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**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE  
SERVICES COMMITTEE ON 20 JUNE 2023**

**SUBJECT: EXTERNAL GRANT FUNDING UPDATES**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND  
FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To inform the Council of external funding updates including the Crown Estate Coastal Community Fund, Business Loan Scotland and Heritage & Place Programme and the opening of the Regeneration Capital Grant Fund Round 11 with a deadline of 21<sup>st</sup> June 2023 for Stage I applications.
- 1.2 This report is submitted to Council in terms of Section III A (2) of the Scheme of Administration relating to long-term financial plans.

**2. RECOMMENDATION**

**2.1 It is recommended that the Committee:**

- (i) approve the Crown Estate Coastal Community Fund 2023/2024 allocation towards electrical upgrades at Buckie Harbour and Coast to Country project, as outlined in paragraph 3.1;**
- (ii) give delegated authority to the Head of Economic and Development Services to allocate funds returned from the Business Loan Scheme in 2023 to initiatives that encourage local spend and boost the local economy;**
- (iii) note that the Heritage & Place Programme applications for the Development Phase to deliver Forres Town Centre Improvement Plan were successful;**
- (iv) consider the opportunity to submit a multi-year project proposal for Elgin Town Hall (Growth Deal Cultural Quarter) to the Regeneration Capital Grant Fund 2024/25, in addition to the requests by Dufftown & District Community Association, Portgordon Community Trust, Tomintoul & Glenlivet Development Trust, The Cabrach Trust and Forres Area**

**Community Trust to act as lead applicant, with no financial implications for the Council for all applications except the Cultural Quarter application, and if agreed;**

- (v) **approve the submission of Stage I applications as set out in (iv) above, and if successful, submission of Stage II applications.**

### **3. BACKGROUND**

3.1 **Crown Estate Coastal Community Fund (CCF)** – Phase 3 of the Staycation Ready project as reported to Council on 12 May 2021 (paragraph 18.4 of the minute refers) included an allocation of £20,000 from the 2020/21 CCCF towards work at Findhorn which was subsequently completed and claimed for by Findhorn Village Conservation Company. However an oversight in the later report to Council on 28 September 2022 (paragraph 24 of the minute refers) assumed the full £138,192 allocation for 2020/21 was available as match funding towards Phase 4 of the Staycation Ready project. It is therefore proposed to use £20,000 from the 2023/24 CCF allocation of £116,000 to cover this shortfall. It is proposed that the remaining £86,000 is used for electrical upgrades at Buckie Harbour.

3.2 **Business Loan Scotland (BLS)** – BLS was formed in March 2017, with 27 Scottish Local Authorities becoming Full Members of the Company and 5 Local Authorities becoming Associate Members. Each Full Member made a match funding contribution to the initial finances of the Company and can now request the return of their investment. For Moray Council forecast return including match funding and interest if all 4 loans were repaid in full was £202,718. However £10.3k was top sliced from each Member Authority to create a ring fenced amount within BLS for any future liabilities i.e. pension deficit leaving a balance of £192,418. Further reductions totalling £17.7k (outlined below) have reduced the balance to £174,718.

- Loan A was repaid in full
- Loan B was written off in 2021 with a loss of £14.6k of income and with £1.2k used towards legal fees for recovery
- Loan C was repaid early and benefitted from a reduction in interest charges of £1.9k
- Loan D is still active and since the business ceased trading the loan was rescheduled for full repayment by March 2028. This loan will accrue a return of £17,387 on completion, assuming repayments are kept up. Cash at bank is currently £11,637 and once this loan is repaid in full, this will accrue around £29k.

3.3 In March 2022, £100,000 was returned to Moray Council and used to provide much need capital start-up grants for new businesses as part of the Economic Recovery Plan. An additional £45,000 has been returned in March 2023 following BLS Board Approval and approval is requested to use this funding to provide much needed support to small and medium enterprises in Moray by developing initiatives that encourage local spend and boost the local economy.

