

Report

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| Report to: | Community and Enterprise Resources Committee |
| Date of Meeting: | 30 May 2023 |
| Report by: | Executive Director (Community and Enterprise Resources) |

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| Subject: | Town Centre and Place Based Investment Programme - Update |
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide an update on town centre activity
- ◆ update members on the allocation of year 3 of the Place Based Investment Programme (PBIP)

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the updates provided in sections 3 and 4 of the report be noted;
- (2) that the proposal set out in sections 4.4.3 and 4.4.4 of the report be approved; and
- (3) that the Executive Director (Community and Enterprise Resources) be authorised to proceed with the allocation of funding for year 3 of the PBIP as set out in sections 4.4.3 and 4.4.4 of the report.

3. Background

- 3.1. The nature of town centres across the UK is in a transitional stage. The range of issues involved in the challenges town centres are facing are broad and complex. Factors such as the economic downturn, internet shopping, the growth of out of town shopping malls, changes in retailers' business models and consumer expectations have resulted in a decline in footfall.
- 3.2. Some of the issues are local and specific to individual towns, however, many are issues seen across the country influenced by wider economic patterns, consumer behaviour and corporate decisions. Supporting town centres remains a Council priority and officers continue to work in partnership with groups and organisations in each town to achieve our common goals.
- 3.3. The contribution town centres make to our communities cannot be overstated. Town centres support and contribute to people's lives across our communities whether this is to access essential services, visiting for shopping or enjoying leisure time. Around 70% of businesses and jobs in the economy are located in town centres and they are often the principal location for leisure and hospitality. They retain a vital social importance as a meeting, events and performance space.

Strategic Overview

- 3.4. Across the 10 towns defined in the South Lanarkshire Local Development Plan (LDP) there is active and ongoing engagement with the most appropriate groups in each town. These range from town to town and include Business Improvement Districts (BIDs), Development Trusts, Community Councils and private property owners.
- 3.5. Town Centre strategies and action plans have been prepared and approved for Hamilton, Cambuslang, Larkhall and Blantyre with work now underway in Rutherglen. Similar plans are being progressed by the communities in Lanark and Carluke along with the master planning work by the owners of East Kilbride. A review and refresh of the Hamilton Strategy is the subject of a separate paper at this meeting.
- 3.6. These strategies and action plans are closely aligned with the Government approach to town centres captured in the New Future for Scotland's Town Centres report and action plan.
- 3.7. Officers in Economic Development are working with all key stakeholders across our towns and have commissioned two key pieces of work to set the direction of the Council's work around town centres going forward. These will inform and align with existing and emerging funding opportunities around town centres.
 - ◆ Town Centre Visioning – this will set out how the Council delivers on the strategic aims and objectives at a local level. As noted above, while all towns have similar challenges, the solutions are not always the same. This work will set out how the Council, communities and partners should deliver meaningful and sustainable change within our town centres through a series of projects and action plans.
 - ◆ Transition to Net Zero – town centres are major contributors to pollution and although a number of early wins have been achieved, the ways to deliver long term meaningful and sustainable reductions are complex and not always palatable to business or customers. This work will set out a practical approach to working towards net zero across our towns.
- 3.8. Officers in Enterprise, Planning, and Community Engagement are working with colleagues in The Improvement Service on a pilot project in Rutherglen called Shaping Places for Wellbeing. The project is working in seven towns across Scotland taking a multi-agency approach to placemaking. The initiative is still in the early stages, however, it is hoped it will become a useful model for working with communities across south Lanarkshire.

4. Current initiatives

- 4.1. There are a number of key areas of work underway in support of our town centres which will inform the investment strategies and priorities going forward for the next 5 to 10 years. This work will also support and inform potential Levelling Up Fund and other external funding bids.
- 4.2. East Kilbride Town Centre Masterplan
 - 4.2.1. As members are aware the shopping centre has gone through a challenging period over the last 18 to 24 months. Along with the challenges faced around COVID-19 and the changes in shopping patterns, the centre has been called in by the bank, who funded the previous purchase and was subsequently put into administration on 16 November 2022. The shopping centre has vacancy rates of around 30% albeit there are some particularly challenged sections where vacancy rates are especially high

and where the key challenges lie. The town centre is very large for its catchment and in comparison, to its nearest competitors. East Kilbride has around 230 retail units while each of Braehead, Glasgow fort and Silverburn have between 120 to 130 units each.

