

Item: 19

Policy and Resources Committee: 21 September 2021.

Rousay, Egilsay and Wyre Heritage SCIO.

Wyre Community and Heritage Centre.

Report by Interim Executive Director of Finance, Regulatory, Marine and Transportation Services.

1. Purpose of Report

To consider the provision of financial assistance to Rousay, Egilsay and Wyre Heritage SCIO towards replacement of the Wyre Community and Heritage Centre.

2. Recommendations

The Committee is invited to note:

2.1.

That, in August 2019, a LEADER grant of £42,175.90 was awarded to Rousay, Egilsay and Wyre Heritage SCIO towards creation of a new Wyre Community and Heritage Centre.

2.2.

That, in October 2019, the Community Development Fund Sub-committee awarded a grant amounting to 50% of total eligible costs, up to a maximum sum of £46,996, to Rousay, Egilsay and Wyre Heritage SCIO towards creation of a new Wyre Community and Heritage Centre.

2.3.

That, following unforeseen material supply issues necessitating revision of the project costs, the LEADER grant was subsequently increased to £46,090.06, with the Community Development Fund grant increased to £51,357.

2.4.

That the project is supported by Rousay, Egilsay and Wyre Development Trust who will contribute £5,268.12 to the revised total project cost of £102,715.18.

2.5.

That, to date, LEADER grant funding, amounting to £5,629.16, has been paid to Rousay, Egilsay and Wyre Heritage SCIO in respect of works undertaken to date.

2.6.

That, in August 2021, due to the project start date being delayed by the impacts of the pandemic and, as a consequence of ongoing pandemic impacts, the appointed contractor advised that they are now unable to start or complete the project within the timeframe permitted by the LEADER Programme.

2.7.

That, as a consequence of the delayed delivery of the project, the outstanding balance of the LEADER grant, up to a maximum sum of £40,460.90, requires to be decommitted, resulting in a project funding deficit.

2.8.

That, should the project not secure additional funding, the offer of grant from the Community Development Fund would require to be withdrawn.

2.9.

Options for funding the project deficit resulting from the loss of the remaining LEADER grant, as detailed in section 5 of this report, with the preferred option being Option 4, namely the Crown Estate Fund, as the project appeared to fit well with the principles of Crown Estate funding deployment and the long-term funding allocation strategy for coastal community benefit in Orkney approved by the Council in December 2019.

It is recommended:

2.10.

That the project funding deficit, in respect of creation of a new Wyre Community and Heritage Centre, resulting from the loss of the remaining LEADER grant, up to a maximum sum of £40,460.90, be met by a contribution from the Crown Estate Fund.

2.11.

That powers be delegated to the Interim Executive Director of Finance, Regulatory, Marine and Transportation Services, in consultation with the Solicitor to the Council, to enter into an appropriate grant agreement with Rousay, Egilsay and Wyre Heritage SCIO, in respect of the funding detailed at paragraph 2.10 above.

3. Background

3.1.

The 2014-2020 LEADER Programme, delivered by the Council's LEADER team, is a Community Led Local Development initiative, jointly funded by the European Union and the Scottish Government.

3.2.

Due to the impacts of the COVID-19 pandemic and lockdown in 2020, the previously scheduled Programme end date of 31 December 2020 was extended by twelve months to 31 December 2021, requiring all projects to be completed by 31 October 2021 and all project grant claims paid and re-claimed from the Scottish Government by 30 November 2021.

4. Project History and Update

4.1.

The project to create a new Wyre Community and Heritage Centre will provide a modern facility for the island, suitable for social events, meetings and as a visitor attraction. The facility will attract use by the local community and visitors and will enhance the island offering, helping increase the sustainability of the island for years to come.

4.2.

A previous project, funded as set out in Table 1, which had commenced in 2019 would have seen the upgrade of the existing building, dating back to pre-World War II, but was abandoned at an early stage when it was found that the building was structurally unsound.

Table 1

Works	Cost (£)	Funder	Value (£)
Repair of external fabric	41,759.18	Community Development Fund	29,002.00
internal upgrade	19,647.85	LEADER	29,168.33
		REWDT	3,236.70
Totals	61,407.03		61,407.03

4.3.

Having appointed a contractor, purchased roofing materials, and commenced down-takings, issues were identified with the structure. A structural survey was commissioned which, in July 2019, determined that the structure was in such a fragile condition that it should be demolished and replaced.

4.4.

A new building was designed at an estimated cost of £93,992.18. In August 2019, a revised LEADER grant of up to £42,175.90 was approved and, in October 2019, a revised CDF grant of up to £46,996 was also agreed, the original CDF grant offer having been withdrawn. REWDT's contribution had increased to £4,820.28.

4.5.

However, before work on the project re-commenced, the contractor was advised that the Zip panels that had been intended to be purchased for the building construction were no longer available, requiring a change in materials. A timber frame was subsequently proposed and additional costs of £8,723, determined by way of quotations, resulted in a revised project total cost of £102,715.

4.6.

Following consultation with REWDT, the Scottish Government LEADER team and, in terms of the Chief Executive's emergency powers a revised funding package was subsequently approved to enable the works to proceed, as set out below:

REWDT funding	£5,268.12
CDF grant	£51,357.00
LEADER grant	£46,090.06
TOTAL	<u>£102,715.18</u>

4.7.

