

ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	11 January 2022
Report Subject	Levelling Up Fund – Round Two
Cabinet Member	Cabinet Member for Economic Development and Countryside
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 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 proposes the development of two bids to be submitted to the UK Government as part of the (still to be announced) round two of the programme expected early in 2022. It is proposed that bids are focussed on the coastal communities of Flintshire to: improve conditions for businesses, reduce crime and anti-social behaviour; bring heritage assets back into use; and encourage local people and visitors to use the coastal area.

RECOMMENDATIONS

1	That Members review and discuss the proposed approach to developing proposals to be submitted to round two of the UK Government Levelling Up Fund.
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REPORT DETAILS

1.00	EXPLAINING THE LEVELLING UP FUND AND PROPOSALS FOR ROUND TWO
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1.01	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.
1.02	<p>The current LUF intervention framework for round 1 (which may potentially change for round 2) consists of three categories:</p> <ul style="list-style-type: none"> (i) regeneration and town centre investment; (ii) cultural investment; and (iii) transport. <p>Interventions included within LUF bids submitted by local authorities during round 1 were required to align with one (or more) of the intervention categories, outputs and outcomes identified within the framework.</p>
1.03	<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>
1.04	<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. A contribution is expected from private sector stakeholders, such as developers, if they stand to benefit from a specific project.</p>
1.05	<p>The first round of the LUF opened in April 2021 and closed in June 2021 (a ten-week application window). Round two is expected to commence in 'Spring 2022'. The programme is currently due to end in March 2024 which provides a very constrained period in which to deliver capital projects.</p>
<u>LUF Round One outcomes</u>	
1.06	<p>Bidding for Round One opened in March 2022 with bids due by 18 May 2021. The Council, together with Transport for Wales, submitted a regionally strategic bid for investment in the Wrexham to Liverpool railway line infrastructure. UK Government have confirmed that the bid had been unsuccessful and detailed feedback is awaited to clarify the reasons for this.</p>

1.07	The projects selected to receive funding for the first round of the LUF were announced by the Chancellor of the Exchequer at the 2021 Spending Review in late October 2021. A total of 305 Levelling Up Fund bids were received on or before the 18 June 2021. A total of 94 bids (30.8% success rate) were provisionally selected for funding. Of these, 76 projects are in England (79.8% of allocated funding), 10 in Wales (7.2%) and 8 in Scotland (10.1%).
	<u>LUF Round Two</u>
1.08	The intention is to submit two bids for Round Two; one for each parliamentary constituency within the County. Bids will focus on the £20m fund (per bid) involving regeneration, culture and heritage. The Council has appointed a company, Mutual Ventures, to project manage the process and contribute to the preparation of the bids working as part of an integrated team with Council officers. Mutual Ventures had an 80% success rate in supporting local authorities to secure LUF funding during Round One.
1.09	The timescale for the submission of Round Two bids remains unclear with the UK Government web site referring only to "Spring 2022." Development work is underway on the overall vision to inform the bids. Work has also been undertaken to identify an initial shortlist of interventions to be included within both of the Council bids for Round Two.
1.10	Significant work is required to develop each shortlisted intervention into a tangible and compelling proposition, including designs and costings. A wide variety of specialist and technical support has been engaged to support the Council in developing each intervention in readiness.
1.11	The intention is for the Council to submit two LUF bids during the round 2 application window (one per constituency; i.e. Delyn and Alyn & Deeside). Work undertaken to this point has included the development of a strategic narrative to inform the structure and focus of both bids. In summary, the intention is for the LUF funded interventions to assist in establishing the physical, economic, social and environmental conditions required to address the economic decline, disconnections and acute deprivation experienced by coastal communities. To achieve this aim, the focus of both bids will be to implement interventions that establish linkages and balance between the area's communities, businesses, industrial heritage and natural environment.
1.12	As such, both bids will be informed by a single vision for our coastal communities; each bid will demonstrate how the vision will be delivered separately across each constituency, involving different (place specific) interventions. The vision for coastal communities (currently in draft) includes the following: <ul style="list-style-type: none"> • Retaining existing businesses based in the area; • Encouraging further external investment (e.g. clean manufacturing) and promoting traditional industries; • Strengthening the entrepreneurial and business start-up culture amongst residents, providing 'stepping stone' employment for people with low skills;

