

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	21 June 2022
EXEMPT	Yes – Appendices 2 and 3 only are exempt under the Local Government (Access to Information) 1973 Act Schedule 7A paragraph 6. “Financial Affairs of a Particular Person.
CONFIDENTIAL	No
REPORT TITLE	External Funding
REPORT NUMBER	COM/22/111
DIRECTOR	Gale Beattie
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Stuart Bews
TERMS OF REFERENCE	1.1.7

1. PURPOSE OF REPORT

- 1.1 To seek the approval of the allocation of Place Based Investment Programme Funding and Local Authority Covid Economic Recovery Funding. To seek approval for the submission of an investment plan required to access UK Shared Prosperity Funding, and to seek approval of the External Funding Plan.

2. RECOMMENDATION(S)

That the Committee:-

External Funding Plan

- 2.1 Approves the funding plan attached at Appendix 1;

Place Based Investment Programme

- 2.2 Notes the funding of £847,000 awarded to Aberdeen City Council by the Scottish Government for the Place Based Investment Programme 22/23;
- 2.3 Allocates up to £38,500 to Aberdeen City Council for the Huberdeen project;
- 2.4 Allocates up to £50,000 to Aberdeen City Council for the Quarry Centre Play Area project;
- 2.5 Allocates up to £100,000 to Aberdeen City Council for The Street Design Project – Woodside Gateway;
- 2.6 Awards Castlegate Arts £75,000 for the 2022 Access improvements project;
- 2.7 Awards up to £69,400 to Donside Village Community SCIO for the Tillydrone Gateway feature Sculpture Trail project;
- 2.8 Awards up to £44,132 to Greyhope Bay for the Greyhope Bay Renewable Power project;
- 2.9 Awards up to £11,474 to The Scottish Women’s Institute for the Hub Upgrades project;

- 2.10 Awards up to £76,500 to The Kings Community foundation for the Bridge Centre, Torry project; and
- 2.11 Awards up to £253,981 to Tillydrone Community Development trust SCIO for the Benholms Tower and Gateway project.
- 2.12 Agree that any remaining funds from Place Based Investment Programme 22/23 be allocated to any other approved project which may require additional resources following consultation with Convener and Vice Convener of City Growth and Resources Committee.

Local Authority Covid Economic Recovery Fund

- 2.13 Noted the funding of £2,865,000 awarded to Aberdeen City Council from the Scottish Government for the Local Authority Covid Economic Recovery Fund (LACER);
- 2.14 Allocates up to £407,589 to Aberdeen City Council for the Hardship Support Programme;
- 2.15 Awards up to £20,000 to Aberdeen Foyer for the Cash First Project;
- 2.16 Awards up to £37,212 to Aberdeen Foyer for the Financial Inclusion Services project;
- 2.17 Awards up to £39,212 to Aberdeen Foyer to the Community Food hub project;
- 2.18 Allocates up to £95,000 to Aberdeen City Council for the Creative Incubator Feasibility study project;
- 2.19 Awards up to £1,924,440 to Aberdeen Inspired for the Aberdeen Gift Card project;
- 2.20 Awards up to £76,147 to CFine for the Community Pantry project;
- 2.21 Awards up to £115,400 to ABERNecessities for the Brighter Future project; and
- 2.22 Awards up to £150,000 to Gray's School of Art on behalf of Culture Aberdeen for the use of vacant city centre units for cultural activities project.

UK Shared Prosperity Fund

- 2.23 Notes the indicative allocation of UK Shared Prosperity Funding of £7,156,832 to Aberdeen from the UK Government and Instruct the Chief Officer City Growth to submit the Investment Plan by 1st August 2022 following consultation with the Convenor of City Growth and Resources Committee, Vice Convenor of City Growth and Resources Committee and the Co-Leaders of Aberdeen City Council.

Just Transition Fund

- 2.24 Notes the launch of the Just Transition Fund by the Scottish Government, committing £500m of financing for the North East and Moray over 10 years. Year one allocation of £20m is now open for expressions of interest, with further detail in the External Funding Plan at Appendix 1.

3. CURRENT SITUATION

External Funding Plan

- 3.1 Over the last 12 months both the Scottish Government and UK Government have been developing new funding programmes to replace the EU Structural Funds. The Funding Plan in Appendix 1 outlines some of these funds and looks

to demonstrate how they may be used to support implementation of strategic priorities across the city with many of these funds expect to run over at least the next three years.

