

Edinburgh World Heritage: Review Of Conservation Grant Funding

Planning Committee
21 April 2005

1 Purpose of report

- 1.1 To inform Committee of the outcomes of a review of Conservation Grant Funding carried out for Edinburgh World Heritage (EWH) by DTZ Piedad Consulting.

2 Summary

- 2.1 Edinburgh World Heritage are proposing to change their existing funding priorities and the way in which schemes are funded.
- 2.2 EWH propose that they distinguish between project funding and grant funding and that they move to a regime of repayable grants.

3 Main report

- 3.1 When DTZ Piedad Consulting carried out a review of the Edinburgh World Heritage Trust in 2002, one of the key issues was the grant giving process and this became the subject of a number of recommendations. Among them was a recommendation to review the grants policy and levels of grant given out. As well as this, the recommendations covered the need to simplify the system, the need to consider the process in the context of current property prices within the World Heritage Site, the desirability of funding other projects such as public realm improvements and the need to take a more proactive approach to developing projects in collaboration with other partners.
- 3.2 Following on from this, DTZ Piedad Consulting were asked to carry out a further study of the grants system and come forward with more detailed proposals. Appendix 1 contains the EWH report on this process, which itself contains the Executive Summary from DTZ Piedad's report.

3.3 The study outcomes were accepted by the EWH Board and a new Conservation Funding programme has been established with the following objectives:

- To conserve and enhance the World Heritage Site.
- To deliver funding where it is most needed, in line with current priorities.
- To support delivery of the policies and proposals in the World Heritage Site Management Plan (2005) and the annual Action Plan (first version 2005).
- To minimise bureaucracy and in-house staff costs for EWH, by giving clear directions and placing responsibility for project administration on the applicants' accredited lead professionals, in order to direct maximum funding to the conservation of the Site.

3.4 To deliver these objectives, the present grants scheme will be replaced by two new types of funding: project funding and repayable grants.

3.5 'Projects' are defined as proactive interventions across the Site which support the policies in the Management Plan. It is intended that, over time, an increased proportion of resources will be directed to project funding. These are likely to be developed in partnership with other agencies.

3.6 A repayable grants scheme will replace the existing grants scheme in which non-repayable grants were offered in percentages relating to Council tax-band widths. The repayable grant will operate on the basis that any grant exceeding £10,000 will be repayable on sale or transfer of the property, except where the property is in the name of a company or partnership, in which case repayment will be due at the end of a fixed term of ten years. The level of grant requires to be fixed but it is the view of EWH that there is no longer any advantage in continuing the distinction between Comprehensive and Limited repairs schemes. It is proposed that grants should be targeted on the basis of Conservation Statements produced by the applicants' accredited professionals and on the themes identified in the World Heritage Site Action Plan.

4 Conclusions


4.1 The proposed changes to the existing grant regime by EWH are supported. The emphasis to be given to proactive project work will allow EWH to become a more active force in the regeneration and enhancement of the World Heritage Site. The change to a repayment grant scheme for owners is also considered to strike a balance between offering assistance for vital repair work while, at the same time, recognising the general increase in property values. This mechanism will also allow the fund to become self sustaining over a period of time.

5 Financial Implications

5.1 None

6 Recommendations

6.1 It is recommended that the Committee notes the outcome of the review of EWH conservation grant funding and supports the proposed changes.



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13.4.05

Appendices Appendix 1: Edinburgh World Heritage Conservation Grant Funding Programme, produced by EWH 2005.

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Background Papers

APPENDIX 1

EDINBURGH WORLD HERITAGE CONSERVATION FUNDING PROGRAMME

1. INTRODUCTION

- 1.1 On 22 February 2005, the Board of Edinburgh World Heritage (EWH) approved a new Conservation Funding Programme for the Edinburgh World Heritage Site (the Site). This paper sets out the principles of the new Programme.

2. BACKGROUND

- 2.1 The Edinburgh World Heritage Trust (EWHT), now Edinburgh World Heritage, was formed in 1999. After about four years of operation, the City of Edinburgh Council (CEC) and Historic Scotland (HS) appointed DTZ Piedad Consulting in July 2002, to carry out an evaluation of the Trust, to identify areas where performance could be improved.

