



<u>Committee and Date</u>
Cabinet 7 <sup>th</sup> June 2021

<u>Item</u>
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## **UK Levelling Up Fund – Shropshire’s opportunity.**

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### **1.0 Summary**

- 1.1 Following the announcement of UK Levelling Up Fund (LUF) in March 2021, Officers have been liaising with MP’s to understand priorities in their constituencies as well as understanding the guidance and criteria for applications to be put forward in the first round of levelling up funding.
- 1.2 Prioritising the bids which will have the greatest likelihood of success is key and ensuring they meet the expectations and strict eligibility criteria for the first round of ‘Levelling Up’ Funding is critical to ensure that the three bids recommended to Members are those that are most likely to be successful.
- 1.3 Government has stated that further rounds of funding will be coming forward and Officers will work with elected Members and MP’s to understand their priorities for any further bids which may be appropriate to submit.

### **2.0 Recommendations**

That Cabinet support and approve

1. The submission of three bids for Shrewsbury, Oswestry and Craven Arms in the first round of the Levelling Up programme.
2. Delegation to the Executive Director of Place in consultation with the Section 151 officer and the Portfolio Holder for Economic Growth, regeneration and planning to submit the final bids for the 18 June 2021 deadline.

## 2.0 Background

- 2.1 Government announced its plan for 'levelling up', decentralising power and working more directly with councils, local partners and communities across England, Wales, Scotland and Northern Ireland. It is considered that they are best placed to understand the needs of their local areas and more closely aligned to the local economic geographies to deliver quickly on the ground.
- 2.2 The Levelling Up Fund was announced in the 2020 Spending Review. The Fund focuses on capital investment in local infrastructure building on and consolidating prior programmes such as the Local Growth Fund and Towns Fund.
- 2.3 The Levelling Up Fund has been designed to invest in local infrastructure that has a visible impact on people and their communities. This includes a range of high value local investment priorities, including local transport schemes, urban regeneration projects and cultural assets. The Fund is jointly managed by HM Treasury (HMT), the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT). There is £4.8bn available through the programme to 2024. The Fund will focus investment in projects that require up to £20m of funding for each constituency area.
- 2.4 Details of the first round of the Fund and the prospectus were announced on 3rd March this year and will focus on three themes: smaller transport projects that make a genuine difference to local areas; town centre and high street regeneration; and support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets, in particular:
- Transport investments including (but not limited to) public transport, active travel, bridge repairs, bus priority lanes, local road improvements and major structural maintenance, and accessibility improvements.
  - Regeneration and town centre investment, building on the Towns Fund framework to upgrade eyesore buildings and dated infrastructure, acquire and regenerate brownfield sites, invest in secure community infrastructure and crime reduction, and bring public services and safe community spaces into town and city centres.
  - Cultural investment maintaining, regenerating, or creatively repurposing museums, galleries, visitor attractions (and associated green spaces) and heritage assets as well as creating new community-owned spaces to support the arts and serve as cultural spaces

- 2.5 The Fund states that investment proposals should focus on supporting high priority projects that will make a visible impact in local areas, recognising what constitutes priority investment will vary across local authorities and geographies, including in rural areas of the UK.

### **For Shropshire**

- 2.6 Following the announcement of the Levelling up [prospectus](#) in March, Officers have been reviewing the guidance and applications forms in more detail. Shropshire is in a position to submit 3 bids, one for each MP constituency area fully within the authority boundary and MP's are only able to formally support one bid in their constituency area. There is potential to submit a cross boundary bid with Telford and Wrekin Council, where MP's span more than one Local Authority. Each local authority has been prioritised in a category of tier 1, 2 or 3, being tier 1 as the highest priority. Shropshire is in tier 2.
- 2.7 There is a significant amount of work required to submit a single bid so only projects which are already well developed can be considered to meet the strict gateway criteria for the funding and those with the most likelihood of success in the first round of levelling up funding.
- 2.8 The fundamental gateway for bids is projects which are ready to mobilise quickly and meet the criteria set out in the technical guidance [link](#) . This includes being able to spend within year (2021/22).
- 2.9 There will be a three staged approach to assessment and decision making that Government are using.

**Stage 1 Gateway:** The first stage is a pass/fail gateway criterion, where bids will be assessed against whether they can deliver some LUF expenditure in 2021/2022. Bids that do not meet this gateway criteria will not be assessed further and will not be eligible to be considered for funding in this round.

**Stage 2 Assessment and Shortlisting Bids:** Bids will be assessed against the criteria set out in the Prospectus to deliver a shortlist of the strongest bids. To create a shortlist, applications will be assessed at the bid level against place characteristics, strategic fit, deliverability and value for money.