- 3.2 The Council's External Funding Team provides critical support to the Council's Grant Funding Procedure. This aims to ensure consistency in the approach taken by the Council towards grant funding noting both the legal and financial implications. The Funding Plan provides further information on the support provided, the approach to ensure compliance and best value, and enables the Council to prioritise resources in response to the current funds available.

Place Based Investment Programme

- 3.3 For 2022/23, the Council has been allocated £847,000 by the Scottish Government to administer in line with the Place Based Investment Programme. The objectives of the fund are:
- to link and align place-based initiatives and establish a coherent local framework to implement the Place Principle;
 - to support place policy ambitions such as town centre revitalisation, community led regeneration, 20 minute neighbourhoods and Community Wealth Building;
 - to ensure that all place-based investments are shaped by the needs and aspirations of local communities;
 - to accelerate ambitions for net zero, wellbeing and inclusive economic development, tackling inequality and disadvantage, community involvement and ownership
- 3.4 Officers ran a challenge fund seeking project applications for this fund in line with set criteria and guidance which was published on the Council's website. A total of 14 applications were received seeking a total of £1,607,78, significantly exceeding the available funds of £847,000 for this financial year.
- 3.5 Officers have assessed the applications received against the criteria resulting in the recommendations made within the report. A summary of each application is provided at Appendix 2. The table below summarises the applications received, and the recommended awards per project based on the available funds.
- 3.6 Officers identify additional suitable proposals for a future Committee to consider with the remaining funds.

Applicant	Project	Review Recommendation	Total project cost	Grant requested	Grant Proposed to award from PBIP 22/23
Aberdeen Inspired	Festoon Lighting	Not progressed – Links to Place Based Investment Programme aims and	£34,800	£34,800	£0

Applicant	Project	Review Recommendation	Total project cost	Grant requested	Grant Proposed to award from PBIP 22/23
		objectives were not clearly defined			
Aberdeen Inspired	Urban Green Space (Parklets) Phase 3	Not progressed – The works proposed are not clearly defined within the application	£70,000	£70,000	£0
Aberdeen Inspired	Smith Screen Lighting	Not progressed – Links to Place Based Investment Programme aims and objectives were not clearly defined	£22,000	£22,000	£0
Aberdeen City Council	Huberdeen	Recommended - Good links to PBIP objectives and LOIP – highly community focused.	£38,500	£38,500	£38,500
Aberdeen City Council	Quarry centre Play Area Refurbishment	Recommended - Good links to PBIP all objectives, Strong contribution to LOIP.	£50,000	£50,000	£50,000
Aberdeen City Council	The street Design Project – Woodside Gateway	Recommended - This project links well with community led regeneration and community involvement as well as objectives of PBIP.	£100,000	£100,000	£100,000
Castlegate Arts	2022 Access improvements	Recommended- Good links to PBIP objectives – specifically tackling inequality and disadvantage, town centre revitalisation and	£95,000	£75,000	£75,000

Applicant	Project	Review Recommendation	Total project cost	Grant requested	Grant Proposed to award from PBIP 22/23
		20 minute neighbourhoods.			
Donside Village Community SCIO	Tillydrone Gateway Feature Sculpture Trail	Recommended - This project has shown community engagement and links well to community led regeneration as well as PBIP objectives.	£69,400	£69,400	£69,400
Greyhope Bay	Greyhope Bay Renewable Power	Recommended - This project has shown great community involvement and commitments to net zero alongside the PBIP objectives.	£44,132	£44,132	£44,132
Friends of Hazlehead	Hazlehead Children's Playpark Redevelopment 2022	Not progressed - Project showed limited evidence of community engagement. The funding requested was £737,000, with limited other sources of funding to reduce the ask of PBIP. The project has been phased, however there is no evidence of how future phases to complete the project will be funded. External funding Team will continue to work with the applicant to identify additional sources of	£862,000	£737,000	£0

