

EAST AYRSHIRE COUNCIL

CABINET – 24 FEBRUARY 2010

TOWN CENTRE REGENERATION FUND PROJECTS – UPDATE ON PROGRESS TO SECURE FUNDS

**Report by the Depute Chief Executive/Executive Director of Corporate
Support**

1. PURPOSE OF REPORT

- 1.1 To update Cabinet on progress with the three projects funded by the Scottish Government's Town Centre Regeneration Fund for Kilmarnock, Cumnock and Galston town centres; to seek approval for the implementation and completion of the three schemes; and to authorise the Executive Head of Finance & Asset Management to issue a letter of assurance to the Scottish Government confirming that where works orders have been placed internally these works will be undertaken directly by the Council.

2. BACKGROUND

- 2.1 Strategies prepared by the Scottish Government identify regeneration as playing a crucial part in enabling economic growth. In recognition of the important contribution made by Scotland's town centres to the achievement of sustainable economic growth, a Town Centre Regeneration Fund (TCRF) created with £60million of accelerated capital available in 2009/10.

3. SCOTTISH GOVERNMENT ANNOUNCEMENTS

- 3.1 The 19 August 2009 Meeting of Cabinet was advised of the success of the Cumnock & Galston TCRF applications, with a total of £749,000 approved for the "Cumnock: Creating Civic Space" project and £250,000 for the "Galston – Achieving Sustainable Regeneration" project. The Cabinet also agreed to the resubmission of the Kilmarnock project and a Darvel project to Tranche 2 of the TCRF; to the acceleration of the Capital Investment Programme to support successful projects; to engage professional support as required for each project; and that recurring revenue implications should be considered as part of the 2010/11 revenue budget setting process to cover the additional maintenance requirements of the projects.

3.2 An announcement was made by the Scottish Government on the 13 November 2009 indicating that the Kilmarnock – Connecting Places project had been successful and was to be awarded £1,156,000. Unfortunately, the Darvel bid was unsuccessful, as were additional bids by Catrine Community Trust and the New Cumnock Liaison Group which were supported by the Council. The Cabinet in August requested that a meeting be set up with the Scottish Government to clarify the reasons why these bids were unsuccessful under the TCRF Fund. The Scottish Government indicated that they did not feel that a meeting would be appropriate, but advised that these decisions were due to the considerable competition for the TCRF funding and the extent to which the projects met the aims of the Fund, including both the extent to which the criteria were met and the geographic spread of benefits. There are no further plans to continue the TCRF scheme. Accordingly there is no appeals process, since all available funding has been allocated and no further funds are available.

4. SUCCESSFUL TCRF PROJECTS

4.1 The following is a summary of the financial details of the successful TCRF bids:

Project	Total Estimated Cost	Match Funding Secured	EAC Capital Programme Allocation	Bid amount to TCRF	Applicant
Figures in Bold are from the original TCRF bids.					
Kilmarnock Town Centre Improvements –Environmental and streetscape improvements centred on the Kilmarnock John Finnie Street/Bank Street Outstanding Conservation Area including Sandbed Street	£1.781m (now £1,675)	£209k (Leader’s Initiative) £80k Railway Heritage Trust £30k CARS	£200k	£1.156m	EAC
Cumnock Town Centre Improvements - Demolition of former bingo hall, Glaisnock Street Cumnock and improved access and environmental improvements around Cumnock Town Hall	£1.109m	£260k Capital Allocation for Cumnock TC	£100k	£749k	EAC

Galston Town Centre Improvements – Acquisition and demolition of derelict site at Cross St/Bridge St, acquisition and improvement of car parking to the rear of shops; landscaping to car park area to mitigate impact of flood defences.	£535k	£85k	£200k	£250k	EAC

- 4.2 An important aspect of the TCRF process is the ability to implement a scheme and thereby incur expenditure within an acceptable timescale. In ordinary circumstances, the Scottish Government would allow funds to be drawn down when work was completed and had been certified as such. In recognition of the time constraints around this Fund, Ministers have agreed to be as flexible as possible, and have said that they're prepared to release funds where work has not been completed provided that there is certainty that the project will be realised, through a legally binding contract which must be in place by 31 March 2010. In the event that works are not complete and there is no legally binding contract in place they have indicated that funding will be withdrawn.
- 4.3 Where local authorities plan to deliver part of the works themselves and will not, therefore, have in place a formal contract, the Scottish Government is prepared to consider a purchase order alongside a statement of assurance from, in the case of this authority, the Council's Executive Head of Finance & Asset Management to the effect that the work will be undertaken.
- 4.4 The final grant claim form requires to be submitted to the Scottish Government by the 17th March 2010 with supporting evidence that the funds have been spent, are legally committed, or are supported by a statement of assurance.
- 4.5 In order to meet this challenging timescale, work on each of the Council's TCRF projects has been progressing following confirmation of funding from the Scottish Government.

