

CABINET

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| Date of Meeting | Tuesday, 22 nd November 2022 |
| Report Subject | Levelling Up Fund |
| Cabinet Member | Cabinet Member for Climate Change and Economy |
| Report Author | Chief Officer (Planning, Environment and Economy) |
| Type of Report | Operational |

EXECUTIVE SUMMARY

Announced at the Spending Review in 2020, the Levelling Up Fund (LUF) contributes to the United Kingdom (UK) Government levelling up agenda by investing in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets. The £4.8 billion fund is designed to realise a visible and tangible impact on people and places and support economic recovery.

This report updates on the development and submission of two bids in line with the bidding strategy agreed at Cabinet on 18 January 2022 and on a third strategic transport bid. The report provides an update on the programme as a whole and requests an allocation of match funding from the capital programme of £1,106,915 (£630,467 Alyn & Deeside bid, £476,448 Delyn bid) in order to draw down the UK Government funding.

RECOMMENDATIONS

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| 1 | That the progress in developing and submitting bids to round two of the UK Government Levelling Up Fund is noted. |
| 2 | That the risks and mitigations associated with the package of projects are noted. |
| 3 | That match funding of up to £1.107m is made available from the capital programme in 2024/2025. |

REPORT DETAILS

| 1.00 | EXPLAINING THE LEVELLING UP FUND AND PROPOSALS FOR ROUND TWO |
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| 1.01 | <p>Announced at the Spending Review in 2020, the Levelling Up Fund (LUF) contributes to the levelling up agenda by investing in infrastructure that improves everyday life across the United Kingdom (UK), including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets. The £4.8 billion fund is designed to realise a visible and tangible impact on people and places and support economic recovery. The LUF provides a new approach to tackling health, social and economic inequalities and driving prosperity across communities that have been left behind.</p> |
| 1.02 | <p>Whilst every local authority can bid for LUF funding, the fund is especially intended to support investment in places where it can make the biggest difference to everyday life, including ex-industrial areas, deprived towns, and coastal communities. The UK Government has placed local authorities into categories 1, 2 or 3, depending on their identified level of need, with category 1 representing places deemed in most need of investment. Flintshire County Council ('the Council') has been identified as a 'category 2' local authority.</p> |
| 1.03 | <p>The LUF enables local authorities to apply for up to £20 million per parliamentary constituency. Bids above £20m and below £50m will be accepted for transport projects only (separate and in addition to the one bid per parliamentary constituency allocation). The LUF guidance encourages bids to include a local financial contribution representing at least 10% of total costs. Each bid can include a maximum of three projects.</p> |
| 1.04 | <p>Round two opened in May 2022 with a deadline in early August. In line with the bidding strategy, the Council submitted bids for the Alyn and Deeside and Delyn parliamentary constituencies for which more detail is provided below. In addition, the Council, working in partnership with Transport for Wales, resubmitted an amended set of proposals for investment in the Wrexham to Bidston railway line. This bid had been unsuccessful in round one of the programme but, following detailed feedback from UK Government, there was an opportunity to make a further submission.</p> |
| 1.05 | <p>The investment strategy agreed at Cabinet in January 2022 set out a series of potential interventions that demonstrate the Council's commitment to supporting our coastal communities, and, in particular, those wards identified as experiencing acute deprivation. Considerable work was done with all of the draft interventions between January and May 2022 to ensure that they were sufficiently well developed to demonstrate deliverability to UK Government. All potential interventions were robustly assessed to ensure that they had sufficiently strong business cases and risk management strategies and that they could be combined in each bid in a coherent and compelling way. This process reduced the number of interventions in each bid as set out below.</p> |

