

Item: 4

Community Development Fund Sub-committee: 14 June 2022.

Regeneration Capital Grant Fund – Monitoring Report

Report by Corporate Director for Enterprise and Sustainable Regeneration.

1. Purpose of Report

To advise of the outcomes of third-party funding applications submitted to Stage 2 of the Regeneration Capital Grant Fund in October 2021.

2. Recommendations

The Committee is invited to note:

2.1.

That the Third Party Funding Applications Framework, approved by Council in July 2021, states that at each meeting of the Community Development Sub-committee, a monitoring report will be submitted to advise of the outcomes of third-party funding applications submitted and to report progress on all projects that have been processed via this framework.

2.2.

That, on 21 October 2021 the Community Development Fund Sub-committee resolved that the Council should submit Second Stage applications to the Scottish Government's Regeneration Capital Grant Fund on behalf of the following organisations:

- Birsay Heritage Trust in respect of its HMS Tern project.
- North Ronaldsay Trust in respect of its project to restore redundant property and land at Treb, North Ronaldsay.

2.3.

That, in December 2021, notification was received from the Regeneration Capital Grant Fund that the application submitted on behalf of the Birsay Heritage Trust had been unsuccessful.

2.5.

That, in December 2021, notification was received from the Regeneration Capital Grant Fund that the application submitted on behalf of the North Ronaldsay Trust had been successful, subject to funding being made available in the Scottish Government's 2022/23 budget.

2.6.

That, in April 2022, the Council received a formal offer of funding from the Scottish Government in respect of a grant of up to £985,460 towards the North Ronaldsay Trust's Community Resource Hub project.

3. Background

3.1.

On 22 June 2021, when considering a draft framework that would allow the Council to submit applications on behalf of community organisations to funding schemes that are open only to local authorities, the Policy and Resources Committee recommended:

- That the Third Party Funding Applications Framework be approved.
- That powers be delegated to the Community Development Fund Sub-committee to determine requests to the Council to submit funding applications on behalf of a third party.

3.2.

The Third Party Funding Applications Framework, approved by Council, states that at each meeting of the Community Development Sub-committee, a monitoring report will be submitted to advise of the outcomes of third-party funding applications submitted and to report progress on all projects that have been processed via this framework.

4. Progress Update

4.1.

On 21 October 2021, the Community Development Sub-committee considered two requests from the undernoted organisations for Stage 2 applications to the Scottish Government's Regeneration Capital Grant Fund.

- Birsay Heritage Trust in respect of its HMS Tern project.
- North Ronaldsay Trust in respect of its project to restore redundant property and land at Treb, North Ronaldsay.

4.2.

The Sub-committee subsequently resolved that both applications be submitted.

4.3.

In December 2021, the Council was advised that the application submitted on behalf of the Birsay Heritage Trust had been unsuccessful. However, the application on behalf of the North Ronaldsay Trust was successful.

5. Current Position

5.1.

The Council is not under any contractual obligation unless or until a grant offer is made by the Scottish Government to, and formally accepted by the Council and unless or until a grant offer that mirrors the terms of that offer, is made by the Council and formally accepted by the North Ronaldsay Trust.

5.2.

In April 2022, the Council received a formal offer of funding from the Scottish Government in respect of a grant of up to £985,460 towards the North Ronaldsay Trust's Community Resource Hub project. A grant offer, that mirrors that from the Scottish Government, has recently been made to the North Ronaldsay Trust.

5.3.

The offer of grant from the Regeneration Capital Grant Fund requires that the grant to be drawn down during financial years 2022/23 and 2023/24 and only expenditure incurred after 1 April 2022 is deemed eligible for grant.

5.4.

The North Ronaldsay Trust is currently in the process of recruiting a project management resource to oversee delivery of the project.

5.5.

The Birsay Heritage Trust has reflected on feedback received regarding the failed bid for grant in 2021 and has amended its HMS Tern project to address the weaknesses identified at that time.

5.6.

An amended submission in respect of the HMS Tern project is due to be considered separately at this meeting.

6. Corporate Governance

This report relates to the Council complying with governance and procedural issues 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.

The principal reason why the Council established the third party framework was to enable the submission of applications on behalf of community organisations to funding schemes that are only open to local authorities and to widen the possible funding routes for local projects and maximise external funding opportunities.

7.2.

There are potential financial risks associated with accessing funding on behalf of third party organisations with the most obvious risk that of default on the grant conditions by the third party, leaving the Council liable for repayment of the grant.

7.3.

In order to mitigate the Council's exposure to financial risk, a condition of the offer of grant to the North Ronaldsay Trust is that the Trust grant the Council security over the property assets being grant funded.

7.4.

An administrative burden will be established once the project commences, and the Council will require to remain involved in the project to ensure that the grant conditions are fully discharged.

8. Legal Aspects

8.1.

In order to claim grant monies, whether or not on behalf of a third party, the Council is required to adhere to the funder's grant conditions.

8.2.

In circumstances where the Council agrees to enter into a funding agreement on behalf of a third party, the Council's position requires to be protected by the third party entering into an agreement with the Council on terms mirroring the Council's agreement with the funder in respect of the relevant grant monies, including provisions for the Council's remedy in the event of a third party defaulting on the grant conditions.

9. Contact Officers

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