A study was carried out in two Stages:

- Stage 1 Report – "Review of EWHT" was completed in November 2002, and focused on whether the Trust was fulfilling its six principal functions: grants, conservation, advice, monitoring, projects and promotion.
- Stage 2 Report – "EWHT – Maximising its potential" was completed in March 2003, and examined the structure, management, staffing and skills, and systems of the organisation.

- 2.2 The Stage 2 Report recommended the following action with regard to grants:

- To review grants policy, prioritisation and levels of grant.
- To simplify grants system giving greater autonomy to Trust staff.
- To consider the present grants scheme in the context of current property values in the World Heritage Site.

- 2.3 Other possible changes were identified as follows:

- To allocate funds for other projects such as public realm and environmental improvements.
- To develop more projects in collaboration with others.

3. REVIEW OF GRANTS SCHEME

- 3.1 DTZ Piedad was commissioned in September 2004 to carry out a Review of EWH Grants Scheme. An Executive Summary of the Final Report, "EWH

Review of Grant Schemes", dated February 2005, is appended to this report; see Appendix 1.

3.2 The key recommendations of the DTZ Pleda Report include the following:

- "EWH should seek to refocus activities funded by the annual capital allocation from reactive funding of individual applicants to proactive funding, on a holistic and targeted basis. This will extend the work of EWH from primarily grant funding private owners to include project funding and influencing small and large public realm works".
- "EWH should replace the current grants schemes format of giving non-repayable grants to individuals on a reactive basis with a scheme of repayable grants for individuals (through a self-sustaining revolving fund), targeted at priority areas/activities".
- "EWH should seek to establish a sustainable revolving fund to assist individuals and groups of individual owners of residential and commercial property, and should fund small and large public realm works through project finance".

4. **CONSERVATION FUNDING PROGRAMME**

4.1 The EWH Board accepted these recommendations and have now devised a new Conservation Funding Programme with the following objectives:

- To conserve and enhance the World Heritage Site.
- To deliver funding where it is most needed, in line with current priorities.
- To support delivery of the policies and proposals in the World Heritage Site Management Plan (2005) and the annual Action Plan (first version 2005).
- To minimise bureaucracy and in-house staff costs for EWH, by giving clear directions and placing responsibility for project administration on the applicants' accredited lead professionals, in order to direct maximum funding to the conservation of the Site.

4.2 To deliver these objectives, the present grants scheme will be replaced by two new types of funding:

- Project Funding.
- Repayable Grants.

4.3 To qualify for project funding, 'Projects' are defined as proactive interventions across the Site which support the policies in the Management Plan and which are or will be listed as short, medium and long term objectives in the Action Plan.

- 4.4 An increasing proportion of resources will be directed into 'Project Funding' but there is no intention to fix percentages between the main two funding methods, to allow flexibility.
- 4.5 Before recommending repayable grants as the future means of supporting individual owners or groups of owners undertaking conservation work, DTZ Peda considered a number of options for funding mechanism:
- Non-repayable grants at different levels of intervention based upon a simple formula of need (similar principles to the current funding mechanism for limited and comprehensive repair schemes, but simplified).
 - Repayable loans, repaid in regular instalments over a fixed period, possibly with favourable interest rates.
 - Invoking claw-back provisions.
 - Means testing.

An assessment of the possible funding mechanisms in tabular form, taken from the DTZ Peda Report, is at Appendix 2.

- 4.6 Repayable grants will contribute to a Revolving Grant Fund which in time – estimated at eight years by DTZ Peda – will become largely self-sustaining.

5. **PROJECT FUNDING**

- 5.1 EWH will be able to contribute Project Funding to public, charitable and community bodies/organisations (including Building Preservation Trusts) for conservation and public works projects.
- 5.2 Projects may be initiated and delivered by EWH or by other public or charitable bodies.
- 5.3 Funds provided under the Project Funding Programme will not be repayable.
- 5.4 The primary aim of these projects will be to conserve and enhance the Site for public, community or charitable purposes. Although projects are likely to provide wider economic (and private) benefits, private benefit should not be their primary aim. Projects should clearly support the WHS Management Plan and Action Plan (and ideally be identified in the latter).
- 5.5 Examples:
- additional conservation work which would not normally take place in schemes of economic environmental improvement funded by Scottish Enterprise Edinburgh and Lothian, the City Centre Management

Company and the City of Edinburgh Council. (It is important that EWH funding is regarded as additional funding and does not compete with public funding provided for this purpose).