As per the BLS Articles of Association, returned funds must be in keeping with the Company's objects and comply with the purpose for which the resources are being withdrawn i.e. to support local business activity and could therefore not be transferred to council reserves or to benefit reserves indirectly by replacing existing budget for the core function of the economic development team. The Moray Gift Card will run until September 2023 and continuation funding for administration costs is required otherwise the scheme will end at this point. From launch in August 2021 to date, it has brought £98,000 into local businesses with 232 across Moray now registered to accept the card. It is therefore proposed to allocate £26,000 to continue administration of the scheme into 2023-2024 and 2024-2025 and to use the balance to develop further promotional incentives over the next 2 years to target visitors, working in partnership with Elgin BID, Business Gateway, Moray Chamber of Commerce and Visit Moray Speyside. The temporary Development Officer post will end in September however the promotional work will be absorbed within the Economic Growth & Regeneration Team.

- 3.4 **Heritage and Place Programme (H&PP)** – Following agreement at a meeting of this Committee on 15 November 2022 (paragraph 17 of the minute refers), Development Phase applications to support delivery of the Forres Town Centre Improvement Plan were submitted to the National Lottery Heritage Fund and Historic Environment Scotland. These applications have been successful in securing £33,000 from each funder and, combined with £20,000 from the UK Shared Prosperity Fund, will fund a temporary Grade 8 Development Officer to prepare the Delivery Phase applications to the same bodies, in consultation with the community and partner organisations over a period of 12 months, and commission the specified supporting documents including: Evaluation Strategy, Skills Audit & Traditional Skills Training Plan, Updated Conservation Area Appraisal (including costs, building valuations, materials audit, management & maintenance strategy) and Activities Plan. A Partnership Agreement will be drawn up and a more detailed report will be presented to Committee in April/May 2024 to request approval to submit applications for the Delivery Phase, based on the findings of the Development Phase. The Delivery Phase 2024-2029 (if application submission is approved and successful), will result in a £3.3m 5 year investment programme and will help to deliver the Forres Town Centre Improvement Plan in terms of key building repairs, public realm improvements, shop front scheme and heritage interpretation.

- 3.5 **Regeneration Capital Grant Fund 2024/2025 (RCGF)** - Invitation for Round 11, Stage I outline proposals has been announced with a submission deadline of 21 June 2023. It is considered that the aspect of the Cultural Quarter project for redevelopment of Elgin Town Hall will bring maximum benefit for Moray as a whole. It is an excellent fit for the fund and submission to this round as a multi-year project will ensure that the Growth Deal delivery timescale is met. However since only Local Authorities can apply to this fund, five Community Associations in Moray have requested for the Council to be the lead applicant on their behalf and work has also been ongoing in developing their proposals. RCGF is delivered annually in partnership with COSLA, supporting locally developed place-based regeneration projects that involve local communities, helping to tackle inequality and support inclusive growth in disadvantaged and fragile communities across Scotland. The fund is primarily aimed at providing

new and/or improved infrastructure to improve the economic, social, and physical environment of communities and is open to all 32 Scottish Local Authorities.

- 3.6 There is no restriction on the number of applications that may be submitted by each Local Authority but, given the limited size of the overall fund, applicants are requested to be realistic with the number of applications and combined value of grant requests being made. Also where project proposals are being submitted by lead bodies on behalf of partners, these project proposals must be considered and supported by lead bodies prior to final submission. Lead applicants are expected to review all applications closely, consider how the projects will meet RCGF criteria, and in particular, can deliver the outcomes and draw grant as profiled within the required timeframes. A key consideration will be whether the project is ready to be delivered in financial year 2024/2025. Projects starting after 31 December 2024, but prior to 31 March 2025 will be scrutinised carefully and a clear case must be provided in order to justify the project's viability. It is therefore crucial that the full business case for Elgin Town Hall is submitted with the Stage II application, if invited. Project proposals should be prioritised accordingly where more than one application is being submitted.
- 3.7 RCGF applications follow a two-stage, competitive process. The independent RCGF Investment Panel makes recommendations to Ministers and COSLA on those projects to be funded from each round. Closing deadline for Stage I applications is 21 June 2023 by 5pm and if successful Stage II applications have to be submitted in October 2023 with outcomes known in January 2024.
- 3.8 Applicants may apply for 100% funding of the total eligible project costs. However, any match funding leverage will be considered as part of the RCGF Investment Panel's assessment of applications, in terms of either contribution to a wider programme or within the project itself.
- 3.9 A total of £25m is available in financial year 2024/25 which if spread equally across 32 local authorities equates to approximately £781k per region. It is proposed that the Elgin Town Hall project requests £500k in 2024/25 to facilitate the start of the refurbishment and expansion project and a further £1.5-£2m in 2025/26. In addition, the combined value of grant requests being made for the five Moray community projects in 2024/25 is £4,759,455 which is testament to the enterprising community spirit. However, in line with the guidance provided, it is unfortunately considered to be unrealistic to request this level of contribution in one financial year. Council officers have therefore reviewed the proposals closely, in consultation with Highlands & Islands Enterprise (HIE). It is considered that all proposals meet the RCGF criteria, can deliver the outcomes and draw grant to deliver in financial year 2024/25. As a result, all project proposals have been prioritised according to whether or not they have previously been unsuccessful in their RCGF submission, together with consideration of the grant amount requested and match funding secured given the limited amount of funding available. This approach is considered to be fair in that it will provide opportunity for newly developed projects to be considered first, without excluding those that have been previously submitted.

