



REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 5 SEPTEMBER 2023

SUBJECT: TOWN CENTRE IMPROVEMENT PLANS UPDATE AND FUNDING OPPORTUNITIES

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

1. REASON FOR REPORT

- 1.1 To update the Committee on the establishment of a Town Centre Taskforce and to ask Committee to approve a number of actions to support town centre regeneration using external funding already secured, note work being undertaken to address feedback on the unsuccessful Levelling Up Fund bid and agree to further investigate the feasibility of a heat network for the centre of Elgin.
- 1.2 This report is submitted to Committee in terms of Section III (F) (2) of the Council's Scheme of Delegation relating to exercising the statutory function of the Council in relation to economic development in terms of paragraph 171 of the Local Government (Scotland) Act 1994.

2. RESON FOR URGENCY

- 2.1 This report is submitted to Committee in terms of the Local Government (Access to Information) Act 1985, on the Chair certifying that, in his opinion it requires to be considered on the grounds of urgency in order to give early consideration as delay will delay grant applications and much needed town centre works and delays in finalising the report were caused by the involvement of officers in the budget briefing process with members.

3. RECOMMENDATION

- 3.1 It is recommended that the Committee;**
- (i) Note the setting up of a Town Centre Taskforce to support town centre regeneration across Moray;**
 - (ii) Note the external funding secured towards town centre regeneration;**

- (iii) Approve spend of this year's allocation for the Place Based Investment Programme for town centre improvements as proposed;**
- (iv) Note proposals for future years of the Placed Based Investment Fund set out in section 6.**
- (v) Note the external funding for town centre projects secured through UKSPF as set out in para 6.2;**
- (vi) Delegate authority to the Head of Economic Growth and Development in liaison with the Chief Financial officer to vire (or transfer) money between the projects within the Place Based Investment Programme to ensure they can be delivered and minimise risk of underspend;**
- (vii) Note the work being undertaken to address feedback received on the Council's Levelling Up Fund bid;**
- (viii) Agree that an annual report on TCIP progress and the work of the Taskforce is presented to this Committee;**
- (ix) Agree to investigate the feasibility of a heat network for the centre of Elgin and apply for external funding for the feasibility study subject to no additional costs being incurred by the Council; and**
- (x) Agree that a copy of this report be considered at Planning and Regulatory Services Committee as an update on the Town Centre Improvement Plan work.**

4. BACKGROUND

- 4.1 National Planning Framework 4 (NPF4) was published by the Scottish Government earlier this year and reinforced the importance of taking a town centre first approach and the role of planning authorities in supporting town centre regeneration, re-use of vacant and derelict properties, reducing carbon, promoting biodiversity and active travel.
- 4.2 The Council has a suite of approved plans to support town centre regeneration in the form of the Elgin City Centre (ECC) Masterplan and Town Centre Improvement Plans (TCIPs) for Forres, Buckie, Lossiemouth, Keith, Aberlour and Dufftown. These Plans all reflect the key themes emphasised in NPF4.
- 4.3 A Town Centre Summit, organised by the Chamber of Commerce, was held on 4 May 2023 with over 80 representatives from businesses, community groups and the public sector in Elgin Town Hall to discuss the future of Moray's Town Centres. The need for partnership working, better communication and momentum were key outcomes from the day.

- 4.4 To build and maintain momentum, the Chamber of Commerce is leading on establishing a Moray Town Centre Taskforce bringing a range of stakeholders together to support regeneration projects set out in the ECC Masterplan and TCIPs and other projects emerging from consultations with communities and other key stakeholders.
- 4.5 The Council has secured external funding from a number of sources which can be directed towards supporting town centre regeneration.
- 4.6 A report on Strategic funding priorities and opportunities was agreed at the meeting of Moray Council on 29 June 2022 (paragraph 19 of the minute refers). The Planning and Regulatory Services on 25 October 2022 (para 8 of minute refers) agreed the Town Centre Improvement Plan projects to be funded through the Economic Recovery Fund for the financial year 2023/24.
- 4.7 The Council approved a bid to the 2nd round of the UK Levelling Up Fund on 29 June 2022 (paragraph 36 of minute refers) which was unsuccessful. Verbal and written feedback has been received which is summarised in paragraph 6.2.
- 4.8 NPF4 also requires planning authorities to explore the potential of establishing heat networks and this is a key piece of work within the Local Heat and Energy Efficiency Strategy (LHEES) which will inform the new Local Development Plan (LDP).

