

**TRANSFORMATION PROJECTS & REGENERATION TEAM – LARGE SCALE
PROJECT UPDATE REPORT**

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the Environment, Development and Infrastructure Committee on progress in the delivery of the larger scale project work of the Transformation Project and Regeneration Team, with a focus on those projects that are mainly externally funded. The last update report was considered by Environment Development and Infrastructure Committee in September 2020.
- 1.2 The paper also highlights the key issues that will impact on the successful delivery of the projects.
- 1.3 It is recommended that the Environment, Development and Infrastructure Committee:-
- 1.Consider the current progress contained within the report.

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2. INTRODUCTION

2.1 This progress report sets out the current position of the larger scale projects that are mainly externally funded, and which are being delivered by the Transformation Projects and Regeneration team which sits within the Development and Economic Growth Service. As well as being responsible for the development and delivery of a number of large scale externally funded projects with a strong economic regeneration, Place, community and heritage focus, the remit of the team also covers other key areas of work. These include:-

- applying to external funding streams and securing funding into the area to deliver economic regeneration focused projects;
- development and delivery of smaller scale economic regeneration projects, including securing funding and managing smaller external funding grants, such as the promotion of the Scotland Loves Local campaign, and working with our business communities to agree bespoke messaging for each of our towns;
- development and delivery of a number of place-based engagement projects, working in partnership with the community and key partners, leading to the development of action plans;
- development of the economic opportunities for Argyll and Bute across Film, Creative Industries and the Renewables sectors with the objective of securing income into the area and delivering local economic benefit;
- working with communities and key partners to deliver physical and Place based economic regeneration;
- support to third sector organisations involved in the delivery of their own individual economic regeneration projects, as well as support to third sector organisations working across the film, renewables and creative industries sectors;
- developing and administering the council's strategic events and festival grant process and associated grants for Rounds 2 and 3 and supporting those events that have had to cancel due to COVID-19;
- overseeing the delivery programme and financial administration of projects supported through the Scottish Government Town Centre Fund; and;
- support to community and third sector organisations delivering regeneration focused projects, particularly where council funding is

involved and/or where projects align with council outcomes.

- 2.2 In addition, the team is responsible for overseeing the management and monitoring of payment of council match funding grants to specific community and third sector organisations to assist in the delivery of economic regeneration projects such as Kilmartin Museum Redevelopment which is due to commence on site later this year. The management and monitoring of funds also extends to the twenty-eight projects funded through the £1,686,000 Scottish Government Town Centre Fund (TCF) (2019-21), which is reported to Scottish Government on a quarterly basis. A separate report on the TCF is before members of the EDI Committee.
- 2.3 The team also has responsibility for applying to RCGF each year and for managing the approved RCGF grants. RCGF is a highly competitive annual grant process. It is only open to local authorities and all 32 Local authorities are eligible. Over the past 6 years a total of £7.506 million has been secured from RCGF to support a total of 12 projects across the area. This includes the recently announced three successful stage two bids for the £1.731 million for the Port Ellen Community hub on Islay (£746,223) and Kilmory Business Park (£650,000).
- 2.4 The team is currently working with The Rockfield Centre in Oban (2018/19) which has just completed construction, Kilmartin Museum (2019/20), MAC Pool (2020/21) and Ulva Heritage project (2020/2021) all to move to procurement and construction in 2021. The team will now begin to work with Colonsay Community Development and South Islay Development to support them in the delivery of their projects. See Appendix A for the full list of current RCGF projects.
- 2.5 The paper also reports on key issues that will impact on the current status of the delivery of these projects.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Environment, Development and Infrastructure Committee:-

1. Consider the current progress contained within the report.

4. DETAILS

- 4.1 **Progress** –.Progress in relation to the projects is as follows.

- 4.1.1 **Campbeltown Conservation Area Regeneration Scheme (CARS) – (1st April 2015 – 31st March 2021) - Project Status – GREEN**

Following a successful bid to CARS Round 6, the Council secured funding of £990,000 from Historic Environment Scotland (HES) in March 2015 to deliver Campbeltown's second CARS, building on the success

of the Campbeltown Round 1 CARS and Townscape Heritage Initiative (2007-2015).

CARS R6 started on the 1 April 2015 and was due to end on the 31 March 2020. As a result of the COVID-19 pandemic a one-year extension has been approved to enable final reporting and evaluation work to be completed. This work is progressing well and is due to be completed in late February/early March 2021 for submission to HES. A final progress report is due to be submitted to the Mid Argyll, Kintyre and the Islands Area Committee in June 2021.