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| 1.06 | <p>For Alyn and Deeside, the bid proposed three projects:</p> <ol style="list-style-type: none"> 1) the redevelopment of Connah's Quay Docks and the construction of a new centre for the Sea Cadets; 2) improving sports and community facilities at the former Corus Social Club site Shotton; and 3) renovating the Clocktower in Sealand. <p>£16.231m has been requested from UKG with £594k match required from FCC towards the Docks renovation only. Other projects have been required to provide their own match funding. In addition £36,344 is required from FCC as match towards the programme management costs</p> |
| 1.07 | <p>For Delyn, the bid proposed a single project to develop new industrial units on the Greenfield Business Park, the demolition of derelict units and the refurbishment of one tenanted unit.</p> <p>£14.64m has been requested from UKG with £440k match required from FCC.</p> <p>In addition £36,344 is required from FCC as match towards the programme management costs</p> |
| 1.08 | <p>UK Government has provided no indication of when the bids will be appraised and approved. It is expected that the bid process will be extremely competitive.</p> |
| | <p><u>Risks</u></p> |
| 1.09 | <p>The projects, despite the development work undertaken on them, all have substantial residual risks to be managed before they can be successfully delivered. In summary, these include:</p> <ul style="list-style-type: none"> • UK Government expect expenditure through the programme to be complete by the end of March 2025. This is an exceptionally short timescale and most projects highlight delivery risks as a result. • Most projects still need to apply for and secure their consents and, in the case of the Sea Cadets and Greenfield Business Park proposals, flood risk adds uncertainty to this process. • Inflation is causing construction costs to rise rapidly which will impact on project viability. • Some of the third sector projects have not yet secured their match funding. • Some of the third sector projects need to provide further evidence to confirm the sustainability of the projects to enable the Council to manage any risks to public funds. • Lack of a timescale for approval from UKG creates uncertainty. |
| 1.10 | <p>The Council has proposed robust management arrangements for the implementation of the programme as attached as Appendix 1. All projects will be subject to intensive support and monitoring to ensure that all residual risks are managed and that challenging delivery timescales are achieved. Gateway reviews will be used at key points in the development and delivery of each project to retain control.</p> |

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| | <p><u>Match funding</u></p> |
| 1.11 | <p>As, highlighted above, the Council also needs to provide an element of capital funding in order to draw down the UK Government funding, should it be approved.</p> <p>The Alyn and Deeside bid includes Council investment at Connah’s Quay Docks, a vital community, visitor and business resource. The Docks, which comprise the “modern” dock infrastructure, the listed historic dock, and associated public realm, are largely in Council ownership. A masterplan has been developed to improve the Docks for businesses, local people and visitors.</p> <p>The project will:</p> <ul style="list-style-type: none"> • Remove contaminated silt from the historic dock and restore it. • Improve the public realm around the site to improve its appearance for visitors and businesses and improve security to reduce the problems of anti-social behaviour, crime and prostitution that occur. • Fully assess the condition of the modern dock and undertake needed stabilisation and improvement works to maintain integrity, improve security, promote business use and improve dockside management. • Create a new slipway facility for water users. <p>This will:</p> <ul style="list-style-type: none"> • Reduce crime and anti-social behaviour in a significant hot spot. • Ensure that the Council does not face unbudgeted future liabilities from dock infrastructure repairs. • Reduce safety issues associated with the current dock infrastructure – access ladders, substandard slipway, uncertain loading capacity of dock wall, potential underwater hazards. • Improve the site for local people and visitors. • Improve conditions for local businesses. <p>The total project cost is estimated as £8.28m. The Alyn and Deeside bid would require £630k of match funding from FCC.</p> <p>The Delyn bid includes Council investment at Greenfield Business Park which will:</p> <ul style="list-style-type: none"> • Demolish two vacant and derelict commercial units and replace with new small commercial units. • Clear vacant commercial land at the rear of the site and create new commercial units • Refurbish Unit 58. • Improve the goods and logistics space used by Unit 47 which is significantly problematic operationally currently. <p>This will:</p> <ol style="list-style-type: none"> a) help to safeguard 438 skilled and secure jobs in one of Flintshire’s most deprived communities; b) create space for an estimated 194 new jobs to come to Greenfield; and |