5. TOWN CENTRE TASKFORCE

- 5.1 The Chamber of Commerce is now setting up the Taskforce with a range of community representatives from across Moray and representatives from the public, private and third sector. The objectives of the Task force are;
- To bring together representatives from the local public, private and third sectors to promote the development of a new vision for the town centres.
 - Briefly evaluate the current state of the town centres, including its infrastructure, amenities, and public spaces.
 - Identify opportunities for regeneration, enhancement, and development within the town centres.
 - Engage with stakeholders, including local residents, business owners, community organisations, and relevant authorities, to gather input, feedback, and ideas.
 - Work in synergy with the current TCIPs and other strategic plans outlining key initiatives, projects, and recommendations for improving the town centres.
 - Ensure that proposed improvements align with local policies, regulations, and development plans.
 - Consider environmental sustainability, accessibility, inclusivity, and long-term economic viability in all proposed improvements.

- Liaise with relevant government departments, agencies, and other stakeholders to coordinate efforts and secure necessary approvals, permits, and funding where required.
- Monitor and evaluate the implementation of approved projects and initiatives to ensure their successful completion.

6. FUNDING SOURCES

6.1 The Council has secured external funding from a number of sources which will support delivery of the Elgin City Centre Masterplan and TCIPs;

- The Scottish Government Place Based Investment Programme (PBIP) allocation - linking and aligning place based funding initiatives with a key theme of town centre revitalisation
- UK Shared Prosperity Fund (UKSPF)

6.2 The table below sets out the funding secured and the proposed uses. A high level Investment Plan was agreed at Moray Economic Partnership (MEP) and a comprehensive list of projects were then developed through sub groups and then again agreed by MEP. This process was approved by Committee as part of the UKSPF submission to meet the guidelines of the funding. The revenue element of the UK Shared Prosperity Fund is being used towards recruitment of a 12 month town centre officer post to support the Taskforce and early implementation of actions, due to the extreme workload pressures on planning officers progressing the Local Development Plan and associated work.

2023/24			
Fund	Budget	Proposals	Lead
UKSPF Approved through Moray Economic Partnership in accordance with the approach approved by Council Min ref 29/06/22 Para 18	£50k	12 month Town Centre Officer post to be employed by Moray Chamber of Commerce	Moray Chamber of Commerce/ Strategic Planning and Development
	£97k capital	Grant scheme across Moray to support Town Centre Taskforce, grants aimed at town centre business start ups, bringing vacant/ derelict property back into suitable use and sub-division of premises. This is targeted at centres outwith Elgin.	Strategic Planning and Development
	£28,000 capital	Elgin TC Fountain restoration	Strategic Planning and Development
	£20k revenue	Development phase for Forres Town Centre Improvement Plan via	Economic Growth and Regeneration

		Forres Conservation and Heritage Scheme and Delivery Scheme	
Town Centre Capital Fund Approved Min ref Full council 8 May 2019 para 13 delegation to Head of Economic Growth and Development to invest remaining sums in public realm, transport or digital investments which can be delivered in the grant conditions.	£35k capital	£35k Forres	Economic Growth and Regeneration
Economic Recovery Fund (Approved Planning and Regulatory Services Committee Min ref 25/10/2022 item 8.	£200k capital	<p>£10k Aberlour refurbishment of Alice Littler toilets</p> <p>£35k to match fund the Town Centre Capital Fund for public realm improvements at Museum Square/ Tolbooth Stret, Forres</p> <p>£75k signage, street furniture and small scale environmental improvements in Buckie</p> <p>£80k towards public realm and other small scale environmental improvements in Reidhaven Square, Keith and the Square, Dufftown.</p>	
Place Based Improvement Fund (Approval sought in this report)	£466k	£171k Grant scheme across Moray to support Town Centre Taskforce, grants aimed at town centre business start-ups, bringing vacant/ derelict property back into suitable use and sub-division of premises.	Strategic Planning and Development