During the delivery of the scheme additional funding was secured and a number of savings were identified. The total project budget increased from an initial £2.2 million to almost £2.9 million. The main capital element of the works are complete with a total of eight priority building repair projects complete.

The CARS training programme delivered a mix of events for the general public, construction trades and building professionals. In September 2020 the Discover Campbeltown digital App was launched. The App contains a number of trails including; walking, cycling, heritage and whisky. It is hoped that the app will also encourage more people to visit the area.

4.1.2 **Hermitage Park, Parks for People Project, Helensburgh – (1st May 2016 – 30th April 2021 - Project Status – AMBER**

This £3.7m project is for the heritage-led regeneration of Hermitage Park. The main project funder is National Lottery Heritage Fund (NLHF) with a grant of £2.3m. In addition the Council agreed a grant of £380,000 with the remainder coming from a range of other grant and in-kind funding. Capital delivery is almost complete, with a small number of landscape and conservation snagging works outstanding due to inability to progress these during COVID-19 restriction, and the final budget figures are being prepared.

The focus continues to be on delivering the activity plan and undertaking the planting and management and maintenance plan, all subject to Covid-19 restrictions. Hermitage Park successfully achieved Green Flag Status in October 2020 with a minor number of improvements highlighted which are being addressed. The park will be assessed annually to retain this status as good practice and a condition of NLHLF funding. Ground preparation and the majority of planting took place over the autumn period enhancing the entrance to the park and beyond.

The Heads of Terms relating to the lease of the Pavilion Café were agreed in December 2019 and have been subject to delay due to Covid-19 and snagging. It is hoped that a positive announcement will be made in due course.

After a successful recruitment process the Hermitage Park Manager, Charlie Cairns, began work in August 2020, eight months after the departure of the previous manager.

Delivery of the five year activity plan continues until December 2021 and there is a risk that the project will not achieve its targets due to delays and inability to deliver activities as a result of COVID-19 restrictions. This is being raised with NLHF to seek a solution and a revised activity plan has been prepared, although it is likely that this will now require further amendments due to the changing circumstances.

The project continues to attract press and the Friends keep the community updated through their Facebook pages #Helensburgh Hermitage Park and with regular articles in the Helensburgh Advertiser and Community Advertiser.

The park has a key role to play in providing a green space for people's well-being during lockdown and the play park and plaza area has been, and continues to be, well used.

4.1.3 **Rothesay Townscape Heritage (TH) Phase 2 – (1st October 2017 – 30th September 2022 – Year 3) - Project Status - GREEN**

Rothesay TH is a five-year heritage-led regeneration project. The partnership project is funded by National Lottery Heritage Fund NLHF (£1,888,500), HES (£500,000), Argyll and Bute Council (£200,000), HIE (£70,249), LEADER (£65,800) and Paths for All (£21,500), with a total project fund of £2,746,049 to be administered as grant to property owners in order to safeguard historic buildings and shopfronts and used to deliver complementary awareness raising initiatives and events. Project staff are fully funded for the project duration.

The project has completed the external restoration of two priority projects to date, with a further two likely to follow this year. The first shopfront restoration is complete with another three in the planning stages. A series of window repair grants will also be provided to restore traditional timber sash and case windows.

Although the project is primarily a physical regeneration project, it is also a community initiative that seeks to facilitate skills development and host events to celebrate the island's heritage. An environmental art project will see two murals enhance the streetscape this year and two large pieces of research linked to the Bute offer and the digital visitor experience have concluded.

4.1.4 **Dunoon CARS – (1st April 2017 – 30th June 2022 – Year 4)**

Project Status - GREEN

Dunoon CARS is a five-year heritage-led regeneration project between Argyll and Bute Council and Historic Environment Scotland, contributing a combined total of £1,502,348 to the restoration of historic properties within the town centre. A fully funded project officer is employed to deliver the project for its duration.

The envelope restoration of one priority building and three shopfronts has been completed to date, with a further two priority projects on site and a final shopfront scheduled to commence in March 2021. A further £20,000 has been made available to fund smaller scale shopfront improvements. So far £16,000 of this has been allocated to 13 projects with 4 already having been completed.

A complementary scheme of skills development, in partnership with HES, Argyll College UHI, Skills Development Scotland, Dunoon Grammar School, Dunoon Burgh Hall Trust and a local contractor is proving successful. The training programme is supporting school-age pupils to gain hands-on practical construction industry experience and will be continued in the new academic year, subject to covid regulations

4.1.5 Tarbert and Lochgilphead Regeneration Fund – Project Status – AMBER

In its 2016/17 budget the Council allocated £3 million from reserves to support regeneration and economic development in the settlements of Tarbert, Lochgilphead and Ardrishaig.