- 4.2.2. With each change of ownership, a new team of asset managers has taken responsibility for the centre and, given the scale and complexity of the asset, it has taken some time for them to familiarise themselves with the asset, issues and appropriate strategy.
- 4.2.3. Throughout these challenging times, officers have kept regular contact with both the Asset Management Team and the Local Management Team. At all times these discussions have been positive and the commitment by the asset managers to the future of the town centre is without doubt.
- 4.2.4. Work on the masterplan has progressed at pace since the administration was confirmed with a draft position agreed at the end of April 2023. It is clear from this work, the size of the centre and the level of vacancy rates that the centre cannot sustain the amount of retail which needs to be significantly reduced with alternative uses considered in the most appropriate sections of the centre. The draft reflects this position and will be widely consulted on over the next few months with a programme of consultation being prepared. The masterplan will be updated to reflect the consultation process thereafter be submitted for planning permission in principle. The administrators have been clear they are keen to work through this process efficiently and seek to implement the initial phases of works in 2024/2025

4.3. Hamilton Town Centre Masterplan

- 4.3.1. Following the ongoing challenges faced by the Regent Centre and the closure of the Marks and Spencer's unit the town centre requires the preparation of a masterplan for the south eastern quarter of the town centre. Vacancy rates in the town have remained consistently below the national average, however, there are a number of key units which have become vacant and which do not seem likely to find occupiers in the short term. The owners of the Regent Centre have confirmed their intention to sell their interest and, as with East Kilbride, the masterplan will set the context for public and private sector investment over the next 5 to 10 years and will be beneficial in effecting a change of ownership.

Consultants will be procured during May/June with the intention of a draft masterplan for consultation being completed by the end of the calendar year. As with East Kilbride it is intended the masterplan will become a supporting document for the Local Development Plan and inform public and private sector investment going forward.

4.4. Place Based investment Programme

- 4.4.1. The Scottish Government announced in their Programme for Government in February 2021 that they proposed to implement a place-based investment programme over the 5-year period of the parliament. The funding is targeted at addressing some of the challenges faced by Scotland's places across the country.
- 4.4.2. The Council was awarded £2.003 million for year one of the programme, £1.74 million for year 2 and £1.213 million for each of the remaining 3 years giving total funding of £7,382 million over the 5-year programme. The programme has just entered year 3 with the projects for years one and 2 complete or on target to complete in line with the terms around financial spend of the grant award. Two projects were carried over into year 3 due to delays in the programmes. These are Larkhall Leisure Centre and Lanark

outdoor space. The budget for year three also includes project budget carried forward from year two of £331,000 and Shared Prosperity Funds of £390,000, giving an overall budget allocation for year three of £1.934 million. There is also an allocation of £223,000 from Shared Prosperity Funds for year 4 giving a total of £1.436 million in that year.

- 4.4.3. The proposed allocation for year 3 reflects these funding commitments. It is also recommended that projects with longer delivery programmes are funded over more than one year and on that basis recommendations for the partial allocation of year 4 are included. The proposed allocation is as follows:-

