

North Lanarkshire Council Report

Enterprise and Growth Committee

approval noting

Ref PH/DG

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Vacant & Derelict Land Fund and Regeneration Capital Grant Fund Update

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Executive Summary

The Vacant & Derelict Land Fund (VDLF) and Regeneration Capital Grant Fund (RCGF) are Scottish Government capital grant fund programmes which have been established to support area based community, physical and economic regeneration activity. Funding submissions to both of these schemes are submitted annually.

The purpose of this report is to update committee on the progress of projects within North Lanarkshire which have previously received VDLF or RCGF funding as well as submissions which have been made or are being scoped for future grant rounds.

Recommendations

It is recommended that committee:

- 1) Note the projects which have been included in North Lanarkshire's 2020/21 VDLF Local Delivery Plan submission to the Scottish Government; and
- 2) Approve the submission of proposals currently being scoped as potential Stage 1 applications to the Scottish Government's 2021/22 RCGF programme.

The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (21) Continue to identify and access opportunities to leverage additional resources to support our ambitions

1. Background

- 1.1 The VDLF is a ring-fenced capital grant allocation which provides financial support from the Scottish Government to assist with the regeneration of registered vacant and derelict land sites across selected local authority areas.
 - 1.2 Funding provided through the VDLF programme is subject to the submission (and approval by the Scottish Government) of an annual Local Delivery Plan which sets out local authority investment proposals to meet the objectives of the VDLF programme. These objectives are to:
 - tackle long term vacant and derelict land (and in particular sites which have been registered as vacant or derelict for at least 15 years);
 - stimulate economic growth and job creation;
 - develop a diverse sustainable environment with a focus on temporary and permanent greening; and
 - support communities to flourish and tackle inequalities
 - 1.3 There is a range of activity which this fund cannot support including: major infrastructure works, flood mitigation, retail and housing projects.
 - 1.4 As well as investing grant funding directly, the council is also able to develop and deliver VDLF projects through ALEOs and partner and third party organisations.
 - 1.5 The Scottish Government's RCGF programme is an annual capital grant scheme for large-scale physical regeneration projects that support the policy objectives of the Government's Regeneration Strategy. It is a challenge fund, open to local authorities and 'Special Purpose (Regeneration) Vehicles', which focuses on projects that can demonstrate the ability to deliver sustainable economic and physical regeneration outcomes as well as evidence community support and participation.
 - 1.6 Whilst organisations other than local authorities and SPV's cannot apply directly to this fund, the council can apply on behalf of ALEOs, partners and community groups and act as a conduit for this grant funding.
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2. Report

2.1 Vacant & Derelict Land Fund

- 2.1.1 North Lanarkshire has received annual VDLF funding from the Scottish Government since the inception of this grant programme in 2004.
- 2.1.2 Following the submission of the council's 2019/20 VDLF Local Delivery Plan in January 2019, the council were awarded £2.886M VDLF grant funding from the Scottish Government in June 2019 for four projects as outlined in Appendix 1.
- 2.1.3 All of the approved 2019/20 projects are now either on site or in development with anticipated works due to be completed late 2020 or early 2021.

- 2.1.4 In January 2020, the council was awarded a further VDLF capital grant of £1.956M for 2020/21, subject to the submission and approval of a VDLF Local Delivery Plan by the Scottish Government. As the deadline for this submission was 28th February 2020, the projects included within the Local Delivery Plan were identified and approved by the Economic Regeneration Delivery Plan Board. In total, four projects were included within this submission as outlined in Appendix 2.
- 2.1.5 Subject to negotiation and potential amendment, the council's 2020/21 VDLF Local Delivery Plan submission is likely to be given approval by the Scottish Government in late June or early July although, due to the impact of the Covid-19 virus, this approval may be delayed.

2.2 Regeneration Capital Grant Fund

- 2.2.1 Since the launch of the Scottish Government's annual RCGF programme in 2013, North Lanarkshire Council (either directly or on behalf of ALEOs, partners or other third party organisations) has been successful in securing £7.4M RCGF for four projects (the Muirfield Centre, Forgewood Community Centre, Glenboig Life Centre and Orbiston Street Industrial Start-Ups) whilst Fusion Assets (the council's arms-length property development company and a recognised SPV) have secured a further £2.1M for office/industrial projects at Drumpellier Business Park and Link Park (Newhouse Industrial Estate).
- 2.2.2 All of the above projects are now complete with the exception of:
- Glenboig Life Centre – which is nearing completion and has drawn-down all available RCGF; and
 - Orbiston Street Industrial Start-Ups – which is now ready to start on site.
- 2.2.3 The next round of applications to the RCGF (2021/22) programme has been announced with a deadline for Stage 1 submissions of June 19th 2020. With this short lead-in time for applications, approval is sought to scope out and advance five potential Stage 1 applications to this grant fund programme as detailed in Appendix 3.