		<p>£210k towards South Street, Elgin regeneration project towards early site acquisition.</p> <p>£25k towards new/replacement signage in town centres.</p> <p>.</p> <p>The remaining £60k is proposed to be used towards a Conservation Area grant scheme across Moray. This follows on from the success of the scheme delivered in 2022/23 with grant assistance provided to 8 properties within Conservation Areas to replace windows.</p>	
2024/25			
<p>UKSPF Approved through Moray Economic Partnership in accordance with the approach approved by Council Min ref 29/06/22 Para 18</p>	£390k capital	<p>Grant schemes to support Town Centre Taskforce, grants aimed at supporting town centre business start-ups, bringing vacant/ derelict property back into use and sub-division of premises. Also small scale public realm and partnership projects. This is targeted at centres outwith Forres.</p>	<p>Strategic Planning and Development</p>
	£280k revenue.	<p>Development phase for Forres Town Centre Improvement Plan via Forres Conservation and Heritage Scheme and Delivery Scheme, subject to MEP approval.</p>	<p>Economic Growth and Regeneration</p>
<p>Place Based Improvement Fund (For noting, will be reported to Committee for</p>	£466k capital – in principle allocation	<p>£200k Forres Town Centre £200k Grant Scheme across Moray to support Town Centre Taskforce,</p>	<p>Economic Growth and Regeneration</p>

approval when Grant offer received in 24/25)		grants aimed at town centre business start-ups, bringing vacant/ derelict property back into suitable use and sub-division of premises and further phases if required of work at the Square, Dufftown, Reidhaven Square, Keith and Buckie Town Centre.. The remaining £66k is proposed to be used towards a Conservation Area grant scheme across Moray.	Strategic Planning and Development
2025/26			
Place Based Improvement Fund (For noting, will be reported to Committee for approval when Grant offer received in 25/26)	£466k – in principle allocation	£200k Forres Town Centre £266k Grant schemes to support Town Centre Taskforce, grants aimed at supporting town centre business start-ups, bringing vacant/ derelict property back into use and sub-division of premises. Also small scale public realm and partnership projects. This is targeted at centres outwith Forres.	Economic Growth and Regeneration Strategic Planning and Development

7. LEVELLING UP FUND

7.1 The Council's bid to round 2 of the UK Levelling Up Fund was unsuccessful. Feedback has been received through;

- A formal written response
- A meeting with UK government officials, and
- A meeting with Michael Gove MP, Douglas Ross MP and UK government officials

7.2 The feedback can be broadly summarised as;

- The bid represented a coherent, well linked package of projects. Elements of the bid were good but there were some areas of weaknesses which could be strengthened.
- In terms of strategic fit, the bid displayed robust and wide ranging stakeholder engagement. The bid provided a coherent, straight forward and well defined package of projects, evidence was clear and strong that the proposed interventions would have meaningful and impactful outputs and outcomes and

have a transformative effect on the city of Elgin, with wider regional benefits. The contribution to LUF missions would be extremely positive, with potential to be an exemplar of the LUF agenda.

- Economic case- overall presented a good case. Bid demonstrated a clear need for investment, however more evidence across a wider range of socio economic issues could have been provided. Some of the benefits could have been appraised over a longer period. The optimism bias applied did not seem appropriate and additionality assumptions were considered to be high, which may have resulted in overstated benefits.
- Deliverability- The cost and funding profile lacked detail. Some uncertainty that the LUF funding could be delivered by the required timeframes, the risk register lacked detail and additional detail would have strengthened the application. More detail is required on the legal and governance structures to be put in place with project partners.
- The bid clarified milestones and resources and it appeared that these were realistic and achievable.
- Procurement strategy was compliant and proportionate, demonstrating an understanding of the local market.
- Monitoring and evaluation- this could have gone into more detail, with no budget set aside specifically for it. Resourcing and governance arrangements could have been clearer. The monitoring metrics identified are well thought through, extensive and seem sensible.

7.3 The feedback has been very useful and encouraging. The third round is yet to be announced and there is no guarantee that it will follow the same bid format. However, given the feedback, officers with some minimal consultancy support to provide expertise on economic impact and subsidy control, are addressing the feedback and updating the bid. The economists have also been commissioned to carry out an Economic Impact Assessment of the Moray Leisure Centre proposal and this will be reported back to a future meeting of the Council.

7.4 An annual report will be submitted to this Committee on progress with the TCIPs and the work of the Taskforce. The information included within the town centre health checks will be reviewed to ensure outcomes can be measured more readily.

