

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	28 th October 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	External Funding Plan & Town Centre Fund Phase 2
REPORT NUMBER	COM/20/180
DIRECTOR	N/A
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Stuart Bews
TERMS OF REFERENCE	1.1.7 approve the allocation of funding or removal of funding to existing projects, both capital and revenue

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update committee on the external funding priorities for the year ahead and to seek approval of the proposed allocation of phase 2 Town Centre Fund to the proposed projects.

2. RECOMMENDATION(S)

That the Committee: -

- 2.1 Approves the External Funding Plan included at section 4.
- 2.2 Approves the allocation of an additional £77,295 to the Queen Street Demolition (29-31 Queen Street) project.
- 2.3 Approves the allocation of £48,623 to the Belmont Filmhouse Project.
- 2.4 Approves the allocation of £300,000 to the Intelligent Street Lighting project phase 3.
- 2.5 Approve in principle support for the acquisition of the University of Aberdeen Surface car park on Queen Street, without allocation of funding at this time.
- 2.6 Agree that remaining funds of £58,082 be allocated to any additional costs for existing projects and then to the Queen Street land acquisition.

3. BACKGROUND

External Funding Plan

- 3.1 The Council's External Funding team support the submission of grant funding applications and provide guidance on funding eligibility criteria to support the

delivery of the Council's priorities, for example, recently the team have helped secure £5,787,234 of European Regional Development Fund towards the Torry District Heat Network. The team were also responsible for securing almost £18,000,000 for the original hydrogen bus projects, as well as a further £2,500,000 for Hytrec2 and Hector projects which will see the deployment of hydrogen cars, vans and waste trucks across the city. Outside of the Council, the team supported Aberdeen Science Centre to secure their £5m funding package for a transformation of their premises, and are currently awaiting the outcome of bids submitted on behalf of Torry Development Trust and Inchgarth Community Council which could see a further £2m of capital funding secured to improve community facilities in the City. This is far from an exhaustive list, but an illustration of the work that the team undertakes.

- 3.2 The purpose of the External Funding Plan is to illustrate the areas of focus for the team and ensure that the Council use its resource to secure funding for priority projects.
- 3.3 Since 2012, officers have secured £35,889,039 of grant funding for the Council. Given the financial pressures on all local authorities, a renewed focus on our priorities will help to ensure that the Council maintain its position as one of the most successful Local Authorities in securing grant funding.

The External Funding Plan

- 3.4 The proposed External Funding Plan is presented below. It is acknowledged that it is likely that new projects will emerge for inclusion. It is also acknowledged that post Brexit, there is a risk that the Council could lose access to some of these funds, and new funds may emerge as part of the proposed UK Shared Prosperity Fund.

Council Priority	Projects	Fund
Prosperous Economy - Support sustainable inclusive economic growth	Employability Pipeline.	European Social Fund (ESF)
	Innowind – business support for renewable energy SMEs	Horizon 2020 CoSME EU fund
	Infrastructure	SG Infrastructure Investment Plan (£32bn over 5 years)
Prosperous People (Adults) Identify opportunities (social, economic) aligned to the priorities of our communities	Torry Development Trust Victoria road School project	Regeneration Capital Grant Fund, Gaelic Language Act
	Inchgarth Community centre Expansion	Implementation Fund (GLAIF) 2020/21
	Ensuring employability and skills support for adults to progress into and through employment	European Social Fund SDS Digital Skills Fund Parental Employability Support Fund

Council Priority	Projects	Fund
Prosperous People (Children) - Every child and young person in Aberdeen has equal opportunities to thrive and prosper.	Outdoor education teacher learning Ensuring opportunities for young people	Erasmus+ National Lottery (Awards for All) Parental Employability Support Fund
Prosperous Place - Promote and improve the positive qualities of Aberdeen as a place to live, work, and visit.	Deployment of low carbon technology	Interreg North Sea Region (NSR) Interreg North West Europe INTERREG Europe Town Centre Fund, Low Carbon Infrastructure Transition Programme, Scottish Government Sustrans
Net Zero Vision	Integration of stakeholders objectives to accelerate achievement of net zero vision - behavioural change District Heat Network construction in Torry Greening of Aberdeen harbour Reducing emissions from non-domestic buildings	EU LIFE fund ERDF – Low Carbon Transition Fund Horizon 2020 Green deal Programme for Government refers to H2 Action Plan and CCUS Funding SG – Decarbonisation of public sector estate Green Growth Accelerator Programme
Hydrogen Strategy	Increasing hydrogen production opportunities and infrastructure Deployment of additional H2 vehicles Use of h2 for non-transport applications Production of offshore h2 Development of an H2 hub	Horizon 2020 ERDF Interreg North Sea Region INTERREG North West Europe INTERREG Europe Transport Scotland (Switched on Fleets) Fuel Cells and Hydrogen Joint Undertaking (FCH JU). Air Quality Grants
Socio-economic rescue plan	Increase capacity of community facilities – e.g expansion of premises Support the increased availability of digital inclusion training and opportunities	European Social Fund No-one left behind Fund SDS Digital Skills Fund Regeneration Capital Grant Fund