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| | <p>c) create new units with an estimated annual rental income of up to £300k.</p> <p>The total project cost is estimated as £16.264m. The Council would be required to provide £476k in match funding from the capital programme to secure this funding.</p> |
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| 2.00 | RESOURCE IMPLICATIONS |
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| 2.01 | <p>Any successful LUF bids will require:</p> <p>a) Match funding from the capital programme for 2024/2025. For the Alyn and Deeside bid, based on the value of the bid, this is £630k. For the Delyn bid, this is £476k. These values also include the match funding required to draw down the management costs for the programme.</p> <p>b) Staff resources to deliver the programme. A core team of delivery staff are fully costed into the bids submitted to UK Government. Additional staff resources required to support delivery can't easily be quantified but will be essential to deliver the two Council projects against challenging timescales.</p> |
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| 3.00 | IMPACT ASSESSMENT AND RISK MANAGEMENT |
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| 3.01 | Ways of Working (Sustainable Development) Principles Impact | |
| | Long-term | These proposals form part of a long term strategic approach to manage the coastal area of Flintshire for the benefit of the economy, Flintshire residents and the environment. |
| | Prevention | The market failures identified in this report will have long term social, economic and environmental impacts if left unaddressed. |
| | Integration | The proposed approach outlined in this report integrates activities by the private sector, voluntary sector and public bodies. |
| | Collaboration | The proposed approach involves a wide range of stakeholder in each locality working together towards a shared vision. |
| | Involvement | There has been and will be further consultation with stakeholders in each locality. |
| | Well-being Goals Impact | |

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| Prosperous Wales | The proposals in this report focus strongly on improving the economic assets in coastal Flintshire. |
| Resilient Wales | There are a number of community-led interventions included in this report which help to address the market failures highlighted. |
| Healthier Wales | No impact. |
| More equal Wales | The proposals in this report target the most deprived communities in Flintshire and seek to improve the physical environment and economic opportunities they rely upon. |
| Cohesive Wales | No impact. |
| Vibrant Wales | No impact. |
| Globally responsible Wales | There are a number of interventions in this report which will renovate or replace commercial properties and improve their environmental performance. |

Risk management

| Risk | Mitigation |
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| Match funding availability | Each bid requires a minimum of 10% match funding. Match funding will need to be identified from private and public sources and was not secured at the point of bid submission. Work will continue on securing match funding after bids have been approved. |
| Intervention deliverability | The short timescale for the development of the interventions means that not all information about every intervention was available at the point of bid submission. All approved projects will have robust milestones and gateway reviews put in place to manage deliverability risks. |
| Consents | Few interventions had consents in place at the point of bid submission. The timelines for securing consents are included in the plans for each intervention. These risks will be included in the gateway review processes highlighted above. |
| Cost over-run | The interventions in this report were not at final design stage at the point of bid submission so there will be considerable cost fluidity. All |

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| | | interventions include a larger contingency budget than normal to mitigate this risk. In addition, at the point of delivery, excess cost at the procurement stage may lead to interventions being terminated or redesigned rather than incur additional financial pressures. |
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| 4.00 | CONSULTATIONS REQUIRED/CARRIED OUT | |
| 4.01 | <p>Ward members in the target areas have been consulted.</p> <p>A wider consultation with the community took place early in 2022 as well as detailed consultation with the businesses and communities directly impacted by the proposals.</p> <p>Any successful bids would require detailed local consultation to be carried out as part of the design phase for projects.</p> | |

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| 5.00 | APPENDICES | |
| 5.01 | Appendix 1 – LUF programme management arrangements. | |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS | |
| 6.01 | None. | |

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| 7.00 | CONTACT OFFICER DETAILS | |
| 7.01 | <p>Contact Officer: Niall Waller (Enterprise and Regeneration Manager) Telephone: 01352 702137 E-mail: niall.waller@flintshire.gov.uk</p> | |

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| 8.00 | GLOSSARY OF TERMS | |
| | <p>LUF (Levelling Up Fund) – UK government programme investing in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets.</p> <p>Match funding – a financial contribution towards the costs of delivering a project.</p> | |