5. 'KILMARNOCK – CONNECTING PLACES' PROJECT

- 5.1 The project aims to greatly improve the environment and pedestrian connections between Kilmarnock Railway Station and the core retailing area through the introduction of high quality environmental and streetscape improvements. Improved surfaces, lighting, signage and street furniture will better connect the Railway Station to John Finnie Street, Portland Street, Strand Street, Bank Street and King Street. As part of the project it is also proposed to undertake improvements on Sandbed Street adjacent to Kilmarnock Water.
- 5.2 The project will be structured contractually to maximise the involvement of trainees. Community safety issues will be addressed through the extension of the CCTV system, the removal of unsightly graffiti and environmental improvements to the wall and railings along Sandbed Street. Strategically, it is intended that the project will capitalise on the economic and social benefits of the rail service enhancements between Glasgow and Kilmarnock, with the recent introduction of a half-hourly service.
- 5.3 Improvements to the urban realm within the Kilmarnock John Finnie Street/Bank Street Outstanding Conservation Area as a stimulus to economic regeneration are an integral aspect of the Kilmarnock Town Centre Strategy, the Ayrshire Joint Structure Plan and the Adopted Local Plan and Alteration (Finalised Version with Modifications). As such, the development of the 'Kilmarnock – Connecting Places' project is a crucial element of the Council's approach to the regeneration of Kilmarnock Town Centre.
- 5.4 There are a number of planning, legal and procurement issues which are being addressed. These include securing the necessary statutory planning and roads consents and ensuring that legal issues around the siting of CCTV cameras, street lighting and the removal of graffiti, where these involve property in private ownership, are concluded.
- 5.5 The Cabinet in August 2009 authorised the engagement of professional support to progress this project. Appointment of the preferred consultants (TGP Landscape Architects) to progress the detailed Kilmarnock "Connecting Places" TCRF project was made in January 2010.
- 5.6 Despite the challenging timescale that has been set by the Scottish Government, TGP confirmed that they and their team (Armours Construction Consultants, Quantity Surveyor's and ID Consulting Ltd Civil Engineers) would be able to meet the timescales set. However in order to do so it was agreed that the proposal to acquire land on Sandbed Street to construct a new public seating area should not be progressed at this time.

The timetable agreed with the consultants is as follows:-

Tender issue date 8.2.10
- Tender return date 25.2.10
- Tender reporting date 5.3.10

- Appointment of contactors mid March 2010 (subject to planning and listed building consents being received)

The necessary planning applications for the works included within the project were lodged on Friday 22 January 2010 to allow consideration by committee on 5 March 2010.

5.7 The Design Team has made excellent progress with the project and it is on target currently to achieve the agreed programme. Assistance from colleagues, particularly within Asset Improvement and Roads and Transportation has been crucial to achieving this.

6. 'CUMNOCK: CREATING CIVIC SPACE' PROJECT

6.1 The 'Cumnock - Creating Civic Space' project will meet the identified need for improved access to the town centre, provision of an attractive, high quality outdoor public space and removal of a vacant building on a key site. The project includes the creation of a high quality streetscape improvement project to enhance the setting of the category C(S) listed Cumnock Town Hall, the demolition of the vacant and derelict former Bingo Hall in Glaisnock Street (which is now in Council ownership) and the formation of an improved access into the proposed new car park on the site of the former Burgh Yard.

6.2 A civic space in front of the Town Hall will be created in an attractive landscaped area, lit up at night by a complementary floodlighting scheme that will emphasise the key features of the site whilst increasing community safety. Both the new civic space and the car park to the rear will incorporate the installation of CCTV cameras. The new civic space will link directly to the new car park to the rear of the Town Hall on the site of the former Burgh Yard. Work is now well underway on the proposed new car park, the contract being coordinated by the Roads Service. A new access link for pedestrians and vehicles will be formed from Glaisnock Street to the car park. The access will be complementary to the high quality civic space and constructed to adoptable standards whilst alleviating potential congestion in the narrow residential streets in the vicinity of the Town Hall.