Following discussions with a number of local organisations who put forward a variety of projects, a Council scoring and assessment process resulted in 6 projects to go forward to full business case stage (Policy and Resources (P&R) Committee ratified the decision on 19 October 2017).

The following projects have been completed:

- Gleaner (Phase 1 only) - completed Summer 2019.
- Tarbert Harbour (shore side facilities) - completed in May 2019.
- Barmore/Garvel Road junction improvements - completed February 2020

Tarbert Harbour Car Park

This is the second element of the shore side facilities with grant funding already having been provided to Tarbert Harbour Authority (THA) for the first element of the works. A grant of £111,471.89 has been awarded to the THA to extend the existing car park next to the marina to cope with increased demand. Work started in March 2020 and is due for completion end of February 2021.

Lochgilphead Front Green and Colchester Square

Unfortunately the procurement work in relation to securing contractors for the Lochgilphead Front Green and Argyll Street/Colchester Square projects, which was underway at the time of our last report, was unsuccessful. The tender responses returned were not affordable and did not represent value for money, it is believed that the impact of the COVID-19 pandemic has been a significant factor in increasing costs.

In order to progress these projects they have been separated and commenced as follows:

Lochgilphead Front Green: work has been undertaken to redesign the scheme to reduce costs in line with the available budget. A second procurement exercise is currently being undertaken and is expected to be completed in March 2021.

The £200,000 Scottish Government Town Centre Funding requires the contract to be in place by March 2021 and the project to be completed by September 2021. The timescale for this is critical in the funding package.

Colchester Square: this project is no longer being funded through the Tarbert and Lochgilphead Regeneration Fund, the money allocated for this project has been transferred to the Front Green project. This project will now be funded by Cycling, Walking and Safer Routes (CWSR) fund, HITRANS and Transport Scotland's Spaces for People fund managed by Sustrans and administered by Argyll and Bute Council. The project is being managed by the Transformation Projects and Regeneration Team and the construction element is being delivered by the Council's Roads and Infrastructure Service. Work is due to start on the 25th January and is due to be completed in late March/early April 2021. The external funding has enabled an increase in the specification of the works to include widening pavements and use of natural stone rather than resin bound gravel. Other works include; amendments to drainage; installation of new kerbs including dropped kerbs; tactile paving; refurbishment of railings and new cycle racks. The project aims to improve accessibility for town centre users.

Ardrishaig North Public Realm

The developed design has now been agreed with Transport Scotland and Sustrans, who are expected to be major funders of the scheme. Further public consultation on the design will take place online in February 2021. The design team will be progressing with obtaining the necessary consents to enable the project to proceed and we will be seeking funding from Sustrans, a decision on which is expected to be available during the spring. Procurement works are also commencing.

Gleaner Phase 2

We are awaiting further information from Scottish Canals regarding how they propose to take this project forward. It is expected that in the short-

term this is likely to involve some temporary uses which will make the site safe and open it up to the public.

4.1.6 **Regeneration Capital Grant Funding (RCGF)** **Project Status – GREEN**

Over the past 6 years a total of £7.5 million has been secured from RCGF to support a total of 12 projects across the area. An update on a number of the more recent and current projects is provided below.

Tobermory Light Industrial Site. Mull and Iona Community Trust (MICT) work began on 19th March 2018 however due to issues relating a planning condition and the need for a road construction consent the project was put on hold for 4 months. The contractor completed on site in March 2020 just prior to Lockdown. There has been significant interest in the site from local businesses. The formal opening of the site was due to take place in spring but has been delayed. All RCGF funding has been fully drawn down.

In March 2018 the council was advised that it was successful in securing over £1.2 million of RCGF (2018/19 award) for 2 projects: the Cairndow Childcare project which completed on site just prior to lockdown and all RCGF has been drawn down. The Rockfield project has just completed on site and is in the process of drawing down the final grant payment.

In March 2019 the council was advised that it was successful in securing £200,000 of RCGF (2019/20 award) for Kilmartin Museum redevelopment project. There has been no drawdown to date against the RCGF as the project has yet to commence on site. Kilmartin Museum are currently going through a procurement process to award the construction contract and expect to start on site late spring 2021.