**Stage 3 Decision Making:** Once bid assessment and moderation has concluded, and the shortlist is drawn up, Ministers will make funding decisions.

- 2.10 The timescale for the submission of bids is extremely tight and they must be made by 18<sup>th</sup> June 2021 at 12pm. In effect this along with other set criteria mean that these first round submissions have to be based upon existing projects that already have a degree of project planning already completed.
- 2.11 The three bids, which are being put forward in this first round of levelling up funding need to meet the key objectives of the funding and critically can show spend in 21/22. Officers understand that other areas may have projects that they wish to be considered for future rounds of funding and these will be captured as well as those ideas and projects which could be looked at for any further rounds of Levelling up or future prosperity funding.
- 2.12 **South – Craven Arms** - A major infrastructure project to include a new online roundabout on the A49, a road bridge over the railway line, and spine roads and utility provision on key employment sites. This supports the planned growth of Craven Arms through accelerating the delivery of infrastructure to unlock the allocated Local Plan housing and employment growth on the northern edge of the town. This will enable sites within the town centre to be redeveloped for more appropriate town centre uses including housing.
- 2.13 **North – Oswestry**
- A package of projects is proposed focussing in two key locations.
- Town centre investment to support the regeneration and recovery of the centre, through increased footfall supported by public realm improvements and through measures to support businesses to stimulate economic growth. Current projects under consideration include public realm improvements on Church Street and Cross Street, extending capital grants available to re-purpose underused buildings in the town, support new activities and facilities at the Library, and develop new co-working business spaces within Council owned assets. These proposals complement existing activities and schemes such as the High Street Heritage Action Zone scheme.
  - Improvements to support the planned housing and employment developments around Mile End, through site preparation for the employment land and development of a Skate Park. These proposals will be complemented by existing works to improve the road network and proposed improvements to walking and cycling connectivity.

The combined interventions will stimulate growth, support businesses through the provision of new business space, increase

town centre footfall to support the turnover of existing businesses and the visitor economy, and support improvement to walking and cycling infrastructure. These improvements are not standalone projects, but build on current part of a wider strategy to improve the town supported by existing activities and public/private investment already secured.

- 2.14 **Central area** – Shrewsbury Big Town plan package of projects which consists of:

**Making Movement Better:** Shrewsbury Town Centre: Key Routes & Corridors Improvements.

Public realm improvements (widened pavements, traffic calming, wayfinding) within the town loop. As well as including additional allowance for improvements to key public spaces along the routes & targeted side road works.

These projects will support the aspiration of work undertaken to date to enhance the experience of moving through and around the town centre

### **Town Centre accelerating Smithfield Riverside Regeneration**

Demolition, site preparation and infrastructure investment to support the Smithfield Riverside Strategic Development Framework.

This will help to unlock, get the site ready and accelerate the development of Smithfield Riverside through the delivery of the Strategic Development Framework.

These interventions will stimulate growth through the provision of new public realm and infrastructure that will increase town centre footfall, enhance and support the visitor economy, strengthen economic activity and stimulate developer confidence and appetite in bringing forward Shrewsbury most significant riverside regeneration site. These integrated portfolio of improvements will provide cross-cutting support of the aspirations and objectives of the Shrewsbury Big Town Vision (December 2020), namely the 'Big Moves' that advocate the connecting of communities, celebrate heritage, provide quality public spaces and creating opportunities for growth.

## **REPORT**

3. **Risk Assessment and Opportunities Appraisal**

**Do nothing option.**

No bids are submitted from Shropshire, and the opportunity to bring in additional capital resource is lost. Potential reputation damage for not submitting bids to help address the imbalance across the Country in economic prosperity. The LUF has had a high profile nationally.

Although a round 2 has been indicated, there is no guarantee that a future round will be announced, when or what changes there will be to the investment themes. Also spend could still need to be defrayed by 2024 regardless of the timing of a future round.

**Submit less bids.**

Shropshire submits less than the number of bids it is able too. This is possible but given that there are three project or package of projects which are ready and able to submit applications, it is considered this could be detrimental to the economy of our local communities and areas. A second round for the Levelling Up Fund has been indicated, however the timescales for the second round is unknown, and the investment theme and eligible activities are likely to be amended for future rounds. There is no guarantee that the pipeline projects will be eligible for the next round of funding.

**Submit bids for all areas.**

Shropshire submits three strong bids in the first round of the fund to support identified projects in these areas with the potential to support infrastructure, redevelopment, sustainable growth and movement. The application guidance has indicated that those elements of the application submitted that could weaken the overall application will affect the appraisal and scoring for that application. Prioritisation of the projects to be submitted is therefore required to submit robust proposals.

