



## **CABINET – 29TH JANUARY 2020**

**SUBJECT: TARGETED REGENERATION INVESTMENT THEMATIC GRANT**

**REPORT BY: INTERIM CORPORATE DIRECTOR - COMMUNITIES**

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### **1. PURPOSE OF REPORT**

- 1.1 To make Cabinet aware of Welsh Government's Targeted Regeneration Investment Urban Centre Property/Living Enhancements thematic grant programme.
- 1.2 To seek delegated powers for the Council's Regeneration Project Board to make decisions on grant awards of up to £250,000 under this programme.
- 1.3 To seek an allocation towards the overall management fees associated with the programme.

### **2. SUMMARY**

- 2.1 Welsh Government's flagship regeneration programme is the Targeted Regeneration Investment (TRI) programme. In total £44 million has been ring-fenced to develop projects in targeted urban areas.
- 2.2 £10 million has been top sliced from this budget to instigate an urban centres property enhancement grant programme. Each local authority will receive £920,000 to offer grants to improve buildings in town centres. As WG has recognised Caerphilly as one of its five key towns in the city deal area the focus of the overall TRI programme will be Caerphilly Town and the thematic grant programme will therefore focus its attention on bringing both commercial and residential properties back into beneficial use.
- 2.3 This report outlines the grant programme in more detail and also requests that decisions on grant awards can be delegated to the Regeneration Project Board. It also recognises the human resource requirement to manage the programme effectively and calls for additional financial resources to cover the costs associated with the necessary support services.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Cabinet:
  - i) Note the establishment of the TRI Urban Centre Property/Living Enhancement thematic grant programme.

- ii) Gives delegated decision powers to the Regeneration Project Board to approve grants of up to £250,000.
- iii) Approve an allocation of £20k from the Council's Regeneration Project Board's Development Fund (revenue) to cover identified funding gaps associated with the provision of internal professional support fees linked to managing this grants programme.

#### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To inform Members of this new Caerphilly town centric grants programme and to ensure that decisions on grant funding made under this programme are made in an accountable, transparent manner.

#### **5. THE REPORT**

- 5.1 The 10 local authorities that make up the Cardiff Capital Region have lobbied Welsh Government (WG) to top slice monies from the £44million TRI programme towards a fund that specifically deals with property improvements in town centres. There is an opportunity to build on the good practice delivered during the previous WG run Vibrant and Viable Places (VVP) programme and further develop creative and innovative approaches to support businesses, job growth and new homes in urban centres. WG have determined that each participating LA choose only one town centre to offer this grant programme to. Due to a number of factors, including its designation by the Valleys Task Force as a strategic hub, Caerphilly has been chosen to benefit in the CCBC area.
- 5.2 This investment package will be facilitated by Rhondda Cynon Taff Council (RCT) as Lead Body and will be delivered by all 10 South East Wales Councils alongside partners including the private sector and RSL's. Service level agreements have been finalised between each Local Authority and RCT to formalise the arrangement between the lead authority and each partner local authority.
- 5.3 There are two investment product streams to this thematic programme:
  - The Urban Centre Property Enhancement Grant – aimed at commercial properties.
  - The Urban Centre Living Fund – aimed at creating residential units in town centres.

##### **The Urban Property Enhancement Fund**

- 5.4 This Fund will provide financial support for applicants to physically improve their commercial premises within Caerphilly Town Centre. The Fund aims to significantly enhance the physical condition and appearance of key local buildings, including the revitalisation of shop frontages and vacant internal floor space. Projects which can help contribute to economic viability by creating or safeguarding jobs, or by bringing vacant properties & business floor space back into beneficial use, will be prioritised for funding.

##### **The Urban Centre Living Grant Fund**

- 5.5 This Fund will provide support for applicants to physically improve their premises for residential purposes. The scheme is aimed at revitalising vacant or underutilised space above commercial premises to create quality new residential space within specific town Centres. WG require each local authority to identify one town centre location.
- 5.6 The grant will only be available in defined town centre boundaries that are included within the South East Wales TRI Regional Plan. As outlined above, for this local authority, the defined boundary for this thematic grant is centred on Caerphilly town centre.