In March 2020 the council was advised that it was successful in securing £400,000 of RCGF (2020/21 award) for Mid Argyll Community Pool redevelopment project and £194,090 of RCGF for Storass Ulbha Heritage project on Ulva. Both projects are yet to start on site although Mid Argyll Community Pool expect to have a contractor appointed during January 2021.

A number of applications were submitted for funding in 2020 for RCGF 2021/22 funding. This resulted in three applications successfully making it through to stage 2. We have recently been advised that these have all been successful. The projects are new Port Ellen Community hub on Islay (£746,223) Scalasaig business units on Colonsay (£335,000) and Kilmory Business Park in Lochgilphead (£650,000). See table below for all current RCGF projects.

Project Name	Grant Awarded	Year Awarded	Balance Remaining to Drawdown
The Rockfield Centre	£640,000 * *Including additional RCGF funds	2018/19	£100,038
Kilmartin Museum	£200,000	2019/20	£200,000
MACPool	£400,000	2020/21	£400,000
Storas Ulbha	£194,090	2020/21	£194,090
Port Ellen Community hub, Islay	£746,223	2021/22	£746,223
Scalasaig business units, Colonsay	£335,000	2021/22	£335,000
Kilmory Business Park in Lochgilphead	£650,000	2021/22	£650,000

4.1.7 **Lochgilphead Conservation Area Regeneration Scheme (CARS) (1st April 2020 – 31st March 2025)**

In 2019 we secured grant funding of £969,700 from Historic Environment Scotland (HES) for Lochgilphead CARS. The five year project officially started on the 1st April 2020. Taking into account Council match funding and owners' contributions the projected budget is £1.6 million. Due to the pandemic it has not been possible to progress the scheme as planned therefore a one-year extension has been granted by HES.

Progress to date includes; preparation of forms, guidance documents and financial systems; a dedicated web page; contact with all key stakeholders and priority building owners and the appointment of a framework Design Team to progress building contracts. Discussions are progressing with the owners of priority buildings with one building now at the development phase. All training activities planned for 2020-21 have been postponed indefinitely due to COVID-19.

4.1.8 **Scottish Government Town Centre Fund (2019 – 2021)**

A total of £1,686,000 Scottish Government Town Centre Funding has been allocated to twenty-eight projects to support regeneration activity within Argyll and Bute's town centres. Funding has been provided to support a wide range of capital regeneration projects region-wide. All projects are progressing and will make a meaningful difference to the respective town centres. Detail on each project is provided in an accompanying report. The overall project value of the 28 projects

supported by TCF is over £9million.

4.1.9 **Scotland Loves Local**

Funding to the value of £46,000 has been secured from Scotland's Town Partnership to support the resilience and recovery of town centres, the promotion of the Scotland Loves Local message, and the idea of the 20 minute neighbourhood. This has resulted in bespoke 'shop local' messaging for Islay, Campbeltown, Tarbert, Lochgilphead/Ardrishaig, Mull, Rothesay and Helensburgh, and which has been designed to encourage local people to think about using their local shops before going anywhere else. The messaging was provided by the community and the resulting posters and banners were manufactured locally. An Argyll and Bute-wide 'shop local' banner has also been designed to be used by smaller settlements throughout the region. A follow on project is currently being developed to further support businesses enhance their online presence, to ensure that the information that comes up on search engine sites is current and truly reflective of the quality and choice that is offered in Argyll and Bute's towns. These projects, combined with the Town Centre Funded, shopfront improvement grant create a suite of measures designed to support the resilience and recovery of the region's town centres.

- 4.2 **Budget:** These are predominantly externally funded projects with a proportion of Council funding and for each project there are set budgets against specific outcomes and timelines. The externally funded elements of the project costs can only be claimed once proof of all the necessary information has been provided to the external funders. Each funder has a different criteria against which they measure delivery and the council has entered into formal grant contracts with all the funders involved.

5. **CONCLUSION**

- 5.1 The council currently has a total of four CARS/TH schemes in progress albeit that Campbeltown is complete with the exception of the final report. It is anticipated that a formal announcement on whether or not the council has been successful in their bid to HES for a Helensburgh CARS will be made before the end of the financial year. It is hoped that this will be positive news. The total value of the existing four schemes represents well in excess of £12 million of investment into the built heritage of our key towns and is mainly made up from funding from HES and HLF with match funding from the council and private owners.
- 5.2 A significant number of building owners (commercial and residential) have and continue to benefit from funding which has delivered a significant level of investment and refurbishment to their properties and in turn into many of our main towns. Due to the cost of repairing traditional buildings, many of these

Improvement Plan and the Economic Development Action Plan. The economic outcomes from this project will contribute to the Government's Economic Strategy.