As part of the application. A Risk Register will be required for each of the projects. Each application will be required to demonstrate that robust internal financial governance, reporting and evaluation processes are in place. If successful, Shropshire Council will scrutinise the terms of the contract agreement and conditions prior to acceptance by the S151 Officer.

**Human Rights Act Appraisal**

- 3.1 The recommendations contained in the report are compatible with the provisions of the Human Rights Act 1998.

**Equalities and Opportunities Appraisal**

3.2 The UK government has committed to levelling up across the whole of the United Kingdom to ensure that no community is left behind, particularly as we recover from the COVID-19 pandemic. This Fund is one part of government's broader offer to level up opportunity across the UK.

#### **4.0 Financial Implications**

4.1 The Levelling Up Fund is a competitive fund, with funding distributed on the basis of successful project selection. Each bid, or package of bids, can submit for up to £20m of capital funding to support priority projects. Projects will be prioritised if they are able to demonstrate deliverability on the ground in the 2021-22 financial year and it is expected that all funding will be spent by 31 March 2024.

4.2 The guidance to support 'levelling up' bids require at least a 10% match which can be made up from public and private funding. At this stage in the process, the bids are giving a high level of indication of the likely match funding which will be available to support proposals. The proposals in all 3 areas are looking at a range of match funding to support the bids, including land acquisitions/land holdings, developer contributions including S106 and CIL, funding allocated as part of current Council commitments and in-kind support. Where possible we will also look to utilise existing match funding to support bids.

4.3 The full financial details and business cases would need to be considered in further detail and where appropriate, decisions made to support these if any of the bids were successful to the next stage in the process.

4.4 Once funding awards are decided, responsibility for their delivery will sit with Shropshire Council. Further contributions will not be provided, and any cost overruns will need to be managed by Shropshire Council.

#### **Support for BID preparation**

4.5 Through the Big Town Partnership, external support has been brought in to support the partners to bring a BID forward. This has been funded through the partnership at a cost of £25,000 from existing partnership funding.

4.6 Craven Arms – Balfour Beatty have provided support through the SCAPE framework at no cost to the Council, to help with project development, scoping and costing. The following activities and outcomes will have been completed by the point of bid submission;

Tasks undertaken to develop bid through the “SCAPE Feasibility Stage”;

- Feasibility workshops
- Review client’s vision and values
- Agree project success factors
- Identify key roles including PM & designers
- Engage local and strategic supply chain
- Identify social value opportunities and agree targets (TOMs)
- Consider site investigation and enabling works
- Identify performance management strategy
- Develop solution – design options and prepare initial risk register
- Agree programme and costs

#### Outcomes

- Feasibility and delivery plan presented
- Value for money solution agreed
- Information for funding and approvals developed
- Relationship Management Plan established
- Social Value Action Plan presented
- 75% market tested
- Community needs considered in plan

4.7 Oswestry – Support for consultancy has been brought in at a cost of £10,000 to help with project development, scoping and costing of the transport and public realm projects and for consultancy support to assist and test the economic case consistent with the MHCLG and DfT appraisal guidance.

4.8 Each of the three respective MP’s are supportive of the first round submissions and engaged in promoting these schemes to government.

#### 5.1 **Climate Change**

5.2 The Council’s Climate Strategy has three main objectives as a **route map** to zero carbon:

- **Mitigate** the causes of climate change through carbon reduction of our services
- **Adapt** services and their delivery to respond to changes in the climate
- **Promote** sustainable practices via all services.

5.3 The bids submitted under the theme of clean and inclusive growth work towards reducing carbon impacts and mitigating increased carbon outputs through sustainable and balance growth in existing communities, reducing the need to travel for work, providing more

sustainable options for travel as well as opportunities for new low carbon development.

## **6.0 Conclusions**

- 6.1 Looking to the UK Shared Prosperity Fund next year, Government is changing the way it supports local economic growth so it can support levelling up for the long term. The government has stated that it will work with local partners throughout 2021 to develop an approach that delivers the infrastructure and regeneration priorities local leaders want to see in their area.
- 6.2 Officers are working to ensure we capture projects from local areas, stakeholders, partners and communities that will build a strong picture and opportunity for Shropshire to access and put forward further funding bids through the UK shared prosperity funding, further rounds of levelling up and other opportunities that are deemed suitable.
- 6.3 Later in the year it is expected that further details on the Community Ownership Fund will be announced as well as publishing an Investment Framework for the UK Shared Prosperity Fund – the replacement to European Union structural funds – which will commence in 2022.

<b>List of Background Papers- none</b>
<b>Cabinet Member (Portfolio Holder) Edward Potter- Economic Growth, regeneration and planning</b>
<b>Local Member ALL</b>
<b>Appendices</b>