- 5.7 Each LA can be flexible in its approach to delivery, in order to reflect the needs of these specific identified areas. The proposed approach taken by CCBC under Wave 1 is to target derelict and underutilised properties in the town centre and work with the owners/agents to develop schemes that can be funded through the thematic programme. Wave 2 will see any residual grant budget used to widen the scheme out so that other properties in the town centre can be improved to make them more attractive.
- 5.8 The grant is flexible in that it can target internal and external improvements to the property; so it is envisaged that it will be a very attractive tool in bringing properties back into beneficial use.
- 5.9 It will be imperative that officers from the Council's Regeneration Department administering this grant work collaboratively with officers from the Council's Private Sector Housing team who already administer a number of loans aimed at bringing back privately owned residential properties back into beneficial use throughout the county borough. The introduction of the TRI thematic residential improvement grants to Caerphilly town centre will make loan support less attractive to certain landlords here. It is therefore imperative that the TRI funding is linked to the wider empty homes agenda and is seen as one of the key tools which can be considered where appropriate to deal with this agenda along with other financial products and enforcement where necessary.

### **Who Can Apply**

- 5.10 The Funds are open to all businesses and property owners located within Caerphilly Town Centre. Grant funding will only be available to owners of the freehold interest in the property or to lessees holding a minimum 7 year lease remaining on the property. If the applicant is a leaseholder, the applicant must obtain permission from the freeholder.
- 5.11 Applicants will be required to demonstrate that their proposals are viable and will be delivered utilising the appropriate professional design and construction expertise. Applicants must comply with all statutory Planning Permission and Building Control Regulations (separate applications may be required).
- 5.12 A flow diagram outlining the application process from submission to approval is outlined in **Appendix 1**.
- 5.13 Grant recipients of upto £50k will have a restriction registered in favour of the Council on the grant funded property. Grant recipients awarded £50k or more will have a legal charge placed on the property.
- 5.14 There will be due diligence checks undertaken on the applicants and the Council's S151 Officer will be required to sign these off prior to applications proceeding. Like other WG grants programmes payment of grant will not be made until all works are completed to the satisfaction of the Council; with all original invoices submitted, bank statements forwarded showing evidence of payment, confirmation from a independent Quantity Surveyor that the works have been satisfactorily completed and production of interim/final certification. In line with most other WG funded schemes, grants under this programme will be paid out on proof of defrayment.

### **Management implications**

- 5.15 WG have determined that only 5% of the total grant allocation can be used to cover management costs associated with administering and monitoring the grants programme.
- 5.16 Officers believe that this level of funding could prove insufficient to cover all the support services costs associated with managing a grants programme of this nature, for instance, Central Finance have indicated that there could even be a need to employ additional staff to administer the programme.

- 5.17 One of the purposes of this report is to bring this to the attention of Cabinet so that options for identifying sources of funding to fully cover management costs can be agreed.
- 5.18 Although this thematic grant will be focused in on Caerphilly town centre, WG's Valleys Task Force has indicated that they would like to roll its format out to encompass more town centres using their budgets. They are currently in discussions with RCT(the lead body with this grant programme) to establish if each local authority in the region could spend additional funding using this model/programme in other town centres not currently prioritised for funding. Officers from CCBC have indicated that there would be an appetite from property owners in the other principal town centres in Caerphilly County Borough Council.

### **Conclusion**

- 5.19 This report outlines the substantial investment that can be made on the building stock in Caerphilly Town Centre over the course of the next two financial years through this WG funded thematic grant. In order to administer the grant in a robust and accountable manner it is advocated that the best mechanism for determining grant applications is through the Regeneration Project Board. It also recognises the human resource requirement to manage the programme effectively and calls for additional financial resources to cover the costs associated with the necessary support services.

## **6. ASSUMPTIONS**

- 6.1 This report assumes that CCBC will receive its full allocation of £920,000 and that Rhondda Cynon Taff will take the lead role in managing this thematic programme.