Council Priority	Projects	Fund
	Creation of opportunities for young people	
Employability & Skills	Support employability and skills training opportunities Create opportunities for financial inclusion and social inclusion for vulnerable individuals.	European Social Fund (ESF) No-one left behind Fund DYW – Youth Guarantee – (SG) National Transition Training Fund (£25m) Green Jobs Funding (£100m over five years)

Town Centre Fund

- 3.5 In June 2019, and February 2020, the Council’s City Growth and Resources Committee approved the award of a total of £1,271,000 for the projects outlined below. For all projects there is an obligation that they have a commitment of expenditure by 31 March 2021 and a project completion deadline of the 30 September 2021.
- 3.6 The table below provides an update on the progress of those approved projects for Committee.
- 3.7 Officers wish to draw attention to “The Living Wall” and “Suspended Signage”.
- 3.8 The living wall project is being led by ACC and the reason for lack of progress was due to talks still being ongoing between Aberdeen City Council and Marks and Spencer. At this time there is still no commitment to spend.
- 3.9 The suspended signage project is being led by Aberdeen Inspired, and the reason for lack of progress relates to discussions over the future maintenance of the equipment. In June 2019 Committee indicated that whilst supportive of the project they did not want ACC to be liable for future maintenance. Aberdeen City Council and Aberdeen Inspired have been trying to find mutually agreeable terms around this clause. As such, the grant agreement remains unsigned at this time, though recent discussions have led to a revised offer of grant agreement from ACC to Aberdeen Inspired. Aberdeen Inspired have offered assurances that once a grant agreement is signed, they can progress quickly to deliver this project, and within the required timescales.

Approved Project	Locality	Cost	Timescale
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Hayton Road - Street Design Project (Walking& cycling in the area including environmental improvements)	Tillydrone	£90,000	Project on track - due to be completed Summer 2021
Parklets Development (Huntly Street and Castlegate) – taking unused spaces and making them more useable i.e. seating area, tables, bike racks etc.	City Centre	£85,000	Project complete
Suspended Signage	City Centre	£400,000	A revised Grant Agreement provided to Aberdeen Inspired for signing
Intelligent Street Lighting Phase 2 – using smart technology to improve the current lighting in the city especially for events and to improve safety in the city centre.	City Centre	£125,000	Project complete
Union Street Public Realm – Phase 2	City Centre	£68,502	Project on track
Mither Kirk – funding requested for the replacement heating system	City Centre	£390,000	Project on track
Queen Street Demolition (29-31 Queen Street)	City Centre	£97,098	On track for completion March 2021 but requesting additional funds of £77,295
Living Wall – Flourmill Lane	City Centre	£100,400	At risk - no signed agreement as yet.
Total Fund		£1,271,000	

- 3.10 Should any of the projects be required to withdraw, or they underspend, the funding previously approved would become unallocated. If it is not reallocated and then committed to spend by 31st March 2021, it would require to be returned to Scottish Government.
- 3.11 In September 2020 the Scottish Government announced that they would be allocating each Local Authority a second phase of Town Centre Fund. For Aberdeen City Council an additional allocation of £484,000 has been made available for eligible capital activities.
- 3.12 Officers have sought to identify any suitable projects which would be able to deliver within the required timescale and would meet the other criteria associated with the fund. Four proposals have been brought forward for consideration of allocation of the funding as illustrated below. These four projects require a total of £725,918 with only £484,000 of fund available to award. The funding criteria from Scottish Government indicates that priority be given to projects which support construction activity. As such

officers propose that lower prioritisation be given to the University of Aberdeen Surface Car park acquisition on Queen Street as this purchase of land involves no construction work at this time, although the purchase of land is confirmed as an eligible cost. This proposal would leave £58,082 uncommitted for allocation towards any additional costs of approved projects, and then for use towards the Queen Street land acquisition.