Applicant	Project	Review Recommendation	Total project cost	Grant requested	Grant Proposed to award from PBIP 22/23
		funding.			
Scottish Women's Institutes	Hub Upgrades	Recommended – Has high community benefit and is a good fit with the PBIP objectives.	£12,474	£11,474	£11,474
Symphony Cafe	Set up an environmentally friendly café on guild street	Ineligible - Failed initial gateway criteria. Guidelines state - Have not for profit status, such as being a registered charity, social enterprise or community interest. Symphony café is a for profit business.	£75,000	£25,000	£0
The Kings Community Foundation	The Bridge Street Centre – Torry	Recommended - Has high community focus, working with external charities to help people in need. Strong links with the PBIP objectives and the LOIP.	£213,320	£76,500	£76,500
Tillydrone Community Development Trust SCIO	Benholms Town and Gateway	Recommended - This project links well to 20 minute neighbourhood, community led regeneration and demonstrates good links to PBIP objectives.	£676,000	£253,981	£253,981
Unallocated					£128,013
TOTAL			£2,361,626	£1,607,787	£777,000

Local Authority Covid Economic Recovery Fund

3.7 The Scottish Government made £80m of funding available across Scotland through the Local Authority Covid Economic Recovery Fund announced in February 2022. Using an existing settlement formula, £2,865,000 was allocated to the Council area.

3.8 Officers have received guidance from the Scottish Government around the key principles for the allocation of the funding. These are summarised as:

- These funds can be used by Local Authorities on interventions that support local economic recovery and contribute to businesses being able to move from surviving the period of trading restrictions towards recovery, growth, adaptation and building resilience.
- These funds can be used by Local Authorities on projects that can rebuild consumer confidence and stimulate demand and economic activity in their specific contexts.
- These funds can be used by Local Authorities to support the low-income households, that are disproportionately impacted by the pandemic and the current cost of living crisis, become more economically active

3.9 Officers have assessed the fourteen applications received against the criteria resulting in the recommendations made within the report. A summary of each application is provided at Appendix 3.

3.10 The table below summarises the applications received, and the recommended awards per project based on the funds available.

Applicant	Project	Review Recommendation	Grant Requested	Grant Proposed to Award from LACER
Aberdeen City Council	Hardship Support	Partially successful – flexible on funding as it will be re-distributed to external organisations providing direct support	£500,000	£407,589
Aberdeen Foyer	Cash First	Successful – direct support of hardship, providing essentials.	£20,000	£20,000
Aberdeen Foyer	Financial Inclusion Services	Successful – meeting increased demand for a financial assistance and skills.	£37,212.03	£37,212
Aberdeen Foyer	Community Food Hub	Successful – direct support of hardship, additional resources to	£39,212.03	£39,212

Applicant	Project	Review Recommendation	Grant Requested	Grant Proposed to Award from LACER
		meet increasing demand for food parcels.		
Aberdeen City Council	Creative Incubator Feasibility Study	Successful – support of economic recovery, innovative approach with a focus on Cultural sector.	£95,000	£95,000
Elevator	Aberdeen City StrE3t	Unsuccessful – stated objectives unlikely to be met within short timescale available.	£597,840	£0
Elevator	Business Gateway Start-up and Innovation Grants	Unsuccessful – no clear additionality, nor direct targeted support for economic recovery of those businesses affected by Covid impact	£675,700	£0
Elevator	Business Gateway Re-ignition	Unsuccessful - no clear additionality, did not directly address the fund principles	£272,400	£0
Aberdeen Inspired	Aberdeen Gift Card/Scotl and Loves Local	Successful – fully supporting fund’s principles. Provides support to targeted households receiving Council Tax reduction, and enabling a significant cash injection to local businesses to increase consumer confidence	£1,924,440	£1,924,440
Robert Gordon University	Enterprise School	Unsuccessful – project failed to make clear links to the LACER principles.	£40,000	£0
CFINE	CFINE – staff cost, fuel vouchers &	Successful – support of hardship principle.	£76,147	£76,147

Applicant	Project	Review Recommendation	Grant Requested	Grant Proposed to Award from LACER
	memberships			
ABERNecessities	Brighter Future	Successful – strong support of fund principles	£115,400	£115,400
Gray's School of Arts	Use of vacant city centre units for cultural activities	Successful – supporting economic recovery and increasing footfall in the city centre	£150,000	£150,000
Grampian Regional Equality Council	Establishing a global vibrant hub	Unsuccessful – project at early stages and unable to demonstrate a clear fit with the LACER principles.	£90,800	£0
Grant request Total			£3,709,711	£2,865,000