- 6.3 During the design phase of the project, it became apparent that the boundary wall between the Dumfries Arms Hotel and the site of the former Bingo Hall is in poor condition and requires to be replaced. Positive discussions have taken place with the owner of the hotel to inform him of the proposals. As the trees within the hotel site will be affected by the improvement works, formal agreement is required from the owner to remove the trees to facilitate the improvement /replacement of the wall. This will require the Council to access the neighbouring ground to carry out the necessary work. A formal licence to occupy will be required to enable the Council to carry out the relevant works. Legal Services have forwarded the relevant documentation to the property owner's solicitor some time ago but agreement has not yet been reached.
- 6.4 The successful bid to the TCRF for the 'Cumnock: Creating Civic Space' project totals £0.749m, with an estimated total project cost of approximately £1.109m. The Council's proposed contribution to the project includes the purchase and demolition of the former Bingo Hall and the construction of the new car park. Clearly, securing the funding from the TCRF has been crucial in taking the complete scheme forward quickly to implementation.
- 6.5 The cost of the formation of the car park and access is being met by approved allocations within the General Services Capital Programme for Cumnock Town Centre. However, in order to implement the full "Creating Civic Space" project, Cabinet previously agreed an allocation of £100,000 from the Council's approved accelerated Capital Programme to be used to contribute to the cost of demolishing the former Bingo Hall. The estimated total cost of demolition is £145,000. The TCRF approved funding includes a contribution of £45,000 to the demolition.
- 6.6 There are a number of planning, legal and procurement issues which are being addressed during the development process of the project. These include securing the necessary statutory consents and ensuring that the rights of access for the residential garage to the rear of No4 Hall Terrace and to the electricity sub station are maintained. The design and procurement of the contracts for the demolition of the former Bingo Hall and the formation of the car park and access are being coordinated through Asset Improvement Service and the Roads Service. Due to the requirement for the specialist services of a landscape architect to finalise the design of the civic space, as agreed by Cabinet in 2009 a consultant, Keppie Design, has been appointed for this element of the project, working in consultation with the Roads Service and Outdoor Services to ensure that the two elements of the project are compatible and achieve a high quality finished product.
- 6.7 A planning application and a listed building application for the improvements to the front of the town hall have been submitted and is

intended to be considered by committee on the 26 February 2010 (planning permission has already been granted for the car park and Conservation Area consent granted for the demolition of the former Bingo Hall). Demolition of the former Bingo Hall has commenced and all asbestos material has been removed by a specialist contractor. Although a little behind schedule due to the recent adverse weather conditions, the demolition will be completed within an acceptable time frame. The two trees in front of the town hall will also be removed as they are diseased; the one adjacent to the former Bingo Hall has already been removed to allow the demolition to progress. Information leaflets regarding the works to the former Bingo Hall were circulated to neighbouring properties to inform them of the proposed works and keep them up to date with progress.

The programme to ensure that Scottish Government TCRF requirements are met is as follows:-

- **Bill of Quantities** **10.2.10**
- **Tender issue date** **17.2.10**
- **Tender return date** **5.3.10**
- **Appointment of contractors** **15.3.10 (subject to planning and listed building consent being achieved)**

7. 'GALSTON – ACHIEVING SUSTAINABLE REGENERATION' PROJECT

- 7.1 The successful TCRF 'Galston - Achieving Sustainable Regeneration' project aims to create a new landscaped public car park adjacent to the recently constructed Burn Anne flood defences and enable demolition and clearance at a prominent derelict site in the town centre. Community safety issues will be addressed through the installation of CCTV and additional lighting to the car park area and Church Lane adjacent. The intention is that the project will enhance the Council's investment in the wider regeneration of Galston town centre and deliver long-term benefits to the community as a whole.
- 7.2 On the basis of paragraph 4.1 above the TCRF project for the 'Galston – Achieving Sustainable Regeneration' totals £535,000 with £200,000 committed from approved Council budgets. These costs include the acquisition of the proposed car park site which is in multiple ownership.
- 7.3 Funding from the TCRF is vital to accelerate the creation of the car park and to prepare the vacant site at Cross St/Bridge St for development. As with the Cumnock project, additional detailed design work is required to ensure that the scheme can be implemented within the TCRF timescales.