Project Proposal	Locality	Cost	Proposed Grant Award	Timescale
Queen Street Demolition (29-31 Queen Street)	City Centre	£77,295	£77,295	In line with fund requirements
Belmont Filmhouse	City Centre	£48,623	£48,623	In line with fund requirements
Intelligent Street Lighting Phase 3	Various	£300,000	£300,000	In line with fund requirements
University of Aberdeen Surface Car Park – Queen Street land acquisition	City Centre	£300,000	£0	In line with fund requirements
TOTAL		£725,918	£425,918	

3.13 With the agreement of Committee officers propose that should any of the previously approved projects fail to make sufficient progress by Friday 13th November that officers can revoke their award of grant and offer it to other approved projects subject to approval by the Convener of City Growth and Resources Committee.

3.14 This step is requested because the next meeting of this committee would be too late to satisfy the requirements of the fund and could result in loss of the grant to Aberdeen.

4. FINANCIAL IMPLICATIONS

4.1 There are no financial implications arising from the External Funding Plan. Any requirement for ACC to provide match funding would be brought before Committee where appropriate or required.

4.2 Town Centre Fund grant has been offered by Scottish Government and is in addition to the Council's 2020/21 budget. There are specific funding requirements, and it is essential that the projects comply with the set requirements to avoid issues around eligibility and repayment of grant to Scottish Government if conditions are not complied with.

4.3 The additional funding made available from the Scottish Government is £484,000. Eligible projects have been identified and further detail is available within Appendix 1 on each of the projects. These projects total more than the £484,000 available and officers have made a recommendation on how to allocate the £484,000.

4.4 If either of the two at risk projects – Suspended Signage and Living Wall require to be decommitted then the funds allocated to those projects would become unallocated. Officers have made a proposal to allow any unallocated funds to be reallocated to an approved project which requires additional budget.

5 LEGAL IMPLICATIONS

5.1 There are no legal implications arising from the External Funding Plan.

5.2 Town Centre Fund - By accepting the grant ACC has agreed to the conditions outlined in the grant offer letter and the legislative details that are contained within. The grant has been allocated under the grant making powers of Scottish Ministers; Section 37 of the Local Government in Scotland Act 2003 - Scottish Ministers may make grants to local authorities in respect of their capital expenditure. Capital expenditure that falls to be capitalised in accordance with proper accounting practices (section 39 of the Act)

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Strategic risks will be monitored by the External Funding Team	L	
Compliance	Risks around compliance will be a monitored by the External Funding Team	L	
Operational	Operational risks will be a monitored by the External Funding Team	L	
Financial	As per the grant conditions the money must be committed by the end of Financial Year 2020/21 Any unspent, or unallocated funds will require to be returned to Scottish Government	M	Projects benefiting from the fund will have undertaken measures which will take into account the delivery timescales of the project. Close project monitoring will take place throughout to ensure these timescales will be met. Approval to reallocate any unallocated funds is sought from Committee.

Reputational	Risk of reputational damage with the relationship with Scottish Government if we do not spend the funds in accordance to the grant conditions therefore potentially impacting on future funds received from Scottish Government	L	It is the intention to spend the allocated amount and ensuring that the conditions of grant are met accordingly, informing Scottish Government of any deviation, or issues along the way
Environment / Climate	No risks identified		None

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	The proposals in this report supports the majority of objectives in the Aberdeen City Council Policy Statement
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	Each individual Project has completed section 7; contained within Appendix 1
Prosperous People Stretch Outcomes	Each individual Project has completed section 7; contained within Appendix 1
Prosperous Place Stretch Outcomes	Each individual Project has completed section 7; contained within Appendix 1
Regional and City Strategies	The proposals within this report support the Regional Economic Strategy by ensuring the EU Structural Funding success schemes are aligned to the need of the city and region; supports the delivery of the Hydrogen Strategy Action Plan

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	not required
Data Protection Impact Assessment	not required

9. BACKGROUND PAPERS

CG&R 6th June 2019 - PL/19/290

CG&R 6th February 2020 - PLA/20/021

10. APPENDICES

Appendix 1 - Town Centre Capital Fund – Description of Additional Fund Projects

11. REPORT AUTHOR CONTACT DETAILS

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