| Town | Project | Description | Allocation (£) | |
|---------------|--------------------------------------|---|------------------|------------------|
| | | | Year 3 | Year 4 |
| | | Budget | 1,934,000 | 1,436,000 |
| Larkhall | Larkhall Leisure Centre | Funding in support of wider redevelopment | 880,000 | 500,000 |
| Lanark | Outdoor Space | Improve public space to provide multipurpose capacity | 289,000 | |
| Larkhall | Coalyard Housing | Support development of social housing scheme to deliver 18 units | 190,000 | 260,000 |
| East Kilbride | Civic Centre/ Town Centre Masterplan | Continuation of work to set the future direction of the town centre | 150,000 | |
| Hamilton | Town Centre Masterplan | Study to set the future direction of the town centre | 75,000 | |
| East Kilbride | Kirktonholme pitches | Phase 2 of improvement of pitches and changing facilities | 150,000 | 150,000 |
| Lesmahagow | Lesmahagow Development Trust | Creation of community and business facility and 2 affordable flats in town centre | 50,000 | 50,000 |
| Biggar | Biggar Youth Project | Youth club building redevelopment to improve green profile in town centre | 150,000 | 150,000 |
| | | Total | 1,934,000 | 1,023,000 |

4.4.4. As with previous years the above allocations are estimates based on the detailed work carried out by the applicants and Council officers. Previous years have seen variations to the project costs and timescales and in line with previous approvals it is recommended that the Executive Director (Community and Enterprise Resources) is given authority to vary the funding between projects, within the overall constraints of the programme.

4.4.5. Should the Committee be minded to approve the recommendation, groups will be formally notified of their grant award in line with previous years with the same monitoring and governance arrangements put in place by officers in Enterprise and Sustainable Development.

4.5. Town Centre Living

4.5.1. One of the keys to supporting and regenerating our town centres is increasing the amount of town centre living. In many of our towns this is at a very low level relative to other towns and historic rates, and there is potential for some of the less commercially viable parts of town centres to be considered for residential development. An internal officer working group has been established and their recommendations will be presented to the appropriate Committee in due course.

5. **Employee Implications**

5.1. The continued development and implementation of this and future years of the PBIP will be taken forward by officers within Enterprise and Sustainable Development Services, in consultation with colleagues across all other Council resources and Community Planning Partners as appropriate.

6. **Financial Implications**

6.1. The PBIP funds from the Scottish Government, where appropriate, will be brought into the Council's General Services Capital Programme and will be subject to the normal monitoring and financial processes. This will feed into the requirements of the Scottish Government to report on progress and identify spend.

6.2. In respect of the size of the applications, many of the groups involved will not have the cash flow to finance their planned project and may request advance funding to allow their project to progress. In line with previous funds, forward funding of projects is not available.

7. **Climate Change, Sustainability and Environmental Implications**

7.1. The projects and initiatives identified in this report will be delivered using a range of sustainable techniques and models, having regard to best practice and current construction industry guidance. It is also noted that many of the projects will result in the redevelopment of vacant buildings and land.

8. **Other Implication**

8.1. Due to the diverse portfolio of projects, the timescales within which projects have been developed and the capacity of groups involved assessed, however, there is a risk that some projects may not proceed in the way envisaged and fail to meet the timescales required.

8.2. Ultimately, this could result in grant not being expended in the relevant time frame and opportunities to implement these specific projects will not be maximised. This may result in project funding being withdrawn. To mitigate this risk, where possible, a reserve list of projects has been compiled and will be used if needed.

9. Equality impact assessment and consultation arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no Impact Assessment is required.
- 9.2. Consultations have been co-ordinated by Enterprise and Sustainable Development Services with a range of other Council Services who have an ongoing role in delivering services and initiatives in our Town Centres. This consultation and co-operation will continue throughout the duration of the initiative.

David Booth

Executive Director (Community and Enterprise Resources)

10 May 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent
- ◆ Ambitious, self-aware and improving
- ◆ Fair, open and sustainable
- ◆ We will work towards a sustainable future in sustainable places
- ◆ We will work to recover, progress and improve
- ◆ Good quality, suitable and sustainable places to live
- ◆ Thriving business, fair jobs and vibrant town centres

Previous References

- ◆ Community and Enterprise Resources Committee, 29 June 2021 – Place Based Investment Programme
- ◆ Community and Enterprise Resources Committee, 7 December 2021 Place Based Investment Programme (PBIP) and Town Centre Capital Fund – Update
- ◆ Community and Enterprise Resources Committee, 9 August 2022 - Town Centre and Place Based Investment Programme Update and Funding Award 2022/2023

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:- Iain Ross

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