

Committee: **Regeneration Scrutiny Committee**  
Date of meeting: **5<sup>th</sup> March 2020**  
Report Subject: **Targeted Regeneration Investment**  
Portfolio Holder: **Cllr D Davies, Executive Member Regeneration and Economic Development**  
  
Report Submitted by: **Amy Taylor, Team Manager Regeneration Opportunities**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
04.04.20	11.02.20	21.02.20			05.03.20	Info Item 22.04.20		

**1. Purpose of the Report**

- 1.1. To provide an update on the Targeted Regeneration Investment (TRI) funding opportunity and; seek agreement of further local projects for which TRI funding will be sought.

**2. Scope and Background**

- 2.1. A report was previously presented to the Environment, Regeneration and Economic Development Scrutiny Committee (12 September 2018) outlining the criteria associated with the Targeted Regeneration Investment funding and sought agreement of local projects for which funding would be sought.
- 2.2. The TRI programme was established in 2018 and was originally intended to be a three-year programme (2018-2021).
- 2.3. For the initial three-year phase of the TRI programme a capital budget of £100million funding was made available. Allocations of the funding are dependent upon the quality of the projects, regional significant and approval of the national panel. TRI funding will not be automatically apportioned equally across each of the ten authorities.

## Thematic Projects

### 2.4. *Property Enhancement Grants*

- 2.4.1. The TRI funding has enabled the Council to work with property owners across the Borough to tackle properties held on the empty properties register, along with derelict/sub-standard properties that could encourage retail, housing and business opportunities.
- 2.4.2. A total of £920,000 has been made available for property enhancement grants and since approval the process for grant applications has been developed and agreed with internal departments. Half of this grant funding will be spent in 2019/20 with around £460,000 remaining available for potential schemes in 2020/21.
- 2.4.3. In 2019/20 financial year a total of six projects have been identified as being eligible for grant funding, with a match funding requirement of 50% total value of projects would be circa. £1 million. Prior to grant approvals being issued due diligence checks are carried out into potential grant applicants and legal charges placed upon properties prior to the release of grant.
- 2.4.4. The six properties receiving grant are:
- NCB, The Circle, Tredegar
  - 10 The Circle, Tredegar
  - The (former) Railway, Abertillery
  - Plas Aneurin, Ebbw Vale
  - 38 Church Street, Ebbw Vale
  - 6 The Circle, Tredegar
- 2.4.5. In addition, Rhondda Cynon Taf submitted a proposal to Valleys Taskforce to deliver a £5 million Valleys Taskforce Capital funding scheme to extend the Cardiff Capital Region TRI Thematic Project across the South East Wales Valleys Taskforce areas. The extension will:
- Assist with re-developing vacant, poor quality, under used or derelict buildings and premises, focused on the development of residential and commercial space within town centres;
  - Grants will be offered to business and property owners and Registered Social Landlords to a maximum of £250,000 per project;
  - Target Valley's town centres and areas including, but not limited to, the following in the Blaenau Gwent:
    - Ebbw Vale
    - Brynmawr
    - Abertillery
    - Tredegar
  - Property acquisition and commercial improvement envelope schemes will be eligible activity. This funding will not be split into individual authority

grant allocations. Instead funding will be supported once the application has been completed in full.

- 2.4.6. The funding proposal above, has been agreed by Valleys Taskforce and discussions are ongoing as to how the funds will be distributed between the Councils in the South East Wales Taskforce areas.
- 2.4.7. A pipeline of properties to be taken forward using this funding has been developed and will continue to be worked upon until the funding allocation becomes known.

#### Capital Projects

- 2.5. Boxworks – a tender process has been undertaken and a preferred contractor, Kier Construction was appointed in late 2019. The shipping containers have been purchased and works to fit out the containers have commenced off site with transportation and construction at their location on the Works Site due to start in May 2020. Construction is expected to take 4 months. Total cost of delivery is £1.5 million with £490,000 funding from the TRI programme.
- 2.6. In total 23 units are being constructed and the small scale units will support the Economic Development Team's focus in local enterprise facilitation. Also, being located near to conferencing facilities at the General Offices they offer opportunities for the General Offices to increase income through supporting meeting and conferencing arrangements.

