

Committee: **Regeneration Scrutiny Committee**
Date of meeting: **6th January 2021**
Report Subject: **Progress Report - Targeted Regeneration Investment Programme and Town Centre Repayable Funding Scheme.**
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)
09.12.20	x	18.12.20			06.01.21			

1. Purpose of the Report

- 1.1. To provide an update on the current positions with the Targeted Regeneration Investment (TRI) Programme and Town Centre Repayable Funding Scheme.

2. Scope and Background

- 2.1. This progress report follows a report presented to the Regeneration Scrutiny Committee on 5th March 2020. The TRI programme was established in 2018 and was originally intended to be a three-year programme (2018-2021). In 2020, Welsh Government announced a one year extension of the programme for the 2021/2022 financial year.
- 2.2. For the initial three-year phase of the TRI programme a capital budget of £100million funding was made available in Wales. 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. Allocation for the South East Wales region is £44million.

Targeted Regeneration Investment Thematic Projects

Property Enhancement Grants

- 2.3. Target Regeneration Investment Thematic grants cover Urban Centre Property Enhancement Fund Grants (Commercial building enhancement) and Urban Centre Living Fund Grants (Residential enhancements). They support the work of the Council's Growth Strategy aims by improving town centres such that we achieve an increase in spend within the local economy. It will also support bringing vacant commercial properties back into use. It will also

increase the quality of commercial spaces within the Town Centres and help support town centre traders to support the foundational economy.

- 2.4. TRI Thematic grant funding has enabled the Council to work with property owners across the Borough to tackle properties held on the empty properties register and prominent, vacant or sub-standard, hard to let properties as a way of encouraging retail, housing and business opportunities.
- 2.5. The Council acts as grant administrator and this role includes the following areas of work:
 - Supporting grant applicants with grant application process;
 - Protecting grant funding by working with Property Solicitor to place legal charges on the properties;
 - Liaison with grant recipients to ensure project programme is on track;
 - Commissioning Quantity Surveyor to ensure value for money is achieved;
 - Reviewing grant claims meet funding requirements (e.g. defrayment evidence);
 - Paying grant claims to recipients; and
 - Submitting final claims to Welsh Government via Rhondda Cynon Taf as lead authority for reclaiming funds.
- 2.6. A total of £920,000 was made available to Blaenau Gwent over two financial years (2019/20 & 2020/21) for property enhancement grants. A total of £348,092 was spent in 2019/20 (TRI year one). The grants administered by the Council were used to works to 6 town centre properties with the aim of refurbishment or bringing them back into use. It resulted in 5 jobs being created and one additional housing units being made available.
- 2.7. In 2020/21 we have spent £118,736 with the remaining £453,172 committed for projects in 2020/21. These grants will continue to be administered by the Council and will support works to a further 8 buildings across Town Centres in Blaenau Gwent. As outlined in section 6.3 these projects will support 24 jobs being created and 6 jobs being accommodated. The projects will support premises being refurbished and brought back into use for commercial purposes which will contribute to the long term viability of the Town Centres.
- 2.8. A number of the projects will also result in additional housing units being created. It is currently envisaged that as a result of the 2020/21 funding an additional 3 housing units being brought into use.
- 2.9. All of the projects supported through the TRI Thematic funding will improve the overall attractiveness of the town centres and assist in lifting the profile of the retail cores across Blaenau Gwent. Details of the outputs already achieved and expected are outlined in Table 1 in Section 6.1 of this report.
- 2.10. In the report of 5th March 2020, it was reported that a proposal for additional £5 million Capital funding from Valleys Task Force to extend the Cardiff Capital Region TRI Thematic Project in Valleys Taskforce areas had been

successful. We were later advised that this funding would not be forthcoming from Valley's Taskforce but there would be scope to include the projects put forward for this funding within the existing TRI Thematic Programme (described above).

- 2.11. Due to the COVID-19 pandemic a number of Councils were no longer able to achieve full spend on their 2020/21 allocations and these funds would therefore be re-purposed to enable the proposals put under Valleys Taskforce to be delivered under TRI Thematic funding.
- 2.12. One project nominated for VTF funding will be accommodated within the existing TRI Thematic Urban Centre Property Enhancement Fund programme in 2020/21 and another is to be progressed as a standalone capital project (see section 2.18) due to its anticipated project costs exceeding the £250,000 upper threshold for TRI grant.
- 2.13. Officers are currently working on 11 projects from across the borough for grant assistance in the 2020/21 and 2021/22 Financial years. As outlined above the programme will be extended for a further year to cover the 2021/22 financial year but the funding allocation has not yet been confirmed.