- community led conservation work which will enhance the environment and the community.
- EWH led projects which facilitate and co-ordinate a number of partners and potentially lever in other funds, eg including Townscape Heritage Initiative supported by the Heritage Lottery Fund.
- joint partnerships: contribution of funding to projects led by others, which support delivery of the Action Plan for example: Public Monuments and Sculptures Association bid for funding for database of Edinburgh's public sculpture.

6. REPAYABLE GRANTS FROM THE REVOLVING GRANT FUND

- 6.1 The existing grants scheme, in which non-repayable grants were offered at percentages related to Council Tax bands, will be replaced by a selective system of repayable grants. Support will continue to be given for enforced work (ie work resulting from a Statutory Notice).
- 6.2 EWH believe that there is no advantage in continuing the former distinction between Comprehensive and Limited Repairs Schemes on the grounds that:
- it is important to make the offer as attractive and flexible as possible (to counter any concerns about uptake).
 - the same judgements which were made in the past when assessing comprehensive and limited schemes can be made under the new arrangements, under which it is proposed that grants should be targeted on the basis of Conservation Statements produced by the applicants' accredited professionals, and the annual Action Plan. The Conservation Statements will be concise, and set out the significance of the property and proposed strategy for conservation. It is also intended that new applications be batched, in line with Historic Scotland's proposed new grants scheme.
- 6.3 Repayable grants will be available to owners of property in the Site and in that part of the former ENTCC area currently lying outwith the Site, running along its northern boundary.
- 6.4 Grants exceeding £10,000 will be repayable on sale or transfer, except where the title is in name of a company or a partnership, in which case repayment will be due at the end of a fixed term of ten years.
- 6.5 The legal mechanisms to be used in running the scheme are based on those already successfully used by Historic Scotland.
7. The Conservation Funding Programme will be subject to regular review.

EDINBURGH WORLD HERITAGE

March 2005

APPENDIX 1

Executive Summary (Extract from DTZ Piedad Final Report February 2005)

Introduction

In September 2004, Edinburgh World Heritage (EWH) commissioned DTZ Piedad Consulting to undertake a review of the Trust's grants scheme. Constituted as an independent organisation, the Trust is sponsored by the Scottish Executive (through Historic Scotland) and the City of Edinburgh Council and has a remit covering conservation, repair, enhancement, planning, development monitoring and promotion of the Edinburgh World Heritage Site.

The review of the grants scheme was commissioned to continue to develop and direct changes arising from an organisational review commissioned and carried out in 2003. The grants review has a broad remit assessing:

- awareness levels of the work to date undertaken by EWH;
- most appropriate beneficiaries of grant funding;
- what work should be grant funded;
- where work should be undertaken; and
- how grant funding mechanisms should be designed and administered.

The review of grants involved widespread consultation with stakeholders of differing types, including EWH staff, sponsor organisations, partner conservation agencies, conservation architects, Trustees, residents' associations, grant recipients, economic development partners and other development partners. The consultation was supported by desktop research into grants practice in other UK conservation areas.

Key Findings

Findings are presented in detail in the main body of the report and are summarised as being:

- the consultation programme provided the review with a very positive endorsement of the effectiveness of the work to conserve the historic fabric of the Site through the grants schemes of EWH and its predecessor organisations over the period from the 1970s to the present day;
- EWH needs to consider targeted proactive activities to improve awareness of its role and work and counter some negative perceptions;
- in order to achieve an holistic approach to conservation, EWH needs to consider mechanisms for funding conservation and restoration of the built environment and public realm areas;
- the strongly held opposing views regarding justification of giving grants to individuals make it unlikely that EWH will be able to dispense grants in a manner that pleases all. Consequently, it is vital that any grant scheme operates to best achieve the objectives of EWH and has a robust defensible rationale;