Despite continued assurances by the contractor that the project would be completed on time this is not now going to be achieved. As a consequence of the impacts of the pandemic on the building trade and a delay in obtaining a Building Warrant, the contractor has been unable to return to the site and has recently conceded that they will be unable to complete the project until Spring 2022.

4.8.

LEADER grant of £5,629.16 was claimed and paid to Rousay, Egilsay and Wyre Heritage SCIO in 2019 in respect of works undertaken and materials purchased prior to the discovery that the building was unsuitable for refurbishment. The roofing materials purchased remain in storage. There remains £40,460.90 of the LEADER award that has not been claimed but which cannot now be claimed due to the delayed timescale for completion of the project.

4.9.

As the project cannot be completed within the timeframe permitted, the Scottish Government requires the LEADER grant to be de-committed although they have advised that the grant of £5,629.16 already paid need not be repaid provided that sufficient alternative funding can be identified to enable the project to be completed, and they have asked for confirmation of this as soon as possible. If the project cannot be completed, the £5,629.16 grant already paid will be liable to be repaid by Rousay, Egilsay and Wyre Heritage SCIO.

4.10.

In the event that an alternative to the LEADER grant cannot be identified, the offer of CDF grant will also require to be withdrawn as the project is no longer fully funded, leaving Rousay, Egilsay and Wyre Heritage SCIO with a derelict building that is recommended for demolition.

5. Funding Options

5.1.

Due to the urgency to secure a fully funded project, other possible external sources of funding cannot be fully explored so potential sources of Council funding have been considered as follows:

5.1.1. Option 1: Community Development Fund

The maximum permitted 50% grant has already been awarded.

5.1.2. Option 2: Economic Development Grant

The requirement for funding did not become apparent in time to report to the recent Development and Infrastructure Committee and the project does not meet current grant scheme criteria.

5.1.3. Option 3: COVID Response/Recovery Grants

COVID grants target assistance towards businesses and business owners and as this is a community facility proposal, the project does not satisfy criteria for business assistance.

5.1.4. Option 4: Crown Estate Fund

The Council's allocation of funding from the Crown Estate replaces the former Coastal Communities Fund and the project satisfies the following principles for distribution of Crown Estate Funds which were adopted by the Council on 19 December 2019, in particular:

- Support investment in the infrastructure required for coastal communities across all of Orkney to thrive.
- Support the cultural and social wellbeing of local communities including the maintenance and enhancement of quality of life.

5.2.

It might be considered that the Wyre Community and Heritage Centre is the type of project that the Crown Estate Fund is intended to support.

5.3.

As circumstances outwith the control of Rousay, Egilsay and Wyre Heritage SCIO have resulted in the loss of the previously approved LEADER assistance, it is considered that the Crown Estate revenue funding is an appropriate substitute for the withdrawn LEADER grant.

6. Corporate Governance

This report relates to the Council complying with governance and financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

7. Financial Implications

7.1.

On account of delays in the project commencing and now being unable to complete within the timetable specified by LEADER, the LEADER grant offer will be withdrawn by the Scottish Government. The £5,629.16 of LEADER grant award that has already been claimed will be liable for repayment if the project cannot be completed.

7.2.

The CDF grant offer of £51,357 will also have to be withdrawn if there is no longer a fully funded project.

7.3.

The Crown Estate Fund managed by the Council has been suggested as an alternative source for the unclaimed element of the LEADER grant.

7.4.

In September 2019, the Council received an allocation of £773,673 from Crown Estate Scotland, being its share of the total net revenues for 2017/18 and in July 2020 the Council received an allocation of £1,042,994 being its share of the total net revenues for 2018/19. The allocation received in 2019 has been fully allocated while the allocation of £1,042,994 received in 2020 has been partially allocated as follows:

2018/19 Crown Estate Share	£1,042,994
Housing project in St Margaret's Hope	-£25,000
Shapinsay Development Trust	-£15,000
Point of Ness Campsite	-£97,075
Embedded Officer Post £27k 2022/23 & 2023/24	-£54,000
Climate Change Officer (2 Years)	-£140,000
Papdale East Play Area	-£205,707
Orkney Sustainable Fisheries Ltd	-£69,500
Total Allocated to date	-£606,282

Potential Allocations at time of Writing:-	
Environmental Designations	-£30,000
Bignold Park Roadway	-£19,000
	-£49,000
Total Unallocated	£387,712

7.5.

Should the report recommendations be approved, a grant of up to £40,460.90 would be debited to the Crown Estate Fund.

8. Legal Aspects

Should the recommendations be approved the Council should enter into an appropriate funding agreement with the grantee.

9. Contact Officers

Gareth Waterson, Interim Executive Director of Finance, Regulatory, Marine and Transportation Services, extension 2103, Email gareth.waterson@orkney.gov.uk

Roddy Mackay, Head of Planning, Development and Regulatory Services, extension 2530, Email roddy.mackay@orkney.gov.uk

Jackie Thomson, Development and Regeneration Manager, Email jackie.thomson@orkney.gov.uk