

**EAST AYRSHIRE COUNCIL**

**CABINET - 19 MAY 2021**

**Report by the Interim Head of Planning & Economic Development**

**Economy and Skills**

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**SUBJECT: REGENERATION CAPITAL GRANT FUND –  
UPDATE & 2022/23 BIDS**

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**PURPOSE OF REPORT**

1. To update Cabinet on the progress with the various ongoing Scottish Government's Regeneration Capital Grant Fund [RCGF] projects that are supported by East Ayrshire Council, and to seek Cabinet support for the application(s) to be submitted to the RCGF for 2022/2023.

**RECOMMENDATIONS**

2. It is recommended that Cabinet agrees:
  - (i) To note the update on the various RCGF projects supported by East Ayrshire Council;
  - (ii) To support the applications submitted on behalf of the Kilmarnock Town Centre Partnership (Celebrate Kilmarnock) for a Creative Industries Campus, and Take A Bow Development Trust for the former New Farm Loch Community Centre by East Ayrshire Council to the Scottish Government's Regeneration Capital Grant Fund for 2022/23;
  - (iii) To agree to consider any implications for the Council in parallel with any RCGF stage 2 work that may be required (if the stage 1 application is approved);
  - (iv) To remit the Interim Head of Planning & Economic Development, Economy & Skills, to update Cabinet on the progress of the application, and to report back to the next committee with an update on all the ongoing RCGF projects;
  - (v) To agree that the Council will monitor and oversee the expenditure of any RCGF funding received;
  - (vi) To note the continuing contribution of the Scottish Government's Regeneration Capital Grant Fund to the enactment of the Council's Strategic Priority relating to Community Led Regeneration: empower communities and build community resilience; and

- (vii) **To note that a further report will be presented to Cabinet with regard to the access to the Kilmarnock Academy Legacy Project on the 16 June 2021.**
- (viii) **To otherwise note the contents of this report.**

## **BACKGROUND**

3. The Regeneration Capital Grant Fund (RCGF) has been delivered in partnership between Scottish Government and COSLA since 2014/15. It supports locally developed, place-based regeneration projects that tackle inequalities and deliver inclusive growth in deprived, disadvantaged and fragile remote communities across Scotland.
4. RCGF is available on a competitive basis to eligible organisations across Scotland which currently includes all 32 Scottish Local Authorities (including Special Purpose Vehicles) and Clyde Gateway.
5. Demand for RCGF support has increased significantly since the launch of the fund. Accordingly only a selection of the strongest projects can be supported from the available budget each year.
6. Each year competition has become more intense as unsuccessful applicants have been encouraged to consider responding to feedback and reapplying at a later date.
7. The RCGF forms part of a £325m investment backing the establishment of the new Place Based Investment Programme. The investment programme commenced in 2021-22 and will extend over the next five years. It will support community and town centre regeneration, place based improvements and the development of 20 minute neighbourhoods working in partnership with communities throughout Scotland and all Scottish Local Authorities.
8. The intent of the Place Based Investment Programme, as agreed between the Scottish Government, COSLA and local government, is to link and align all place based funding initiatives to ensure there is a coherent and sustained approach to renewal, whilst promoting the resilience, health and wellbeing of communities across Scotland.
9. RCGF project proposals are expected to demonstrate alignment with the following key national strategic areas of priority and core principles:  
 The Place Principle; The Regeneration Strategy; Scotland's Economic Strategy; The Town Centre Action Plan and Town Centre First Principle; The Climate Change Plan; Public Health Scotland's Strategic Plan; Fair Work,  
 and also complement local strategies and plans including:

Local Economic Development Strategies, regeneration priorities, and Local Development Plans.