Approval is therefore required to submit all six proposals in line with the priority allocated to each project in **APPENDIX I**.

3.10 Detail on the Elgin Town Hall project and each of the proposals from the community organisations is provided as follows:

Cultural Quarter Elgin Town Hall	<b>APPENDIX II</b>
Dufftown & District Community Association	<b>APPENDIX III</b>
Portgordon Community Trust	<b>APPENDIX IV</b>
Tomintoul & Glenlivet Development Trust	<b>APPENDIX V</b>
The Cabrach Trust	<b>APPENDIX VI</b>
Forres Area Community Trust	<b>APPENDIX VII</b>

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

All of the projects and funding opportunities will contribute to achieving the corporate plan priority to promote economic development and growth, also with the LOIP priority of a growing and sustainable economy.

**(b) Policy and Legal**

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan. For any partnership agreements Legal will be consulted.

**(c) Financial implications**

CCF - allocation for 2023/24 is £116k. £20k is to be used towards the Staycation Ready project Phase 4 (RTIF Coast to Country). £86k is to contribute toward electrical upgrades at Buckie Harbour.

BLS – return of £45k in March 2023 to be used towards extension of the Moray Gift Card Scheme in 2023/24 and 2024/25, and to develop further promotional incentives across Moray.

H&PP - £86k has been secured in May 2023 to fund the 12 month development phase for applications to deliver a £3.3m Forres Conservation & Heritage Scheme which will support delivery of the Forres Town Centre Improvement Plan.

RCGF – Cultural Quarter Elgin Town Hall project has £12,773,056 secured via the Moray Growth Deal towards a total project cost of £15,884,100. It is proposed that the overall request to RCGF for the multi-year project is £2-£2.5m. £500k in 2024/25 and £1.5-£2m in £2025/25. Match funding of £1,111,044 / £611,044 will be sought from National Lottery Heritage Fund and other suitable heritage funders

As only Local Authorities can apply to RCGF, requests from the Community Trusts have been made for the Council to front the applications. There are no direct financial implications for Council however there is a risk of the 3rd sector providers being unable to fulfil the funding conditions and the Council being liable to repay the grant funding. Mitigations are set out in the risk section.

The total request for RCGF funding in 2024/25 between the six proposals is £5,259,455 however it is considered unlikely that all of the outline proposals will be invited to submit applications for Stage II.

Project	Total Project Cost	RCGF request 24/25	Match Funding
CQ Elgin Town Hall	£15,884,100	£500,000	£12,773,056 confirmed Growth Deal
Forres Town Hall	£5,188,396	£1,985,782	£320,000 confirmed
Tomintoul Camp Site	£1,000,000	£500,000	£500,000 Confirmed
Cabrach Heritage Centre	£1,750,000	£1,000,000	£750,000 to be confirmed
Portgordon Community Hub	£864,813	£664,813	£200,000 to be confirmed
Dufftown Clock Tower	£831,130	£608,860	£222,269 to be confirmed
		<b>£5,259,455</b>	

**(d) Risk Implications**

For RCGF there is a risk that since the Elgin Town Hall project straddles 2 years it may be considered less of a priority however it will be too late in the project schedule to delay submission to 2025/26 and therefore considered necessary to submit for a multi-year project in 2024/25.

There is also a risk of the 3<sup>rd</sup> sector providers being unable to fulfil the funding conditions and the Council being liable to repay the grant funding. To mitigate any risks, partnership agreements will be drawn up at full application stage outlining that the Trusts will adhere to all funders grant conditions and that they are solely responsible for any liabilities associated with the funding. The agreements will also confirm that all match funding must be in place prior to any work starting and that details of suitable professional management arrangements with regular reporting, compliance with procurement and subsidy control requirements must be provided.