3. **Equality and Diversity**

3.1 **Fairer Scotland Duty**

Both the VDLF and RCGF programmes and the project proposals outlined in the appendices are very much focused on promoting a fairer Scotland and inclusive growth and will do so by:

- delivering physical regeneration projects, many of which are located within recognised areas of need, that will improve the local environment and tackle problems which continue to constrain community and economic regeneration such as employment opportunity and vacant and derelict land; and
- creating infrastructure that will help improve health and well-being and provide North Lanarkshire's most disadvantaged communities with new leisure and learning opportunity.

3.2 Equality Impact Assessment

An Equalities Impact Assessment will be prepared for each individual council led project funded through the Scottish Government's VDLF or RCGF programmes as part of the council's project management process.

Consideration is also given to equalities issues during the development of applications being made to the VDLF and RCGF programmes whilst the council works closely with ALEOs and partner and third-party organisations receiving grant funding to ensure that this is incorporated as a core theme throughout the delivery of projects and the services operated from the assets created.

4. Implications

4.1 Financial Impact

The VDLF programme provides up to 100% grant funding for approved projects and no additional council match is required for any of the projects which have been included within the 2020/21 VDLF Local Delivery Plan.

Whilst the RCGF programme also provides up to 100% grant funding for projects, it is expected that applicants will include match funding as part of their bid. Where the applicant is a partner or third party organisation, this could be from their own budget or an alternative source such as the lottery (and not necessarily the council). However, where the applicant is the council, or wholly owned and controlled subsidiary of the council such as North Lanarkshire Properties, it is anticipated that the council, along with the grant recipient, would make a contribution to project funding.

As such, from the projects outlined in Appendix 3, it would be anticipated that the council would be required to make a financial contribution to the proposed North Lanarkshire Properties project at Braidhurst Industrial Estate, Motherwell. As this project is closely aligned with the objectives of the Economic Regeneration Delivery Plan (and actually forms part of a council led regeneration project being taken forward across this industrial estate), this contribution would be made from the council's capital ERDP ambition programme subject to approval of the ERDP Board.

Lastly, as part of the development of North Lanarkshire's VDLF programme and RCGF applications, cognisance has also been given to the council's need to reduce their asset base. As such, most of the projects for which grant funding is sought is for new/refurbished assets which will be owned and managed by a third party and as such not impose a future revenue liability on the council.

4.2 HR/Policy/Legislative Impact

The VDLF and RCGF grant offers made to the council from the Scottish Government are regulated through formal grant agreements with statutory terms and conditions. In order to ensure that all ALEOs and partner and third party grant recipients who receive grant funding via the council comply with this agreement, Legal & Democratic Services issue separate legal agreements to ensure that all grant terms and conditions are re-assigned.

The council also maintain responsibility for reporting on project progress and finance, collating and retaining all project financial records to be held for 6 years and monitoring compliance with the Scottish Government grant agreement in relation to the sale of any asset created during the clawback period of the grant (which for VDLF is 6 years following the completion of a project and for RCGF is 15 years).

4.3 Environmental Impact

The implementation of North Lanarkshire's VDLF and RCGF programmes have continued to have significant positive environmental impact across the local authority area for a number of years. Examples of this include the remediation of vacant and derelict land for re-use as community allotments, a bmx pump track and a new urban park or the use of RCGF for the replacement of poor quality community facilities and the development of play facilities and greenspace as part of wider regeneration schemes.

Environmental impacts are considered as part of the development of applications to both these funds.

4.4 Risk Impact

The main risks in relation to the award of council VDLF funding to ALEO, partner or third part organisations, or securing RCGF funding on their behalf, are two-fold:

- Project Overspend (which results in a project funding gap and a potential request to the council to provide additional funding): this will be minimised by ensuring officer support is in place throughout the development of projects (to advise on setting budget requirements) as well as during contract works (in order to assist budget control); and
- Grant Clawback (which would require the Council to repay a relevant proportion of any proceeds arising from the sale of a new or refurbished property which has received grant funding during the grant clawback period – 6 years following the completion of VDLF supported projects and 15 years for RCGF projects): the council will address this issue by entering a formal legal agreement with the grant recipient which assigns this liability to them and also requires a standard security to be placed on the new or redeveloped property being grant funded.

Where grant funding is provided for council projects/assets, a full project risk assessment will be undertaken as part of the council's project management process.

5. Measures of success

- 5.1 Achieve the successful completion and full spend for projects funded through the 2019/20 and 2020/21 VDLF programmes as outlined within this report.
 - 5.2 Scope and take forward a minimum of two submissions to the 2020/21 RCGF programme.
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6. Supporting documents

Appendix 1: North Lanarkshire's Approved 2019/20 Local Delivery Plan

Appendix 2: North Lanarkshire's 2020/21 Local Delivery Plan Submission

Appendix 3: Potential Stage 1 applications to be submitted to the 2021/22 RCGF Programme

A handwritten signature in black ink, appearing to read 'P. Humphries', is positioned above the printed name and title.