10. The fund is primarily aimed at providing new and/or improved infrastructure to develop the economic, social, and physical environment of communities. In addition to receive support projects need to:-
  - focus on areas that suffer from high levels of deprivation and disadvantage;
  - demonstrate clear community involvement;
  - deliver large scale transformational change with strong regeneration outcomes;
  - encourage additional investment and address market failure.
11. Projects will also be expected to detail how they are considering and contributing towards the target of net-zero carbon emissions by 2045.
12. Applications are not restricted by geography, size or type of project. It will be for the eligible applicant organisation to demonstrate that the project fits with the aims and objectives of the fund and can demonstrate clear regeneration outcomes in line with ***Achieving a Sustainable Future: The Regeneration Strategy***. Applicants are also required to demonstrate the project's feasibility and practicalities.
13. The focus of this call is for projects that are capable of starting in the financial year 2022/2023 and are able to fully utilise the grant allocated within that financial year. Projects require to have a physical start date prior to 31 December 2022 at the latest.
14. Applications to the fund are made annually and are assessed over two stages by an independent Investment Panel which is co-chaired by the Scottish Government and COSLA.
15. The independent RCGF Investment Panel makes recommendations to Ministers and COSLA on project proposals that should advance to stage 2 and ultimately be offered grant support for the upcoming financial year.
16. The timeline for the application process is as follows:
  - **Stage 1 applications deadline (project summaries) – 14:00, 17 June 2021;**
  - Investment Panel meeting stage 1 – August 2021;
  - Applicants notified of results (invited/not invited to stage 2) – September 2021;
  - Stage 2 applications deadline (full project proposals) – TBA October 2021;
  - Investment Panel meeting stage 2 – November 2021;
  - Recommendations approved by SG Ministers/COSLA – December 2021;
  - Notification to all applicants of funding recommendations – Dec 2021 / Jan 2022.

## PROGRESS WITH EXISTING REGENERATION CAPITAL GRANT FUND PROJECTS

17. To date there have been five successful RCGF bids by the Council. Two have been completed - the **Ingram Enterprise Centre (IEC)** and **Ochiltree Community Hub**. The IEC was running very successfully but occupancy been impacted by the COVID 19 restrictions. The Ochiltree Community Hub has also been affected by lockdown restrictions.
18. The Council helped secure a total of £0.978M for the **Crossroads Community Hub**, in partnership with Crossroads Community Hub Ltd. This sum includes an additional £0.058M towards meeting additional costs as a result of COVID 19. This CCH project has also recently completed and started trading as the Ayrshire Food Hub on the 28<sup>th</sup> April 2021.
19. The Council also secured £2.0M towards Phase 1 of the **Kilmarnock Academy Legacy Project** in partnership with Centrestage Communities Ltd (CCL). The project, comprising the largest Community Asset Transfer in Scotland, fits well with the Council's aspiration to transform its relationship with its local communities. CCL were subsequently awarded two additional RCGF grants of £0.50M, and £0.25M towards Phase 2 of the project. The first of these contributed to meeting additional costs arising from the pandemic and the second helped fill a funding gap created when funders redirected earmarked but not committed funds during lockdown to COVID related projects. In terms of progress on site, the main construction works are nearing completion and the main building is scheduled to start operating in early June, with an official 'soft' opening programmed for the middle of August 2021.
20. With reference to the Kilmarnock Academy Legacy Project Cabinet on 13 December 2017, agreed the extent of the land transfer to CCL and to facilitate the wider regeneration of the area agreed to fund the development of a new access road from London Road. It was also agreed that a public car park be constructed using anticipated receipts from the public car park. Cabinet on the 22 August 2018 agreed that given the significance of the access road to the wider cultural quarter that the estimated costs of the access road at £0.320m (including an allowance of £0.050m for utility diversions) should be funded from the Kilmarnock Town Centre Regeneration budget within the Capital Programme. Cabinet also agreed at that time that the cost of the new public car park of (estimated at £0.190m) should be funded on a 'spend to save' basis using potential receipts from the car park. Since then much more detailed site investigations have been completed and revised proposals are being prepared. These costed proposals will be submitted to Cabinet regarding on 16 June 2021.
21. In the spring 2019 the Council secured a further £1,512,903 from the RCGF for the **West of Scotland Climbing Centre** project. Above Adventure (AA) propose to convert the former, listed Grange Church, Kilmarnock, into a first class climbing & bouldering centre. Above Adventure had programmed to let the construction contract in November/December 2019 but had to be postponed to await approval of the proposals from Historic Environment Scotland (HES), and then as result of COVID 19. However in September 2020 a top up grant of £0.275M was awarded

by the RCGF to cover increased COVID 19 costs. Eventually, Above Adventure received permission to start the project from HES prior to them confirming their final grant award for the project. The 60 working week construction contract started on the 11<sup>th</sup> January 2021 and is programmed to complete in March 2022. In March 2021 a further £0.107M was secured from RCGF to assist with unexpected additional roof repair costs. If this final grant is included the total RCGF for this project totals £1,894,903.