- the consultation programme informed the review of the need to consider targeted activities to counter some negative perceptions regarding the extent to which current practice includes all social groups in the work of EWH;
- the work of EWH needs to be consistent with other organisations, particularly those of the sponsoring bodies. Current policy is to promote best practice home ownership in parallel with grants and subsidies;
- both the fundamental question of whether grants are justifiable at all and the level of grants awarded were identified as important issues;
- the conservation work of EWH and its predecessor organisations, largely through grants schemes, has helped to halt the deterioration of the building fabric within the Site through timely repair, creating a very significant positive impact on the overall condition of the built environment. In contrast, the quality of the public realm environment is considered to be poor in many areas of the World Heritage Site, and, as a consequence, EWH should focus on this aspect of conservation;
- the focus of the EWH grant aided activities on the appearance and conservation of the exterior built environment of the Site, as opposed to the interior environment, is considered to be wholly appropriate. It is in keeping with the skill sets of the staff and complementary to the services provided by other agencies. No change is desired;
- activities need to be proactively planned and targeted within the Site according to priorities set out in the Site Management Plan and communicated with other agencies to develop closer joint understanding and working;
- in the medium term, EWH could look to extending its geographic remit to other conservation areas in the city of Edinburgh;
- EWH should aim to create a revolving fund with simple to administer procedures, in keeping with the current political climate and, if possible, demonstrably equitable in its operation. The repayable grant option appears to meet these criteria, although it has not been developed to a detailed level or been market tested among potential recipients;
- administrative procedures for the current grants scheme can be simplified and streamlined. The extent to which it is worthwhile investing in redesigning these will be determined by whether the recommendations for the establishment of a revolving fund (and hence new administrative procedures) are implemented.

Key Recommendations

Detailed recommendations are supplied in the main report and are summarised below:

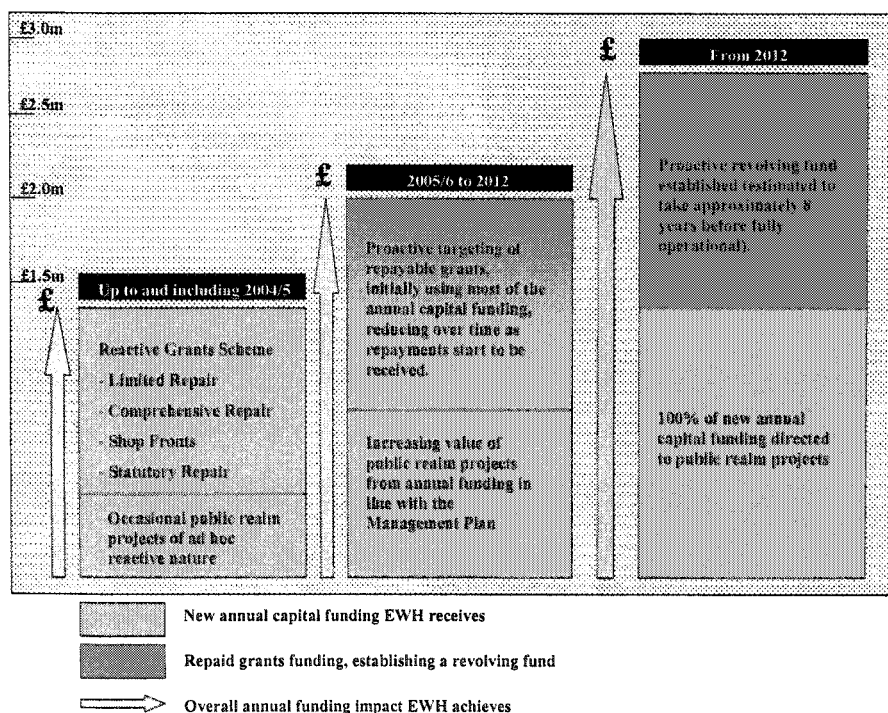
- over a three-year period, 2005/06 – 2007/08, EWH should seek to refocus activities funded by the annual capital allocation from reactive funding of individual applicants and groups of applicants to proactive funding, on a holistic and targeted basis. This will extend the work of EWH from primarily grant funding private owners to include project funding and influencing small and large public realm works. The public realm projects may be small and fully funded by EWH or far larger where the role of EWH will be to assist in the project design and development rather than play a major part in the project funding. This change of focus reflects where EWH can have the most impact and achieve its objectives.