#### *Potential Capital Projects*

- 2.7. In order to secure funds for capital projects in 2020/21, the Council needs to have a comprehensive plan for placemaking. These are already underway for the Brynmawr and Llanhilleth projects and need to be submitted to the TRI programme team in early March. As the Masterplan for Brynmawr is still under preparation some initial proposals will be submitted for sites within the study area along with some other potential projects.
- 2.8. Due to the funding condition that capital investment will only be agreed in relation to Town Centres it is unlikely that Llanhilleth Pit Head baths will be eligible to apply for funding under the programme. If a suitable development option is identified the business case will need to take account of this and alternative options for funding the development approach will need to be found.
- 2.9. It is likely that capital proposals for the Ebbw Vale and Tredegar town areas will follow completion of their master planning exercises. Subject to securing development funding and the required match funds it is expected that the masterplanning work would commence in April / May 2020. This will allow us to be in a position to submit capital bids for delivery either during 2020/21 (subject to funding availability in the programme) or 2021/22.
- 2.10. Proposals for capital projects would be aligned to the development options identified through the masterplanning work and will have member and officer engagement prior to being submitted for funding consideration. Capital projects

will be considered in line with the regeneration matrix developed to identify projects suitable to be taken forward.

#### Development Work

- 2.11. As outlined within the previous report considered by the Environment, Regeneration and Economic Development Scrutiny Committee in 2018, a number of development studies have been commissioned to inform and influence future applications for TRI.
- 2.12. *Brynmawr / Nantyglo Masterplan*
  - 2.12.1. Consultants Ove Arup were appointed to undertake a master planning exercise for the Brynmawr and Nantyglo area. Key strategic sites including the former Nantyglo School Site, Stagecoach Bus Depot and the Brynmawr Boilerhouse Building.
  - 2.12.2. Initial engagement meetings have taken place with elected members in the wards of Brynmawr and Nantyglo. Engagement meetings have also been undertaken with officers and other key stakeholders including Local Development Plan Team, Housing Partners, Stagecoach and the Trustees of Brynmawr Boiler House. The commission will be completed in early 2020 and will be reported through the democratic reporting process.
  - 2.12.3. Once completed and endorsed by the Council the report can be utilised to identify and develop capital projects that can be funded through the TRI programme in year three and beyond.
- 2.13. *Llanhilleth Pit Head Baths*
- 2.14. Consultants Planning Consulting Solutions Limited have been commissioned to undertake a study of potential future uses of the Llanhilleth Pit Head Baths building. The Council has asked the consultants to consider three options (outdoor activity centre, housing or brewery/music venue and if none of these are viable the consultants are invited to offer a fourth option for consideration.
- 2.15. Like the Brynmawr and Nantyglo study, initial engagement meetings have taken place with elected members in the ward of Llanhilleth. Alongside this a public survey has been carried out with local residents and users of local facilities (Llanhilleth Institute). A structural assessment of the building has also been carried out and we anticipate the initial outcome of the consultant's study to be received in draft March 2020.
- 2.16. Further development studies to be commissioned in year three (2020-21) shall include:
  - Ebbw Vale Town Masterplan – To consider how strategic sites located near to the commercial area of the Town Centre can add to the towns' commercial offering and viability. Strategic sites to be considered through the master-planning process include:

- Ebbw Vale Town Centre;
  - Eugene Cross Park; and
  - The Works.
- Tredegar Town Centre Masterplan – To influence and inform future strategic decision making within a defined study area at the northern gateway of the town. Key strategic sites to be included within the study area include:
    - Gwent Shopping Centre;
    - Commercial Street
    - Integration with the northern gateway;
    - Tredegar Business Park
    - Grade II Listed former Tredegar Iron and Coal Company Truck Shop