- 7.4 As agreed by Cabinet in 2009 Keppie Design have been appointed as design consultants and have designed the proposals in line with the TCRF application. Planning consent for the scheme was approved subject to conditions on the 29 January 2010. A non material variation to this planning consent may be required to allow us to regularise all existing access rights. However, this is dependant on the eventual solution to these access issues which is still being finalised.
- 7.5 With regard to the new local office site, purchase prices have been negotiated with the owners of both 3-5 Cross Street and 2-6 Bridge Street. A separate report is being presented to this Cabinet jointly by the Depute Chief Executive/Executive Director of Corporate Support and Executive Head of Finance and Asset Management to request authorisation to pay a premium to purchase 2-6 Bridge Street as the negotiated price is higher than the current market value but is nevertheless within acceptable limits and there are sufficient funds in the budget.
- 7.6 Acquisition of the car park has been complex given the number of owners involved and the rights of access requiring to be varied. Significant progress has been made and every effort is continuing to be made to progress the car park acquisition within the timescale set by the Scottish Government but this may not be achievable.
- 7.7 Given the complexities of the land acquisition issues we are encountering with this project there has been close and regular contact between the Council and Scottish Government officials in order that we can maximise drawdown of the grant. The Scottish Government is fully aware of the land acquisitions and have clarified the requirements relating to the grant claiming process, see paragraph 4.2 - 4.4 above

Subject to the above matters being resolved the programme for meeting Scottish Government TCRF requirements is as follows:-

- Bill of Quantities	10.2.10
- Tender issue date	17.2.10
- Tender return date	5.3.10
- Appointment of contractors	15.3.10

8. LEGAL IMPLICATIONS

- 8.1 Specific legal issues relating to each of the projects have been outlined under the relevant sections of this report. These issues are currently being addressed by the Council's Legal Service. In summary these are as follows:

Kilmarnock

- Seeking any necessary permissions from landowners where the upgrading of street surfaces, lighting and removal of graffiti involve land/properties in private ownership

Cumnock

- Ensuring that the rights of access for the residential garage to the rear of No4 Hall Terrace and to the electricity sub station are maintained. Obtaining a formal license agreement with the owner of the Dumfries Arms Hotel for the removal of trees and replacement of the boundary wall.

Galston

- Ownership / regularisation of access rights in respect of the proposed car park site and ownership in respect of the proposed office redevelopment site.

- 8.2 Contracts will be managed in accordance with the Council's Standing Orders for Contracts. Procurement issues are continuing to be addressed with the support of the Council's Procurement Team.

- 8.3 Given the Scottish Government's deadline, the acquisitions of the various sections of land outwith Council ownership at Galston and the finalisation of the licence to occupy with the owner of the Dumfries Arms Hotel in respect of the boundary wall issues will require to be concluded prior to the letting of the contracts, failing which, formal consent of the owners to the letting of the relevant elements of the contracts will be required.

- 8.4 At the time of writing both the Kilmarnock and Cumnock projects do not have the benefit of planning consent. The planning and listed building applications relating to the Cumnock project are intended to be reported to the Southern Local Planning Committee on the 26 February 2010. In relation to the Kilmarnock project, related planning applications are due to be considered at the 5 March Northern Local Planning Committee. However, a special planning committee will be required to consider various listed building and related planning applications for improved lighting if they are to be included in the contract. These applications will not be able to be determined prior to 9 March 2010 by which date the various advertisement and notification periods will have expired.

8.5 It should be noted that the final details of the contracts for each of the TCRF projects will be dependent on the outcomes of the planning applications that remain to be determined and negotiations ongoing in respect to land acquisition or relating to other legal matters. Given the progress detailed in this report as well as the ongoing negotiations it is recommended that authority is given to the Solicitor to the Council, at the appropriate time, to proceed to let the 3 TCRF contracts in accordance with the planning consent granted for Galston (subject to any amendments) or planning or listed building consents that may be granted for Kilmarnock and Cumnock and on the basis of any landowners consent where land acquisition has not been concluded in Galston and finalisation of a formal licence to occupy has not been concluded in Cumnock.

9. FINANCIAL IMPLICATIONS

9.1 On 20 May 2009, Cabinet agreed, subject to approval of the TCRF bids by the Scottish Government, indicative capital allocations for each of the projects from the regeneration funds approved through the Council's Capital Programme 2009-2019. The approved allocation for the Galston project is £200,000 and for the Cumnock project is £100,000. In relation to the Kilmarnock project following the success of the TCRF Tranche 2 bid, the approved indicative allocation of £200,000 from the Capital Investment Programme can also be confirmed.

9.2 Management and monitoring of project expenditure is currently being undertaken in accordance with both the Scottish Government and the Council's financial procedures.

9.3 To ensure sustainability of the projects, the ongoing maintenance costs will require to be met. The estimated annual maintenance cost for each project is as follows:

Cumnock	£25,000
Galston	£ 8,500
Kilmarnock	£22,000

As part of the budget process it has been agreed to allocate £55,500 per year as part of the 2010/11 revenue allocation to cover the additional maintenance requirements of the above schemes.