Transforming Towns Thematic Covid-19 Recovery Grants

- 2.14. In response to the Covid-19 pandemic Welsh Government proposed a variation in the £10m Targeted Regeneration Investment Programme, diverting £3.5m for Covid-19 recovery adaptations in the 2020/21 financial year across towns in the Cardiff City Region.
- 2.15. Each Council was asked to put forward proposals for ways they would like to support their Town's in the recovery from COVID-19. One of the biggest challenges to the recovery of businesses from COVID-19 was for them to open in a safe way that protects employees, visitors and customers.
- 2.16. Blaenau Gwent therefore put forward a proposal for a new smaller grant programme. Grants would cover 80% of the costs to a maximum value of £15,000 per business.
- 2.17. The Grant was intended to support business owners with the purchase of equipment or modifications to premises to enable safe ways of working and operation along with social distancing in areas of a business where customers and members of the public congregate, are served food and drink or rest.
- 2.18. As at 7th December 2020, a total of 91 Expressions of Interest have been received and 4 applications have been progressed to the stage of delivery at a total cost of £44,731. There are a number of reasons for the low number of enquiries progressed through to delivery, these include:
 - The funding cannot be used to fund works already completed before the grant was made available or a funding approval is in place;

- The funding can only be utilised for businesses located within one of the Town Centres (Ebbw Vale, Tredegar, Brynmawr, Abertillery and Blaina); and
 - The funding can only be used for external measures to support business recovery (outdoor seating, canopies).
- 2.19. Recognising that there are businesses throughout Blaenau Gwent that have served the community for many years and during the current pandemic have had to make adjustments to the way they work in order to be safe for customers we explored other options to support them.
- 2.20. Valleys Taskforce invited applications for this type of support and from businesses in smaller retail areas who would not be eligible for the TRI funding scheme. The Valleys taskforce funds could also be used to support internal measures to make businesses safe and would accept retrospective applications. The application was submitted in November and we expect a decision in December.

Capital Projects

- 2.21. Two capital projects totalling £1,035,400 have also been awarded funding under the TRI capital funding programme. The projects will upgrade and bring town centre properties back into use. The Council's role in these projects shall be Grant Administrator (as per section 2.5) and work with grant recipients. The two projects shall receive £550,000 and £485,400 of TRI funding respectively. These projects will also be supported by match funding from the grant recipients.
- 2.22. One of the projects will support refurbishment of premises that accommodates 7 retail businesses. Without intervention the premises may fall into disrepair and could result in the loss of local and national businesses. The funding will be used to refurbish the premises and ensure that they are COVID-Safe and safeguard existing jobs of businesses within the town centre.

Development Projects

Ebbw Vale Placemaking Plan

- 2.23. The Urbanists have been appointed to develop a placemaking plan for Ebbw Vale. Key strategic sites that will be considered as part of the plan will include:
- Ebbw Vale Town Rail Station
 - Station Square, The Works
 - Access from The Works to the Town Centre
 - Land at the Walk
 - Ebbw Vale Town Centre
 - Eugene Cross Park
- 2.24. The work will be delivered in two parts the first a placemaking plan which sets out the key vision and themes for the future of Ebbw Vale Town Centre

followed by a delivery plan which will outline the specific projects along with project proposals and information that can be used to support business cases for funding applications to the Targeted Regeneration Investment Programme.

Tredegar Placemaking Plan

- 2.25. Funding has also been secured to develop a place making plan for Tredegar. This will be subject to procurement over December with the commission commencing in January 2021. The plan will be delivered using the same approach as the Ebbw Vale Placemaking Plan.

Repayable Town Centre Loans Fund

- 2.26. The Repayable Town centre Loans fund is a Welsh Government funded loan programme administered locally that offers repayable loans to owners of town centre properties. Funds drawn down from Welsh Government are required to be recycled at least three times before repayment to Welsh Government in 15 years' time.
- 2.27. The core aims of the scheme are to reduce the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of town centres by encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services.
- 2.28. Town Centre loans can be utilised as part of a package of funding and have been successfully used as the match funding for applicants eligible for a Targeted Regeneration Investment (TRI) grant. Having this option means businesses who don't have the initial match funding investment but a viable business with the ability to repay the funds they require within a five-year period can take their projects forward.
- 2.29. Town Centre Loans are offered to applicants to a maximum of £200,000 with 0% interest and flexible repayment terms - ranging from initial monthly repayments to 'repayment in full' on the 60th Month. To date we have successfully bid and received three tranches of loan funding totalling £1,954,286 with a further application for £555,000 approved in December 2020.
- 2.30. Twelve loans have been issued to date totalling £1,125,000 with an available loan balance of £1,384,000 which will be available to those progressing TRI grants in 2020/21 and 2021/22 financial years. The loans have been used to support property owners in undertaking refurbishment works to their commercial premises where they may not have the full capital to outlay at the time of undertaking the works. They have been used to support acquisition of premises and are also used alongside TRI Grants to undertake property enhancement works.

