

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	6 February 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Town Centre Fund
REPORT NUMBER	COM/21/020
DIRECTOR	N/A
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Stuart Bews
TERMS OF REFERENCE	1.1.7

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Committee (1) on the progress of the Town Centre Fund allocated projects; (2) on any uncommitted funding, or funding at risk of being unspent; and (3) to present options of how this may be allocated.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the individual project updates at 3.2 in this report;
- 2.2 Agrees to withdraw the offer of grant of £100,400 to the Living Wall Project due to timescales; and
- 2.3 Delegates authority to the Chief Officer - City Growth, in consultation with Chief Officer - Finance to vire budgets between the approved Town Centre Fund projects to ensure delivery within the timelines set out under the grant conditions, and agrees to allocate any remaining funds to progression of land assembly in support of the Queen Street surface car park land acquisition.

3. BACKGROUND

- 3.1 In June 2019, February 2020 and October 2020, the Council's City Growth and Resources Committee approved the award of £1,835,000 for the projects outlined in the table below. For all projects, there is an obligation to have committed expenditure by 31 March 2021 with a project completion deadline of the 30 September 2021. The £1,835,000 of funding was awarded to Aberdeen City Council from the Scottish Government through the Town Centre Fund Programme. Initially an award of £1,351,000 in 2019, followed up by a further £484,000 in 2020. The deadline for projects to commit to contracts is 31st March 2021. The deadline for project completion and spend has been

extended to 30th September 2021 in response to the impact of the Covid-19 pandemic.

3.2 The table below provides an update on the progress of those approved projects for Committee along with the current spend and underspend.

Project	TCF Allocation	Actual spend at reporting date (November , 2020)	Amount of 2020/21 Town Centre Fund unspent	Progress of project including completion date
Aberdeen – Hayton Road – street design project (Walking & cycling in the area including environmental improvements)	£90,000	£0	£90,000	Project incurred a slight delay while works to determine drainage issues at underpass were clarified. Resolution has been costed at an additional £38,000. Project remains on track for completion within funding deadline
Aberdeen Parklets Development – taking unused spaces and making them more useable i.e seating area, tables, bike racks etc.	£85,000	£80,000	£5,000	Huntly Street Parklet delivered August 2020, Parklet at The Episcopal Church, Holburn Street delivered and some extra lightning still to go in. Due for full completion by 31 st March 2021.
Aberdeen Suspended signage	£400,000	£0	£400,000	Grant Agreement signed, and project on track to meet the commitment timescales required.
Aberdeen – Intelligent Street Lighting Phase 2 – using smart technology to improve the current lighting in the city especially for event and to improve safety in the city centre	£125,000	£125,000	£0	Project completed March 2020
Intelligent Street Lighting Phase 3	£300,000	£135,769	£164,231	Bridge of Don project completed November 2020/Tillydrone project ongoing.

Project	TCF Allocation	Actual spend at reporting date (November , 2020)	Amount of 2020/21 Town Centre Fund unspent	Progress of project including completion date
Union Street Public Realm – Phase 2	£68,502	£0	£68,502	Estimated completion May 2021
Mither Kirk	£390,000	£171,167	£218,833	Crypt is completed and next stage is the heating system which is on track. The design team are meeting early January to look at the detailed tendering package for the work around St Mary's Chapel.
Queen Street Demolition	£174,393		£174,393	Demolition is well underway and is on track for completion in April 2021
Living Wall – Flourmill Lane	£100,400	£0	£100,400	Discussions around the initial site on flourmill lane have not progressed in the timescale anticipated. Decolmitment recommended as it is not longer viable to deliver within the funding timescales.
Belmont Filmhouse – energy efficiency renovations	£48,623	£0	£48,623	Grant agreement signed December 2020. Project milestones indicate commitment and delivery timescales will be met.
Contingency Funding	£53,082	£0	£52,082	Funds held in case of additional costs on other TCF projects
Queen Street Surface Car Park – Land acquisition (approved but not allocated any funding)	£0	£0	£0	
TOTAL	£1,835,000	£511,936	£1,323,064	

3.3 The City Growth & Resources Committee agreed in October 2020 that if any of the previously approved projects failed to make sufficient progress by Friday 13th November 2020, officers could revoke their award of grant and offer it to

other approved projects subject to approval of the Convener of City Growth and Resources Committee. This option has not been invoked, and this report provides the instructed update on progress of all approved projects. A recommendation is now being made to withdraw the offer of funding to the living wall project on the basis that it has not yet been possible to secure a viable site. With the requirement to commit to contracts by 31st March 2021, officers have significant concerns that the project can now be achieved within the time limits set out under the terms of the grant award. There is an increasing risk that funds allocated to the project would require to be re-paid to the Scottish Government. Discussions recently took place with Aberdeen Inspired to determine if they would be able to take forward the project, however they also indicated that this would not be feasible due to time and logistical constraints.

- 3.4 At the same Committee, officers reported that a further £484,000 had been awarded to the Council through an extension of the Town Centre Fund. Officers identified further suitable projects that would be deliverable within the required timescale and would meet the fund's criteria; these were approved.
- 3.5 A proposal for the University of Aberdeen Surface Car park acquisition on Queen Street was included in the previous report and approved without budget allocated from Town Centre Fund. This project is still viable within the timescales remaining to utilise Town Centre Fund, and could be considered an alternative project.

4. FINANCIAL IMPLICATIONS

- 4.1 Town Centre Fund grant has been offered by Scottish Government and is in addition to the Council's 2020/21 capital 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.
- 4.2 Across both phases, a total of £1,835,000 is available, with £1,781,918 currently allocation to projects, leaving an unallocated contingency of £53,082.
- 4.3 It is acceptable under the terms of the Town Centre Fund to match fund projects with other Council budgets e.g. Phase 1 of the Intelligent Street Lighting project was delivered through existing Roads Capital budgets, with Phases 2 and 3 accelerated through application of the Town Centre Fund. A similar approach could be used for land assembly for the redevelopment of Queen Street, and the acquisition of specific buildings or land.

5. LEGAL IMPLICATIONS

- 5.1 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	<p>As per the grant conditions the money must be committed by the end of Financial Year 2020/21</p> <p>Any unspent, or unallocated funds will require to be returned to Scottish Government</p> <p>Covid – Lockdowns may cause delays to delivery. Failure to deliver within agreed timescales would result in non-compliance and loss of funds.</p>	M	<p>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.</p> <p>Approval to reallocate any unallocated funds is sought from Committee.</p> <p>At this time no projects have indicated delays which would extend beyond September 2021 completion deadline. Officers have asked the Scottish Government officers if any extensions may be offered due to ongoing lockdown and potential delays caused by lockdowns. At this time the deadlines have not been changed and we continue to engage closely to ensure projects remain on track.</p>

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
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 project already outlined its impact to the LOIP themes when presented to committee for approval
Prosperous People Stretch Outcomes	Each project already outlined its impact to the LOIP themes when presented to committee for approval
Prosperous Place Stretch Outcomes	Each project already outlined its impact to the LOIP themes when presented to committee for approval
Regional and City Strategies	N/A

8. IMPACT ASSESSMENTS

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

9. BACKGROUND PAPERS

CG&R 6th June 2019 - PLA/19/290
CG&R 6th February 2020 - PLA/20/021
CG&R 28th October 2020 – COM/20/180

10. APPENDICES

Not applicable.

11. REPORT AUTHOR CONTACT DETAILS

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