9.4 As indicated in Paragraphs 4.3 & 4.4 above there is a requirement where local authorities are delivering part of the works themselves and will not therefore have in place a formal contract, (ie. the installation of the CCTV cameras in all three projects, and in the case of Cumnock, the construction of the access road and removal of trees) to provide a purchase order alongside a statement of assurance from the Council's

Executive Head of Finance & Asset Management to the effect that the work will be undertaken. Cabinet is therefore requested to approve this approach and authorise the Executive Head of Finance & Asset Management to issue an assurance that this work will be undertaken.

10. PERSONNEL IMPLICATIONS

- 10.1 There are no personnel implications arising from the TCRF bids.

11. POLICY IMPLICATIONS

- 11.1 The implementation of the projects is in accordance with the Environmental Policies within the Alteration to East Ayrshire Local Plan (Finalised Version with Modifications), the Kilmarnock Conservation Area Management Plan and the aims of the Cumnock Town Centre Masterplan and regeneration project.

12. COMMUNITY PLANNING IMPLICATIONS

- 12.1 An important aspect of bids submitted for consideration under the Town Centre Regeneration Fund is that they should have support from local partnerships. Each of the projects has been developed in collaboration with a wide range of partners and has the full support of the East Ayrshire Community Planning Partnership.
- 12.2 The 'Kilmarnock – Connecting Places' project and the 'Cumnock: Creating Civic Space' project fit within the Council's and its Partners strategic priorities in relation to town centre regeneration in particular. Within the Community Plan, all three projects meet the aims and aspirations of the 'Delivering Community Regeneration' Action Plan 2009-2011. The projects are embedded in the Council's 'Integrated Regeneration Strategy' and link directly to Scottish Government National Outcomes and Local Outcomes articulated through the East Ayrshire Community Planning Partnership Single Outcome Agreement.

13. RISK MANAGEMENT IMPLICATIONS

- 13.1 The key risk arising from this report relates to the potential for the projects not to proceed as anticipated. The accelerated timescale of the TCRF adds further pressure to legally commit projects by the end of March 2010. Regular review and monitoring of progress will assist in mitigating this risk. As indicated in Paragraph 8.3 above contracts may require to be let in advance of finalisation of the acquisitions and licence to occupy but with landowners consent in relation to the land required for the Galston and possibly Cumnock TCRF projects.

- 13.2 Identified risks arising from specialist surveys of the former Bingo Hall building in Cumnock with regard to the existence of hazardous materials e.g. asbestos have now been dealt with according to agreed procedures.
- 13.3 Assistance and advice in relation to compliance with Health and Safety and risk management requirements is being provided through the Council's Asset Improvement Service. The Asset Improvement Service will also provide a quality assurance role throughout the construction phase of each of the projects.

14. RECOMMENDATIONS

14.1 Cabinet is asked to:

- (i) note the considerable progress on the three successful Town Centre Regeneration Funded projects for Kilmarnock, Cumnock and Galston;
- (ii) authorise the Solicitor to the Council at the appropriate time to proceed to let the contracts associated with the three TCRF projects on the basis of the planning consent granted for Galston (subject to any amendments) or planning or listed building consents that may be granted for Kilmarnock and Cumnock and on the basis of any landowners consent where land acquisition has not been concluded in Galston and finalisation of a formal licence to occupy has not been concluded in Cumnock;
- (iii) authorise the Executive Head of Finance & Asset Management to issue a letter of assurance to the Scottish Government confirming that where works orders have been placed internally these works will be undertaken by the Council;
- (vii) in view of the need to comply with deadlines set by the Scottish Government for the Town Centre Regeneration Fund that Cabinet agree that those matters referred to in Recommendation 14.1 (ii) and (iii) be implemented ahead of consideration by the Governance and Scrutiny Committee on the grounds of urgency as the call-in process would prevent the timeous award of contracts and ultimate loss of TCRF funding; and
- (viii) otherwise note the contents of this report.

Elizabeth Morton

Depute Chief Executive/Executive Director of Corporate Support

17 February 2010 (CMcK/KD/SA)

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BACKGROUND PAPERS

Cabinet Report 19 August 2009: “Town Centre Regeneration Fund Bids – Project Development”

Cabinet Report 20 May 2009: “Delivering Community Regeneration”

Cabinet Report 17 December 2008: “Cumnock Town Centre Regeneration”

The Town Centre Regeneration Fund – Information and Guidance; The Scottish Government, April 2009

Any person wishing further information on this report should contact Karl Doroszenko on Tel No. (01563) 576751.

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