- 22.** Unfortunately, as a result of ongoing building work the condition of the former church roof and ornate plaster ceiling is much worse than expected and total repair costs have increased. In anticipation of such an eventuality AA have managed to secure various loans. At the present time, AA may have to utilise between £0.230M - £0.348M of a £0.500M approved loan to pay for the additional roof repair works. This clearly will have an impact on future running costs. However the situation is currently being closely monitored and a value engineering exercise is being carried out. In the meantime AA are trying to secure additional grant funding.

### **RCGF SUBMISSIONS FOR 2022-23**

- 23.** To contribute towards achieving the Council's Strategic Priority of Community Led Regeneration: empowering communities and building community resilience, two stage 1 RCGF applications are proposed to be submitted to the RCGF by the June deadline which are noted below:-

#### **Creative Industries Campus by Celebrate Kilmarnock**

- 24.** The first is for a Creative Industries Campus by Celebrate Kilmarnock in the heart of Kilmarnock town centre. The project involves repurposing and upgrading the vacant 'white tile building', at 25-31A King Street, Kilmarnock, to provide flexible, multi-purpose, sustainable and robust work spaces designed to help meet the seismic changes occurring in the town centre work environment. It is proposed that the building be converted to meet the current building standards and on completion, the facility will encapsulate Celebrate Kilmarnock's ambitions for the regeneration of Kilmarnock town centre with the facility acting as a catalyst for community wealth building.
- 25.** A working group has been established with representation from Celebrate Kilmarnock and East Ayrshire Council to ensure a collaborative approach to repurposing the building. The building is currently in council ownership but Celebrate Kilmarnock have recently submitted a Stage 1 Community Asset Transfer (CAT) application. The repurposing of the vacant premises will prioritise tech-powered start-ups and help connect young people to inspiring, work based learning opportunities including the Young Leaders Programme. Discussions are ongoing with established businesses. Celebrate Kilmarnock's emphasis remains the support / creation of quality 'pop up' business facilities; studio and office space, for aspiring entrepreneurs.
- 26.** If the Campus project is fully delivered on site it is anticipated that it will create 30 new jobs, support 15 construction jobs, help retain 12 existing jobs, create 15

training places, and enable 10 – 15 businesses / enterprises access the Young Leaders Programme.

27. The objective is two-fold (1) to build on the success of the Ingram Enterprise Centre (IEC) and (2) complement the HALO project which aims to foster new business opportunities and employment growth. The location of the Campus on King Street, Kilmarnock's main thoroughfare, provides a showcase for the latest in digital and cyber technologies which will support and provide a clear pathway to link with the Halo project.
28. The Project Steering Group are currently working with consultants to complete a feasibility study and outline business case which should be available prior to the submission of the RCGF Stage 1 bid. It should be noted that the Council have previously allocated £1.5M towards refurbishment of the building after it gained ownership of the building to create the infrastructure for a community led project and on 3 March 2021 Cabinet agreed to accept a future report with further details of the bid and capital funding required.

#### **“Take A Bow” Development Trust**

29. The second project involves the “Take A Bow” Development Trust. The Trust operates from New Farm Loch Community Centre which was owned and run by East Ayrshire Council. The Trust was established in January 2019 and following the Council's decision to close the Community Centre it agreed to take over the running the facility through an Asset Transfer Agreement. As part of the asset transfer, the aims and aspirations of the Trust have been expanded and it now operates as a multi-functional community development trust. The Trust has become established as the main *“Community Anchor Organisation”* in the New Farm Loch area of Kilmarnock but also provides support to people from surrounding localities. It is a young, vibrant, community based organisation that has transformed the former community centre into an active community hub.
30. Take A Bow are keen to take forward their plans for the building. This includes taking forward proposals for the full transfer of the asset to the ownership of the Take A Bow Development Trust and the re-development of the building into a modern and suitable facility that is able to meet the future needs of the local community. The key elements of the re-development work will include the following:
- major refurbishment based on a comprehensive study of the current condition of the structure. This is likely to include a new roof, electrical work, new windows, a new heating system and full internal and external upgrading;
  - a new extension to improve the overall functioning of the facility. This will include new changing space for the performance area and new meeting/activity space;
  - improvements to improve the energy efficiency and ensure the building as a whole contributes to the net-zero carbon emissions strategy.