Pamela Humphries
Head of Planning and Regeneration

Appendix 1: North Lanarkshire's Approved 2019/20 Local Delivery Plan

Project	VDLF Grant Allocation	Grant Recipient	Project Description
Ravenscraig Park	£1,200,000	NLC	VDLF is being used to support the completion of a £4M urban park within the heart of Ravenscraig that will act as a draw for ongoing investment and development at this key regeneration site
Biocity	£800,000	Fusion Assets	VDLF is being used for the acquisition and remediation of a derelict land site that will allow Fusion Assets (NLC's arms-length property development company) to undertake enabling works needed to support the expansion of the Biocity complex at Chapelhall and in turn meet growing demand for specialised workspace for hi-tech incubator and growth companies at this site
Link Park, Newhouse Industrial Estate	£600,000	Fusion Assets	VDLF is being used for enabling works that will support Fusion Assets to bring forward the continued industrial redevelopment of this key derelict industrial site which lies just off Junction 5 of the M8
Hillrigg Community Allotments (Greengairs)	£286,000	NLC	VDLF is being used to develop a new community allotments scheme that replicates the success of previous VDLF supported community allotments at Viewpark Gardens and Kirklee Road, Mossend

Appendix 2: North Lanarkshire's 2020/21 VDLF Local Delivery Plan Submission

Project	VDLF Grant Request	Grant Recipient	Project Description
Ravenscraig Access Road	£500,000	Ravenscraig Ltd.	It is proposed that this funding would be granted to Ravenscraig Ltd. to address gap funding identified as part of the plans for a new access road within this site that would open up circa. 11 ha of industrial land and provide enabling investment for the future development of up to 275,000sqft of new business space. This project would have no new revenue implications for the council.
Ravenscraig Industrial Feasibility	£50,000	Fusion Assets	It is proposed that this funding would be granted to Fusion Assets to allow them to undertake initial feasibility, site investigation and due diligence work as part of proposals to kick-start the redevelopment of industrial plots opened up by the proposed new access road at Ravenscraig. This project would have no new revenue implications for the council
Gartcosh Business Interchange (Phase 3&4)	£750,000	Fusion Assets	Building on the successful early phases of this project (with an initial 18,000sqft industrial unit just completed on Plot 1 of this business park and works due to start shortly on a further 40,000sqft of development), it is proposed that this funding would be used to enable Fusion Assets to acquire and remediate the remaining part of Plot 1 within this strategic business location for future redevelopment. This project would have no new revenue implications for the council
Craigmarloch Stables	£656,000	Scottish Canals	It is proposed that this grant is awarded to Scottish Canals to provide the match funding required to attract other grant support for the restoration and redevelopment of the derelict Craigmarloch Stables in Kilsyth, estimated at £1.2M – 1 of 13 priority projects identified within the council adopted 2018 Kilsyth & Kelvin Valley Framework and Action Plan. This project would have no new revenue implications for the council

Appendix 3: Potential Stage 1 applications to be submitted to the 2021/22 RCGF Programme

Project	Grant Recipient	Project Description
Braidhurst Industrial Estate	North Lanarkshire Properties	This project forms part of a wider programme of investment being made to revitalise this 'tired' industrial estate where RCGF would be used to redevelop a derelict land site within the estate to create industrial start-up/incubator units for local people looking to start-up or grow their business. This project would have no new revenue implications for the council. £1.16m capital funding is also already allocated through the ERDP to be used towards match funding as part of wider estate regeneration proposals
Ravenscraig Industrial Offer	Ravenscraig Ltd.	This project would complement the proposal included as part of North Lanarkshire's 2020/21 VDLF Local Delivery Plan where RCGF would allow Ravenscraig Ltd. to undertake further advanced infrastructure works in order to create a more readily viable investment and industrial development opportunity within this key regeneration site. This project would have no new revenue implications for the council and no additional NLC match funding required
Kirkshaws Neighbourhood Centre	Kirkshaws Neighbourhood Centre	This project would involve the capital refurbishment and redevelopment of Kirkshaws Neighbourhood Centre in order to create a modern and high quality local resource providing a range of services to local communities. This project would have no new revenue implications for the council and no additional NLC match funding required from capital
Springhill Community Hub	Getting Better Together (Shotts)	This project would involve the demolition of Springhill Community Hall in Shotts and its replacement with a better quality community facility with surrounding play and leisure facilities. The hall and surrounding land was recently subject to a community asset transfer to Getting Better Together (Shotts). As this hub would be remote from the proposed Town Hub location at Calderhead High School, it would be focused on servicing the communities based directly adjacent within the Springhill area of Shotts and concentrate on the provision of more localised facilities including children's play and a community growing area. This project would have no new revenue implications for the council and no additional NLC match funding required from capital
Reeltime Music – Rehearsal, Event & Recording Venue	Reeltime Music	This project would involve the renovation of a vacant industrial unit on Albert Street, Motherwell to support the development of a bespoke rehearsal, event and recording studio that will be managed and operated by Reeltime Music – a well-established charity, currently operating from leased premises in Newarthill Community Centre, offering a music and volunteering resource for disadvantaged young people across North Lanarkshire.