6.2 FINANCIAL

All funding has been approved for the projects detailed in the report. The funding comes from the council and from external funding sources. We will continue to review costs in light of the potential impact of COVID-19.

6.3 LEGAL

Each project will have differing legal and procurement requirements and we are working closely with colleagues to identify the support required and to allow this to be factored into future work plans

6.4 HR

The resources required to deliver the projects will be continually monitored. The management of these externally funded projects as well as the management of the Council and RCGF grants requires a significant amount of resources from the team to ensure that all the necessary due diligence and financial management is undertaken and the risk is minimised to the council.

6.5 FAIRER SCOTLAND DUTY ;

- 6.5.1 Equalities - protected characteristics - None
- 6.5.2 Socio-economic Duty - None
- 6.5.3 Islands - None

6.6 RISK

Construction projects by their very nature are challenging given issues that can arise relating to site conditions, managing contractors/the design team and associated budgets and meeting funder's requirements. COVID-19 has added even more challenges both in regard to the development phase and delivery phase of projects. We continually seek to minimise the risk through strong project management processes however until the projects are fully delivered on site there remains a risk. Other areas of risk relate to the potential for limited uptake in regard to CARS/TH grants and also over-run on costs for third party projects. In regard to the latter this is a high risk particularly as the council is not the responsible body for the projects or their delivery on the ground. The setting up of regular benefits realisation group meetings and building good working relationships with the third parties assists in identifying where issues may arise and where

additional support may be required. COVID-19 and the resulting impact on the construction industry and costs is an additional risk to the delivery of these projects and we are reviewing all costs and working with funders to minimise the impact and manage the risk as much as we can.

6.7 CUSTOMER SERVICE There are no customer service implications.

Executive Director with responsibility for Development and Economic Growth: Kirsty Flanagan

Policy Lead: Councillor Alastair Redman

January 2021

For further information - please contact

Audrey Martin, Transformation Projects and Regeneration Manager - Tel 01546 604180

Fergus Murray, Head of Development and Economic Growth

Appendices:

Appendix A – List of Council and Third Party projects that the Team is either responsible for delivering directly or for managing the grants given by the council to a third party organisation.

Appendix A

Council & Third Party Regeneration Projects	Project Value	Council Funding Contribution	External Funding - Including TCF	Delivery Start	Delivery End - (Excludes Defect Period)
Dunoon CARS	£1,949,965	£500,000	£1,002,348	2017	2022 – possible 1 year extension
Rothesay TH2	£3,244,856	£200,000	£2,508,781	2017	2022 – possible 1 year extension
Campbeltown CARS 2	£2,873,951	£1,196,506	£990,000	2015	2020 – extended to 31 march 2021
Tarbert Lochgilphead Regeneration Fund (Includes TCF Grant)	£5,724,898	£3,000,000	£1,343,131	2018	On going
Hermitage Park (Includes TCF Grant)	£3,754,625	£455,000	£3,299,625	2016	2021
Rockfield Centre RCGF (Includes TCF Grant)	£3,038,177	£0	£730,000	2018	2021
Kilmartin Museum RCGF & Council grant	£6,620,826	£400,000	£200,000	2019	2022
MACPool RCGF Grant	£1,284,097	£0	£400,000	2020	2021/22
Storas Ulbha RCGF Grant	£1,401,495	£0	£194,090	2020	2021/22
Port Ellen Community hub, Islay	£1,365,223	£0	£746,223	2021/22	2021/22
Scalasaig business units, Colonsay	£467,398	£0	£335,000	2021/22	2021/22
Kilmory Business Park in Lochgilphead	£1,800,000	TBC	£650,000	2021/22	2021/22
Shop Local	£46,000	£0	£46,000	2020	2021
Lochgilphead CARS	£1,606,096	£386,220	£969,731	2020	2025 (possible extension for 1 yr)
Events and Festivals grants (including annual Mod)	£110,000	£110,000	-	2020	2021
Town Centre Fund 19/20 and 20/21 (28 projects - Council projects plus grants to third parties) *	£2,161,826 **	£0	£1,361,000 ***	2019	2021
Total	£37,449,433	£6,247,726	£14,775,929		

* See separate committee report for breakdown of projects and values

** The overall TCF project value is £10,597,759 however, the individual allocations for the 3 projects above have been deducted from this figure

*** The overall TCF is £1,646,000, however, the individual allocations for the 3 projects above have been deducted from this figure