U.K Shared Prosperity Fund

- 3.11 The UK Government published the UK Shared Prosperity Fund prospectus on 13th April 2022 alongside indicative funding allocations for each Local Authority within the United Kingdom based upon a methodology calculation. Based on this methodology Aberdeen City received an indicative allocation of £7,156,832 covering an initial three year period. This is made up of £1,235,919 for Multiply and £5,920,913 for the core UK Shared Prosperity Fund. The Multiply element of funding is ringfenced for adult numeracy skills provision.
- 3.12 The core UK Shared Prosperity Fund element can be used across three priority areas:
- Community and Place
 - Supporting Local business
 - People and Skills Requirement re investment plan and proposed structures
- 3.13 In order to access the funding Local Authorities must develop and submit Investment Plans by the 1st of August 2022. The Investment Plan will outline the key priority areas for investment of the fund. Following submission of the Investment Plan it will be considered by the UK Government prior to subsequent approval.

- 3.14 Once the Investment Plan has been approved there are three routes to spending the fund: 'Challenge Funds', 'Procurement' or 'in-house'. All spend will require Committee approval prior to commencement. Further reports will be brought to Committee ensuring that Elected Members have full oversight over the allocation of the UK Shared Prosperity Fund.

4. FINANCIAL IMPLICATIONS

- 4.1 For Place Based Investment Programme the full £847,000 must be committed by 31st March 2023 and this is considered to be a commitment of expenditure which can be evidenced by a fully awarded contract or commencement of works. The eligible costs for which the grant can be used are capital costs incurred by the local authority or third parties which are in line with the main objectives of the fund. These costs must be additional to that which is already or would otherwise be allocated to the 2022/23 budget. The Programme is therefore not a substitute for existing or committed spend. All projects recommended to receive funds have demonstrated that they can satisfy the 31st March 2023 deadline.
- 4.2 Any Place Based Investment Programme funds which remain uncommitted at 31st March 2023 will be expected to be recalled by the Scottish Government.
- 4.3 The proposed gift card to eligible households raised concerns about a potential impact on any means-tested benefits which those households are in receipt of. Advice from HMRC and from Child Poverty Action Group has confirmed that the gift card would be considered as "local welfare assistance" and therefore would be disregarded for all means tested benefits.

5. LEGAL IMPLICATIONS

- 5.1 Grant Agreements will be put in place between Aberdeen City Council and those external organisations which are awarded funding and analysis of subsidy control will be undertaken.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report

7. RISK

- 7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk		No significant risk identified		Yes
Compliance	L	Grant Agreements with regular monitoring by Officers	L	Yes
Operational		No significant risk identified		Yes
Financial	L	Grant Agreements with regular monitoring by Officers. Approval of grant funding subject to Committee decision	L	Yes
Reputational		No significant risk identified		Yes
Environment / Climate		No significant risk identified		Yes

8. OUTCOMES

<u>Aberdeen City Local Outcome Improvement Plan</u>	
Prosperous Economy Stretch Outcomes	All applicants were requested to detail the contribution of their project to the LOIP as part of the application process.
Prosperous People Stretch Outcomes	All applicants were requested to detail the contribution of their project to the LOIP as part of the application process.
Prosperous Place Stretch Outcomes	All applicants were requested to detail the contribution of their project to the LOIP as part of the application process.
Regional and City Strategies	<p>The External Funding Plan identifies existing strategies for which external funds shall be sought to support implementation and delivery.</p> <p>The Investment Plan for the UK Shared Prosperity Fund will provide a mix of local and regional targeted approaches using existing local and regional partnerships.</p>

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Full impact assessment not required
Data Protection Impact Assessment	Not required
Other	N/A

10. BACKGROUND PAPERS

- 10.1 The UK Shared Prosperity Fund Prospectus can be found at the link below:
<https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus>

11. APPENDICES

- 11.1 Appendix 1 – External Funding Plan
11.2 Appendix 2 – Place Based Investment Programme – Project Summary
11.3 Appendix 3 – Local Authority Covid Economic Recovery Fund – Project Summary

12. REPORT AUTHOR CONTACT DETAILS

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