- EWH should replace the current grants schemes format of giving non-repayable grants to individuals on a reactive basis with a scheme of repayable grants for individuals (through a self-sustaining revolving fund), targeted at priority areas / activities;
- EWH should continue to concentrate on providing expertise to support the exterior built environment of the World Heritage Site;
- EWH should continue to concentrate on the World Heritage Site in the short term (2005/06), targeting and proactively concentrating on key priorities within the Site as set out in the Management Plan. In the medium term, EWH should look to extend the geographic remit of its activities to include Conservation Areas outwith the Site;
- EWH should seek to establish a sustainable revolving fund to assist individuals and groups of individual owners of residential and commercial property, and should fund small and large public realm works through project finance. Administrative and financial recording processes need to be redesigned to accommodate the changes, using streamlined systems and processes. This will require an analysis of the potential market for the revolving fund, either through market research or through the establishment and evaluation of a pilot scheme to determine likely uptake of repayable grants, and legal advice on the constitution and administration of the revolving fund. In addition, some research and modelling of the likely timescales for grant repayment should be undertaken to provide a financial planning tool to establish the likely level of revolving grant in future years and determine the split of new capital funding between pump-priming the revolving fund and use for public realm projects.

Summary Action Plan

If the findings and recommendations of this review are accepted by EWH, a period of transition will be entered. The figure below illustrates the movement from the current use of capital funding to administer non-repayable grants to the proposed position of a revolving grants fund and the use of capital to fund public realm projects, generating better value for money and a much wider conservation impact on the World Heritage Site.

Figure 1 – Proposed Transition



The transition will require careful management and planning, to offer a new scheme from the Spring of 2005. Key considerations include:

- communications with grant applicants who have developed applications under the current scheme and are awaiting information as to future progress and with the wider public and partner agencies;
- management of publicity;
- clearly drawn up and communicated interim arrangements to make best use of the funding over the period in which the new ways of working are developed;
- researched and developed understanding of the revolving fund and its administration, based upon legal advice, practice elsewhere, market research/ pilot scheme and financial modelling; and
- staff skills, management structures and roles.

Table 6.4 – Assessment of Funding Mechanisms

| Payment Mechanism | Advantages | Disadvantages | Conclusion and Recommendation |
|--|---|---|---|
| Non-repayable grants (similar to current grants scheme) | <ul style="list-style-type: none"> • sound procedures and recording systems already exist; • understood by staff and clients. | <ul style="list-style-type: none"> • administratively burdensome; • not demonstrably equitable; • money is not recycled; • out of line with current political position. | <p>There is a desire to move away from non-revolving funds to revolving funds.</p> <p>Not recommended</p> |
| Repayable loans | <ul style="list-style-type: none"> • creates a revolving fund; • demonstrably equitable; • certainty of repayment dates; • revolving fund is in line with current political position. | <ul style="list-style-type: none"> • administratively burdensome; • additional legal and financial expertise required; • anti-competitive; • no procedures or systems in place. | <p>Expense of administration and additional expertise are prohibitive.</p> <p>Not recommended</p> |
| Claw-back | <ul style="list-style-type: none"> • creates a revolving fund at a low level; • revolving fund is in line with current political position. | <ul style="list-style-type: none"> • not demonstrably equitable; • no procedures or systems in place; • against the current precedent. | <p>It is not cost-effective or demonstrable equitable to try to invoke the current claw-back provision.</p> <p>Not recommended</p> |
| Repayable grant | <ul style="list-style-type: none"> • creates revolving fund; • simple concept; • automatic notification when repayment is triggered; • demonstrably equitable and can be tailored to need | <ul style="list-style-type: none"> • uncertain repayment dates; • no procedures or systems in place. | <p>Could offer a sustainable, simple revolving fund.</p> <p>Recommended option</p> |
| Means-testing | <ul style="list-style-type: none"> • Links grant award to need | <ul style="list-style-type: none"> • administratively burdensome; • different means to test; • money is not recycled; • out of line with current political position. | <p>Not desirable.</p> <p>Not recommended</p> |