- 2.31. For six of the loans, the outputs of the TRI Property Enhancement Grants will be the same outputs of the loan scheme. The remaining loans will support building owners who wish to invest in their properties and will be used for new shop fronts and internal and external refurbishments.

3. Options for Recommendation

- 3.1. There are no recommendations associated with this report. This report is an progress update for members.

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

- 4.1. The project supports the Corporate Plan Outcome to support a fairer sustainable economy and community. Through these projects will work with partners to develop a new vision for our town centres ensuring their long term future.

5. Implications Against Each Option

Cost

- 5.1. The maximum Welsh Government intervention rate for TRI Building Enhancement Grants is 70% and a maximum application value of £250,000.
- 5.2. The maximum Welsh Government intervention rate per TRI Covid-19 Recovery Grants is 80% and a maximum application value of £15,000.
- 5.3. In addition to the capital funding a total allocation of £200k per region is available per annum to support project development costs. Development costs have a maximum intervention rate of 50%. At present there is no identified fund to cover the match funding costs required for the capital and development studies under the TRI Programme. Funding shall be sourced from a range of sources including internal and external funding sources where possible.
- 5.4. There are no direct financial implications against repayable town centre loans.

Risk including Mitigating Actions

- 5.5. With TRI 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, legal charges are placed upon properties to cover the value of funding drawn down. This will provide security against potential loss of funding.
- 5.6. With Covid-19 recovery grants there is a risk that items purchased with grant funding will not be utilised or will be missing from their intended location. To mitigate this Periodic checks on grant funded items will take place to ensure items acquired under this grant programme are utilised for their intended

purpose. Items purchased under the grant which are not in use or missing will result in the recovery of the grant award from the applicant.

- 5.7. With Repayable Town Centre Loans there is a risk of default on the repayment schedule. To mitigate against this risk, legal charges are placed upon properties to cover the value of funding drawn down. This will provide security against potential loss of funding.

Legal

- 5.8. In order to administer the grants, work has been undertaken with the Council's Property Solicitor to establish a process for grant application, due diligence and terms and conditions which enable a full audit trail to be put in place.

Personnel

- 5.9. The projects are currently project managed within the Regeneration Opportunities Team. This supported service areas including Resources, Community Services, Estates and Asset Management and Planning.

6. Supporting Evidence

Performance Information and Data

- 6.1. 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. Details of the outputs already achieved and those expected are shown in the table below.

Table 1: TRI Thematic Funding (Building Enhancement Grants) - Project Outputs

Output	2019/20 (Actual)	2020/21 (Estimated)
Properties Refurbished	6	8
Jobs Created	5	24
Jobs Accommodated	0	6
Additional Housing Units	1	3

- 6.2. Table 2 shows the funding profile for projects already delivered and those which are underway during this financial year. It shows that overall the TRI projects have the potential to support investment of £6,440,205 during the two years (2019/20 and 2020/21).

Table 2: TRI Funding 2019 to 2021

Project	TRI Funding (Actual and Estimated)	Match Funding (Public and Private)	Total Investment*
TRI Thematic Projects (Commercial and Residential)	£920,000	£2,155,573	£3,075,573
COVID Recovery Grants	£44,731	£18,151	£62,882
Capital Projects	£1,525,400	£1,481,350	£3,006,750
Development Projects	£165,000	£115,000	£270,000
Revenue Funding	£25,000	£0	£25,000
Total	£2,680,131	£2,534,501	£6,440,205

*estimated total(subject to change) – final figures will be confirmed at end of March 2021

- 6.3. Estimates suggest that the TRI Thematic and Capital Projects for 2020/21 will result in 27 jobs being created and 51 Jobs being accommodated. Grant applicants are required to provide evidence of success against the projects and that outcomes are achieved.

Expected outcome for the public

- 6.4. The thematic priorities and funding opportunities available through TRI and Repayable Town Centre Loans fund will contribute towards the overall regeneration of Blaenau Gwent by improving the viability of our town centres. *Involvement (consultation, engagement, participation)*
- 6.5. Consultation and engagement activity was undertaken at the outset of the TRI programme. Member engagement will continue as and when project opportunities are identified.

Thinking for the Long term (forward planning)

- 6.6. The projects and work carried out through the TRI programme and repayable Town Centre Loans are aimed at improving and upgrading our physical infrastructure that will help us to meet requirements in terms of accessibility and use. The programmes 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.

Preventative focus

- 6.7. 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.

Collaboration / partnership working

- 6.8. Where possible collaborative opportunities will be pursued with property owners and funding organisations.
- 6.9. 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.

Integration (across service areas)

- 6.10. 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:
- Quarterly performance reporting (Business Plan internal reporting);
 - Six monthly monitoring reports to Welsh Government.

8. Background Documents /Electronic Links

- *Environment, Economic Development and Regeneration Scrutiny Committee Report, 12 September 2018*
- *Regeneration Scrutiny Report, 5th March 2020*