## **7. LINKS TO RELEVANT COUNCIL POLICIES**

### **Corporate Plan 2018-2023.**

- 7.1 The report recommendations contributes towards or impacts predominantly on the following Corporate Well-being Objectives:

Objective 2 - Enabling employment.

Objective 3 - Addressing the availability, condition and sustainability of homes throughout the county borough.

Objective 6 – Supporting citizens to remain independent and improve their well-being.

### **A Foundation for Success 2018-2023.**

- 7.2 The report recommendations contribute towards the following Regeneration Objectives to:

- Build a more resilient and diversified economy for the county borough;
- Support economic growth, innovation and enterprise;
- Create an environment that nurtures business;
- Enhance the competitiveness of the county borough;
- Boost business support;
- Enhance opportunities for physical improvement and investment through active place making; and
- Improve the delivery and diversity the housing stock across all tenures within the county borough to meet housing need and create strong cohesive communities.

## **8. WELL-BEING OF FUTURE GENERATIONS**

8.1 The grant programme will bolster the work of the Regeneration Board and will contribute towards significant levels of local regeneration activity in Caerphilly. This proposal contributes to the Well-being objectives as set out above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act and it is aimed at improving the economic well being of the area.

8.2 As such it aligns with the following well being goals:

- A prosperous Wales – Providing more jobs and housing in the area will create more wealth for the local population.
- A Resilient Wales – Providing additional and more diverse employment and housing opportunities will make the area more resilient to external economic factors.
- A Wales of Cohesive Communities – providing local employment and more diverse housing options will help to stabilise and develop local communities and prevent outmigration.

8.3 The report recommendations are consistent with the five ways of working as defined within the sustainable development principle in the Act. The five ways of working of the sustainable development principle, listed in the Act are:

- Long Term – The importance of balancing short-term needs with the need to safeguard the ability of future generations to meet their long-term needs;
- Prevention - How acting to prevent problems occurring, or getting worse, may help public bodies meet their objectives;
- Integration – Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies;
- Collaboration – Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives;
- Involvement – The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

## **9. EQUALITIES IMPLICATIONS**

9.1 There are no specific equalities implications associated with this report for any specific groups or individuals therefore a full equalities impact assessment has not been carried out.

## **10. FINANCIAL IMPLICATIONS**

10.1 Once the thematic programme is launched the Council will benefit from a £920,000 allocation for targeting property improvements in Caerphilly Town Centre.

10.2 Grants awards can be made up to £250,000 at an intervention rate of up to 70%. It should be noted that the match funding element will come from the property owner at minimal intervention of 30% so there are no match funding implications for the Council.

10.3 Management costs of 5% of the total grant award will be made available to cover the costs associated with managing this grants programme within the authority. Officers from Regeneration, Finance, Procurement and Legal will all input into the successful delivery of this scheme. If the total TRI thematic grant pot of £920,000 is allocated, then the management costs TRI top slice allocation would be circa £46,000.

- 10.4 It is expected that this top slicing will not cover the full costs of managing the grants programme and officers request that additional funds are identified to bridge any gap. The quantum of this “gap” requirement is not yet known but should not exceed £20,000.
- 10.5 In order to enable this grants programme to proceed, officers have identified three funding sources from which the £20,000 could be funded from. They are as follows:
- Additional income generated by Urban Renewal on its EU funded projects (not offered up for MTFP).
  - Communities Directorate Reserve
  - The Council’s Regeneration Project Board Development Fund (revenue)
- 10.6 After due consideration, officers recommend that the Council’s Regeneration Project Development Fund should be utilised to meet the identified funding gap.

## **11. PERSONNEL IMPLICATIONS**

- 11.1 Officers from the Regeneration, Finance, Procurement and Legal will be required to assist in the delivery of this programme. Because of the increased workload on the Council’s Finance team, there may be a need to employ additional staff to administer the programme.

## **12. CONSULTATIONS**

- 12.1 All consultation responses are reflected in the report

## **13. STATUTORY POWER**

- 13.1 Local Government Act 1972 and 2000

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Appendices:

Appendix 1: Proposed Application Process Flowchart

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