#### Future of the Programme (beyond 2021-22)

- 2.17. On 27 January 2020, Deputy Minister for Housing and Local Government, Hannah Blythyn announced additional investment of £90 million as part of a new Welsh Government approach to transforming town centres across the Country.
- 2.18. The Transforming Towns Package includes measures to increase footfall by making sure public sector locate services in town centre locations, tackle empty buildings and land to help bring them back into use, and greening our town centres.
- 2.19. Welsh Government will now be taking a 'Town Centre First' approach, which means locating services and buildings in town centres wherever possible. Utilising this approach, the public sector is also being encouraged to support towns by locating offices, facilities and services within them in order to drive footfall and create or sustain vibrancy.
- 2.20. To support this approach, the Welsh Government has announced a £90 million investment to transform Wales' town centres. Investments include:
  - £36 million for town centre regeneration projects, extending the current capital programme (TRI) for a further year;
  - £13.6 million to tackle empty and dilapidated buildings and land. This will enable local authorities to take enforcement action to bring empty buildings and land back into use;
  - £10 million of additional funding for the Town Centre Loans scheme, taking the total to £41.6 million, to bring vacant and underutilised buildings back into use in our town centres; and
  - £5 million funding for Green Infrastructure and Biodiversity within town centres. This will support greening projects which will deliver environmental benefits and make town centres more attractive places to visit.

- 2.21. The Regeneration Opportunities Team will continue to work with Ward Members through engagement sessions to ensure a longer term strategic plan is developed in accordance with the relevant funding stream outputs.

### 3. **Options for Recommendation**

#### 3.1. Option 1

Do nothing. The current projects are completed and no further applications for funding are developed or submitted.

#### 3.2. Option 2

To endorse the approach outlined within section 2 of the report, specifically:

- Thematic, Property Enhancement Grants;
- Capital Project Proposal – Boxworks; and
- Development – Brynmawr / Nantyglo, Pithead Baths, Tredegar Town Masterplan and Ebbw Vale Masterplan.

#### 3.3. Preferred Option

The preferred option is Option 2.

### 4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

- 4.1. Corporate Plan – Economic Development and Regeneration to work with partners to develop a new vision for our town centres ensuring their long term future and for businesses to engage with and support us on the delivery of our priorities.

- 4.2. Regeneration priorities in the areas of town centres, employment and skills, housing, enterprise and innovation.

- **Town Centres** – The Property Enhancement Grants are specifically targeted at Town Centre properties and are to help tackle properties on the empty properties register, derelict/sub-standard properties that could be utilised for retail, housing and business opportunities
- **Employment and Skills** – Bringing empty properties into use and creating new business spaces will contribute towards increasing jobs within Blaenau Gwent
- **Housing** – The development studies being undertaken for Brynmawr and Llanhilleth Pit Baths together with the proposed studies for Ebbw Vale and Tredegar will consider alternative uses for land or properties within or around town centres including potential for residential development.
- **Enterprise and Innovation** – The new box units are space created to foster small scale enterprise and innovation businesses. They are well

suited to start-up businesses and are a good stepping stone into larger units within the borough

## **5. Implications Against Each Option**

### **5.1. Cost**

- 5.1.1. The maximum Welsh Government intervention rate per project is 70%. All projects seeking investment must provide a minimum financial contribution of 30% to the project from non-Welsh Government sources.
- 5.1.2. In addition to the capital funding, a total allocation of £200k per region is available on an annual basis, for an initial 3 year period to support project development costs (i.e. feasibility studies), at a 50% intervention rate.
- 5.1.3. At present there is no identified fund to cover the match funding costs required for the capital and development studies. Funding shall be sourced from a range of sources including internal and external funding sources where possible.
- 5.1.4. The level of capital funding for the future projects is currently unknown due to the ongoing masterplanning work, however it is intended that the £500,000 of capital funds identified for regeneration activity is utilised to cover this.
- 5.1.5. Where possible other sources of external funding will be sourced to cover potential match funding requirements. We will also seek partners who have private investment that they can put forward to enable projects to be taken forward.

### **5.2. Risk including Mitigating Actions**

- 5.2.1. There is a risk of significant reputational damage with Option one. This could affect the Council's reputation with Welsh Government, other Local Authorities, other funding bodies and the Community.
- 5.2.2. With property enhancement grants there is a risk that projects fail prior to completion and money already drawn down could be lost. To mitigate against this, risk discussions have been undertaken with the Property Solicitor to establish a process whereby legal charges are placed upon properties to cover the value of funding drawn down. This will provide security against potential loss of funding.
- 5.2.3. With no capital funding pot currently identified for the TRI programme, there is a risk that proceeding with Option two and securing funds for the development studies (50% match funding required) and capital project funding (30% match funding required) the Council does not have a match funding source identified. This places the spend within financial year at risk and could cause reputational damage should the project or study not proceed.

