,000	190,000	270,000	460,000	Letter from Community Planning & Partnership Manager dated 11 June 2008 – confirming funding up to 2010/11
EAC General Fund Balances	500,000	0	500,000	500,000	Cabinet Report titled “Kilmarnock Town Centre Regeneration” dated 24 October 2007
EAC Top of Town 1	530,000	0	530,000	530,000	Cabinet Report titled “Kilmarnock Town Centre Regeneration” dated 24 October 2007
EAC Top of Town 2	120,000	3,240	116,760	120,000	Full Council Report titled “Community, Heritage and Environmental Projects Budget 2006/7 – 2007/8” dated 21 June 2007
Community Regeneration Fund (CRF)	130,000	130,000	0	130,000	CPP Board Paper “Budgetary Control Summary Statement 2007/08” 13 December 2007
<b>Total</b>	<b>3,221,975</b>	<b>1,162,312</b>	<b>2,059,663</b>	<b>3,221,975</b>	

Kilmarnock THI Partnership Funding					
Source of Funding	Amount Awarded	Amount received to date	Amount Still to come	Total	Notes
Heritage Lottery Fund	1,990,000	25,960	1,964,040	1,990,000	Letter from Heritage Lottery Fund dated 16 July 2008
Historic Scotland	253,980	0	253,980	253,980	Offer of grant from Historic Scotland dated 30 <sup>th</sup> November 2007

<b>Fairer Scotland Fund</b>	360,000	90,000	270,000	360,000	Letter from Community Planning & Partnership Manager dated 11 June 2008 – confirming funding up to 2010/11.
<b>Public Sector Housing Grant</b>	80,000	80,000	0	80,000	Confirmed by e-mail from Housing Service - July 2009
<b>EAC General Fund Balances</b>	500,000	18,260	481,740	500,000	Cabinet Report titled “Kilmarnock Town Centre Regeneration” dated 24 October 2007
<b>EAC Leaders Initiative</b>	209,000	0	209,000	209,000	Leaders speech 2008/09, supported by Cabinet report “Redevelopment and Improvement of the Floral Clock at Kilmarnock Railway Station” dated 8 July 2009
<b>EAC Kilmarnock TCRF Capital</b>	200,000	0	200,000	200,000	Report titled “Town Centre Regeneration Fund Bids – Project Development” dated 19 August 2009.
<b>Scottish Enterprise</b>	199,195	0	199,195	199,195	Offer of grant from Scottish Enterprise dated 25 March 2008. Part of total grant of £870,000.
<b>Total</b>	<b>3,792,175</b>	<b>214,220</b>	<b>3,577,955</b>	<b>3,792,175</b>	