

Capital Regeneration Funding

Summary and Recommendations

This report updates the Board on announcement in the draft Scottish budget that capital regeneration funding is to be cut from £62.5m to £45.8m, outlining the immediate impacts this has had on both the Regeneration Capital Grant Fund (RCGF) and the Vacant and Derelict Land Improvement Programme (VDLIP).

We ask Members to note that, as this is a primarily financial matter, decisions are being taken through COSLA Leaders as part of our wider work on the Local Government Settlement.

The Board is invited to:

- i. Note the announcement in the draft budget; and
- ii. Provide initial views on the policy impact of the cut to capital regeneration funding.

References

Previous relevant reports:

- Environment and Economy Board – February 2021- Regeneration Update
- COSLA Leaders – March 2022 – Town Centre Action Plan
- Environment and Economy Board – December 2022 – Place, Planning and Wellbeing Economy
- COSLA Leaders – February 2023 – Levelling Up Fund
- COSLA Leaders – October 2023 – Local Government Finance Update
- COSLA Leaders – December 2023 – Scottish Budget and Local Government Settlement 2024-25

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Purpose

1. To update the Board of the impact of the recent Scottish budget on capital regeneration funding.

Current COSLA Position

2. COSLA worked in partnership with Scottish Government to deliver the Place Based Investment Programme (PBIP) with £325m of funding to support place-based working and regeneration, including community led regeneration, town centre revitalisation, Community Wealth Building and 20-minute neighbourhoods. As part of this, £23m per annum in distributed funding to Local Government was agreed, with the intention that fund would support new and existing local initiatives and recognise the diversity of Scotland's rural and urban places. In addition to the distributed funding, the PBIP also resources the continued Regeneration Capital Grant Fund (RCGF) and the recently established Vacant and Derelict Land Investment Programme (VDLIP).

What is Changing?

3. The Deputy First Minister delivered the 2024-25 Scottish Budget parliamentary statement on Tuesday 19 December. This included the announcement that funding to support place-based regeneration programmes has been reduced from £62.5m to £45.8m for 2024/25 of which up to £23m is required to meet contractual commitments for Regeneration Capital Grant Fund (RCGF) and the Vacant and Derelict Land Investment Programme (VDLIP) projects.
4. At present, Ministers are considering implications of the budget and options for the distribution of the remaining capital budget allocation. The planned RCGF investment panel and subsequent funding decisions on Round 11 Stage 2 of the RCGF, as well as the VDLIP, have been put on hold until Scottish Government are in a position to provide further clarity on how the regeneration capital budget will be allocated. We have been told that, at present, distributed funding to local authorities via the Place Based Improvement Programme will be unaffected.

Proposed COSLA Position

5. All decisions relating to the budget and Local Government finance are a matter for COSLA Leaders, who are aware of the issues the draft budget presents for capital regeneration funding. This report does not seek to establish a position, instead providing an update for the board of the policy impacts of the budget and seek views of Members on the potential impact of this announcement on local place based regeneration work. These views on the policy will be fed in to our representations to Scottish Government on the future of the RCGF and capital regeneration more broadly.
6. The delivery of the above regeneration programmes relies on strong partnership between Local Government and Scottish Government and we are working closely

with Scottish Government to ensure that the impact of policy and investment delivers positive outcomes.

7. This is clearly not the only area where cuts can be evidenced in the current draft budget, with COSLA's own analysis revealing a cut of £54.9m to core and grant capital funding and £62.7m to revenue funding. These cuts will have impacts to other areas, however these are being addressed through established channels and we would encourage discussion on this item to remain focused on the impacts on capital regeneration budgets.

Next Steps

8. We will continue to work closely with finance colleagues and Leaders to advance COSLA's formal position on the Local Government Settlement, including capital regeneration budgets, and further lobbying work will be actively undertaken as the Budget Bill passes through parliament, in an effort to protect these resources for Local Government.
9. It is unclear at the time of writing how long a potential pause could last or what arrangements can be put in place for its resumption. We will report back to the Board and Leaders as appropriate once we have additional clarity from Scottish Government and ensure members are fully engaged in developments.