There is also a risk to Council as lead applicant that the 3<sup>rd</sup> sector providers will not have the capacity to deliver the capital projects. However all 5 organisations have at least one full time person in post to deliver the projects, 4 of which are account managed and funded by HIE. Professional expertise will be included within the overall project costs to ensure that construction meets the required standards.

**(e) Staffing Implications**

Administration and reporting on external funding is undertaken by the Economic Growth & Regeneration Team. For RCGF, the Cultural Quarter Project Manager will prepare the applications for Elgin Town Hall and subsequent claims and have responsibility for procurement, monitoring and evaluation. The community applicant organisations will also prepare their applications and claims; set up project systems for carrying out the works including for procurement, monitoring and evaluation.

Staff from the Economic Growth & Regeneration section will provide support for submitting the applications, interim and final claims to the RCGF supported by staff from Accountancy and make arrangements for claimed funds to be transferred to the organisations. If the funding applications are successful, all projects have to be completed by end of the financial year 24/25 unless previously agreed. Project delivery may extend beyond the period of funding support from RCGF but applicants will be required to provide monitoring reports throughout the delivery phase, for a period up to 12 months after physical completion.

The required support work can be accommodated within existing staffing resources, however at this stage it is difficult to forecast how many staff hours it will require as it depends on the experience & efficiency of the project management for these initiatives. It can range from the equivalents of a couple of hours to several days per month, which may impact on resources needed to be considered against other/new economic priorities and funds. If the project management provided by the organisations is effective and efficient the impact on staff will be a few hours a month.

All applicants have been made aware that they require suitably qualified and experienced project management staff and arrangements to be in place. If staffing in third party organisations falls short of these requirements, consideration of officer support for submission of Stage II applications will need to be reviewed.

**(f) Property**

All of the RCGF community proposals relate to community owned assets. Elgin Town Hall is a council owned asset which has been successfully managed by Registered Charity and Company Limited by Guarantee, Elgin Town Hall for the Community, since 2018. The building is currently leased on a monthly full repairing and insurance lease (peppercorn) with the future operating model being part of the Full Business Case proposals for the project. Elgin Town Hall is a Grade B

Listed modernist Town Hall designed by William Kininmonth circa 1965 and a Conservation Architect will be appointed to oversee works. Works will include exploring renewable energy options (an appraisal of solar potential had already been completed), insulation and how the improvement of separation and flow around the building could improve operational performance in terms of energy use.

**(g) Equalities/Socio Economic Impact**

An equality impact assessment is not required as the reason for the report is for the Council to consider being the lead applicant for the community organisations to access funds, which they could not undertake themselves.

The focus of the RCGF is on projects in areas that suffer from high levels of deprivation and disadvantage and that demonstrate clear community involvement. Being lead applicant for all 6 projects will assist the council in addressing socio-economic inequalities in accordance with the Fairer Scotland duty.

**(h) Climate Change and Biodiversity Impacts**

As part of the RCGF application process all proposals have to demonstrate consideration and contribution towards achieving the target of net-zero carbon emissions by 2045.

**(i) Consultations**

Consultations have been undertaken with the Chief Executive, the Deputy Chief Executive (Economy, Environment and Finance), the Deputy Chief Executive (Education, Communities and Organisational Development), all Heads of Service, Equalities Officer and Lindsey Robinson Committee Services Officer. Where comments have been received, these have been included within the report.

## **5. CONCLUSION**

**5.1 There is significant value in both the external funding allocations to Council and opportunities to apply for H&PP and RCGF. All of the outline proposals for RCGF have ambitious regeneration plans in the respective areas. They have been locally developed, involving the communities and on completion will create economic, social and physical regeneration outcomes.**

**5.2 It is therefore recommended to support the Cultural Quarter Elgin Town Hall project and the community organisations' requests for Council to work in partnership by submitting all six Stage 1 outline proposals in order of priority outlined in APPENDIX I, and to approve submission of Stage 2 applications if successful. Should any management or other issues arise in the interim, a further report will be submitted to this committee.**



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Background Papers: Documents on file in Economic Growth & Regeneration  
section

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