8. HEAT NETWORKS

8.1 The ongoing development of the Local Heat and Energy Efficiency Strategy (LHEES), and discussions with partners as part of the delivery of Moray Growth Deal projects, has identified the centre of Elgin as a potential area for a Heat Network Zone. The creation of a heat network in the centre of Elgin is an opportunity to use the Growth Deal as a catalyst to deliver additional benefits for the town centre and act as a learning resource for elsewhere. As the Growth Deal includes buildings which are in close proximity, it is an opportunity to explore the potential to install the infrastructure required. This will allow the buildings to be utilised as anchor loads for a network which could include other buildings such as the Council HQ, UHI Moray campus, Elgin Library, Grant Lodge, businesses, and Dr Grays Hospital. A decarbonised heat network would be an opportunity for public and private buildings to share the cost of moving away from fossil fuel heating. The heat network would be

a major innovation to Elgin and the Growth Deal projects would be at the heart of this.

- 8.2 The [Scottish Government Heat Network Support Unit](#) (HNSU) can offer 100% of funding for a feasibility study. The capital required and financial viability of the heat network will be addressed by the feasibility study. If the project is viable, the HNSU can fund up to 50% of capital costs with the intention to source investment funding for the remaining 50%. In order to attract external investment the project will have to be a large enough scale to make it financially viable. If there is a viable project, the intention would be to create a partnership organisation to drive the project forward and to operate the network. Further update reports will be provided to this Committee.

9. **SUMMARY OF IMPLICATIONS**

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

Town centre regeneration is a key element of economic development, which is a priority in the Corporate Plan.

(b) **Policy and Legal**

The proposals support delivery of the statutory Moray Local Development Plan 2020 and National Planning Framework 4.

(c) **Financial implications**

The additional work to address feedback on the unsuccessful bid to the UK LUF will cost in the region of £ 50,000 to cover consultancy support on subsidy control and economic impact, business case. This will be met from the remaining £221,000 budget approved to support development of a LUF bid.

(d) **Risk Implications**

Staffing resources are stretched across these areas of work and there will be a conflict of priorities with work on the Local Development Plan. Appointment of a 12 month officer post will help with initial setup processes for the Taskforce, grants and projects.

There is a risk that if the Council do not apply for Levelling Up Fund round 3 then circa £18M investment and £78.3 million GVA would be lost to the Moray economy. However, there is no guarantee of success.

There is a risk that decisions in the budget process may impact on the ability to implement the actions set out in this report, particularly where future year commitments are concerned.

Authority to vire sums between projects will minimise the risk of underspend of grants.

(e) **Staffing Implications**

Most of the work to address feedback and update the bid will be carried out by officers within Strategic Planning and Development, Transportation, Consultancy and Legal services, which will create a

significant workload peak over a short period of time. If the LUF bid is successful, funding will cover project management staff resources.

As indicated under risk implications, staff resources are stretched and appointment of a town centre officer employed by Chamber of Commerce will help to progress the actions and support the Taskforce.

Staffing across the Council will be subject to review as part of the budget planning process and impacts will be set out as savings proposals are considered moving forward. As the actions commit the teams to significant work over the next 3 financial years, if savings affect the ability to deliver work planned and approved, funding will have to be returned.

(f) Property

The Council owns property within town centres which would be eligible for financial assistance.

(g) Equalities/Socio Economic Impact

The funding aims to support town centre regeneration and address economic disadvantage and in doing so, provide safer, more inclusive and accessible places.

(h) Climate Change and Biodiversity Impacts

The proposals support delivery of the TCIP which include broad objectives intended to reduce carbon, by re-using vacant and derelict premises, promoting active travel, greening town centres and investigating a potential heat network.

There is an opportunity to link funding from the Nature Restoration Fund with delivery of TCIP in future years.

(i) Consultations

The Depute Chief Executive (Economy, Environment and Finance), the Legal Services Manager, the Head of Financial Services, Lindsey Robinson, Committee Services Officer, the Economic Growth and Regeneration Manager, the Principal Climate Change Officer, the Consultancy Manager, the Senior Engineer (Transportation) and the Equalities Officer have been consulted and comments received have been incorporated into the report.

10. CONCLUSION

10.1 A Town Centre Taskforce has been set to support delivery of the TCIP. The Council has secured external funding towards town centre regeneration and proposes to use the funding to support delivery of the TCIP.

10.2 The Council has received positive feedback on the unsuccessful bid to the UK Levelling Up Fund and is working to address the areas of weakness.

10.3 There is an opportunity for the Council to work with partners to explore the feasibility of creating a heat network in the centre of Elgin.

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Background Papers:

Ref:http://spman.moray.gov.uk/MANComRepDraftSite/_layouts/15/DocIdRedir.aspx?ID=SPMAN-813460984-415