- improving and upgrading the access arrangements and car parking space, by creating a one way system for facility users, and making the car park safer. The wider project would also a link to the Infinity Loop to encourage active travel to and from the facility.
- Linking the centre to the park area next to the existing centre to integrate the facility with the wider environment and enhance the use of outside spaces.

31. Take a Bow have indicated that they intend to undertake a full feasibility and design study, community consultation, and complete a cost and business planning process by September 2021. If the Stage 1 RCGF application was successful this would provide sufficient information to permit a decision as to whether to proceed to a Stage 2 application.

### **LEGAL/HUMAN RESOURCES IMPLICATIONS**

32. There are human resource implications for the Council for the existing and proposed projects but all can be sufficiently accommodated using existing resources. The Solicitor to the Council will require to draw up Offers of Grant and a Memorandum of Understanding for any project that is successful at stage 1 of the RCGF process. The Memorandum of Understanding will be required to regulate and specify monitoring arrangements to make provision for (a) the option to appoint a Council Elected Member or Members to the Project Management Group, and (b) the requirement for the Council to monitor and oversee the expenditure of the RCGF funding.

### **POLICY/EQUALITY IMPLICATIONS**

33. There are no policy or equality implications directly arising from this report. The proposed RCGF projects will be subject to an equality impact and socio-economic impact assessment, as appropriate, prior to submission of any stage 2 applications.

### **FINANCIAL/RISK IMPLICATIONS**

34. There are no financial implications directly arising from this report at Stage 1 of the application process. However, the financial, risk and other implications for the Council will be assessed during stage 2 of the RCGF process if any of the stage 1 application(s) is/are approved. This will include the potential allocation of £1.5M towards the Creative Industries Campus in King Street, Kilmarnock from the Economic Growth Fund established by Cabinet on 24 January 2018 and will, by necessity, form an important element of any future report to cabinet.

### **COMMUNITY PLANNING & TRANSFORMATION IMPLICATIONS**

35. The proposed projects will contribute towards the Council's Community Planning themes of Economy and Skills, Safer Communities and Wellbeing. In particular

helping to enact the Strategic Priority relating to Community Led Regeneration: empower communities and build community resilience.

- 36.** The projects fit with the Council's aspiration to transform its relationship with communities thus strengthening and enabling our local people to work with us to deliver sustainable services and jointly respond to challenges in the future.
- 37.** The proposals contained within this report, link to the overall commitment within the Transformation Strategy for community-led regeneration and support the principle of people at the heart of everything we do.

## **CONCLUSION**

- 38.** To date the Council has been successful in obtaining funding for 5 major infrastructure projects through the RCGF. Three of these projects are complete one is nearing completion and one is ongoing on site. These community projects are being monitored and any issues arising are being dealt with, with assistance from the Council.
- 39.** It is recommended that for this year two applications be submitted on behalf of East Ayrshire Council to the Scottish Government's Regeneration Capital Grant Fund for an on-site start in financial year 2022/23. The first would be for the Kilmarnock Town Centre Partnership (Celebrate Kilmarnock) Creative Industries Campus and the second would be Take A Bow Development Trust's proposals for the former New Farm Loch Community Centre. Both projects fit with the Council's Strategic Priority relating to Community Led Regeneration: empower communities and building community resilience and the Council's aspiration to transform its relationship with its communities. Both projects are therefore considered worthy of Council support.
- 40.** A further report will be presented to Cabinet with regard to the access to the Kilmarnock Academy Legacy Project on the 16 June 2021.

**Background Papers:** Report to Cabinet on 21 August 2019 entitled 'Regeneration Capital Grant Fund Update'

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