### **5.3. Legal**

- 5.3.1. In order to administer the grants, considerable work has been undertaken with the Council's property solicitor to establish a process for grant application, due

diligence and terms and conditions to enable a full audit trail of funds to be put in place.

- 5.3.2. Also in order to mitigate against potential risks of loss of funding, research has been undertaken into potential options around property security arrangements e.g. land / property charges.

#### 5.4. *Personnel*

- 5.4.1. The projects are currently being progressed within the Regeneration Opportunities Team.
- 5.4.2. The Council will continue to be eligible to secure some revenue funding for project management to undertake the project management roles for the projects identified through the TRI programme.

### 6. **Supporting Evidence**

#### 6.1. *Performance Information and Data*

In order to secure the funding through TRI projects will be required to identify how it will contribute towards meeting the outputs identified through the TRI programme. Such outputs include: jobs accommodated, investment induced, residential/non-residential land developed.

#### 6.2. *Expected outcome for the public*

The thematic priorities and funding opportunities available through TRI will contribute towards the overall regeneration of Blaenau Gwent in the areas of:

- Improving and enhancing the physical and built environment;
- Employment and training opportunities;
- Support the culture of entrepreneurship and business start-ups; and
- Contribute towards improving the viability of our town centres.

#### 6.3. *Involvement (consultation, engagement, participation)*

- 6.3.1. Consultation and engagement activity was undertaken at the outset of the TRI programme. Member engagement will continue as and when project opportunities are identified.
- 6.3.2. For the masterplanning activities, each of the consultants have provided engagement strategies. Types of engagement activity undertaken will include:
- Internal Officer Workshops (planning, regeneration, strategic housing and estates)
  - Elected Member Workshops (Ward Members)
  - Options Generation
  - Public Consultation (Event in locality within the study area)
  - Review Workshop

- Revision of Options

6.3.3. Other approaches have also been undertaken doorstep questionnaires, online survey promoted through social media (Facebook, Twitter).

6.3.4. Once the masterplans are received from the Consultants, it is intended that internal review and engagement on the proposals and recommendations will be undertaken. This will include Elected Member, Internal Officer groups and the Council's reporting process.

6.4. *Thinking for the Long term (forward planning)*

6.4.1. The projects and work carried out through the TRI programme is aimed at improving and upgrading our physical infrastructure that will help us to meet requirements in terms of accessibility and use.

6.4.2. The programme will also assist in improving the long term viability of our town centres. It will enable us to bring derelict / vacant buildings and land back in to use for the benefit of our businesses, residents and visitors.

6.5. *Preventative focus*

Derelict / vacant buildings left to further deteriorate will require greater works to bring them back into use and in cases of listed buildings the liabilities for building owners will only increase more and more until works are undertaken.

6.6. *Collaboration / partnership working*

6.6.1. Where possible collaborative opportunities will be pursued. Development studies will require collaboration across partners to identify suitable development options for the sites and premises being assessed.

6.6.2. Capital projects to bring sites and premises back into use may require substantial funding to enable them to proceed. The Council needs to work with partners to identify suitable uses for such sites and premises along with those who have the potential to co-invest in delivery of projects. This is especially important where TRI is the only funding source available.

6.6.3. By way of example, with a maximum grant intervention rate of 70% a capital project with a value of £1million would require £300,000 of match funding to be available in order to secure TRI capital funding.

6.7. *Integration(across service areas)*

The projects being delivered shall cut across a number of service areas and as they are developed appropriate governance and project management arrangements across the multi-disciplinary teams required will be established.

## **7. Monitoring Arrangements**

7.1. A number of monitoring arrangements are in place to monitor performance of the projects. These include:

- Member briefing sessions (Executive Member, Ward Member);
- Quarterly performance reporting (Blaenau Gwent Business Plan internal reporting); and
- Six monthly monitoring reports to Welsh Government.

## **8. Background Documents /Electronic Links**

- *Environment, Economic Development and Regeneration Scrutiny Committee Report, 12 September 2018*