	<ul style="list-style-type: none"> • Connecting pockets of deprivation with world class economic assets and jobs. Emphasis on skills and employability; ensuring local residents have the skills that employers require; Partnerships involving the Council, university, colleges, adult education, employers etc. will be established or strengthened. • Increasing civic pride, led by improved perception of place and celebration of local heritage, natural assets and traditional industries; • Reducing deprivation, anti-social behaviour ('ASB') and crime levels. <p>Further detail on the bid strategy is included in Appendix 1.</p>
1.13	Each bid will focus on ensuring alignment between capital investment, inclusive economic growth and the creation of social capital. The LUF funding will be viewed as a catalyst that enables social, economic and health inequalities to be addressed in coastal community wards where communities are experiencing acute deprivation. Proposals within both LUF bids will align with existing ambitions, strategies and investments designed to improve the infrastructure and outcomes for the identified communities. Delivering the LUF interventions should therefore be seen as a continuation of existing work to improve outcomes for our communities.
1.14	A detailed analysis of data was undertaken to scope the precise issues and challenges that our coastal communities face and feed into the development of the bid. More detail is provided in Appendix 1.
1.15	The intention is to develop two LUF bids that demonstrate the Council's commitment to supporting our coastal communities, and, in particular, those wards identified as experiencing acute deprivation. The LUF bids will demonstrate how the proposed interventions align with existing strategies and priorities associated with supporting coastal communities, while also demonstrating how the funding will be spent by April 2024 (as per LUF requirements). Through the LUF interventions detailed within our 'Connecting Coastal Communities 2024' LUF bids, we will demonstrate that these investments form one element of a wider and longer-term programme designed to address the experience of social, economic and health inequalities in these communities.
1.16	<p>The intention is that the interventions funded through LUF establish the physical, economic, social and environmental conditions required to address the economic decline, disconnections and acute deprivation experienced by coastal communities. This will be achieved by implementing interventions that establish linkages and balance between the area's communities, businesses, industrial heritage and natural environment:</p> <ul style="list-style-type: none"> • Encouraging inclusive economic growth that realises social capital for communities (skills & employability, employment, wage levels, health & wellbeing, quality of life); establishing a sustainable relationship between local SMEs, traditional industries, large anchor employers and local communities. • Establishing the conditions and infrastructure to encourage net-zero commercial growth.

	<ul style="list-style-type: none"> • Celebrating the area’s heritage, traditional industries and natural assets through a modern, accessible and sustainable offer to residents and tourists. • Creating and maintaining a public realm that provides the physical linkages between communities, businesses, heritage and the natural environment. <p>Further details on the potential interventions are provided in Appendix 1.</p>
1.17	<p>Further work is required to develop the interventions for each constituency, creating a final list to be included within the respective LUF bids. This refinement will reflect the following LUF framework requirements (relating to round 1, although requirements are anticipated to be the same for round 2):</p> <ul style="list-style-type: none"> • The requirement for all LUF funding to be spent by 31st March 2024; other sources of funding (i.e. match funding) can be spent after that date, meaning that each capital project does not necessarily need to be completed by March 2024. • The total required for LUF funding for each bid is not to exceed £20 million; as such we are required to assess the total cost of the identified LUF interventions, which must not exceed £20 million per bid once the total value of identified match funding is accounted for.
1.18	<p><u>Next steps</u></p> <p>The current assumption is that round two of the LUF will open on 1st March 2022 and close on 10th May 2022. This has yet to be confirmed, with the only guidance provided by government indicating that the window will open in ‘Spring 2022’. The project plans for the development of both bids include the following main stages:</p> <ul style="list-style-type: none"> • Stage 1 - confirm designs and costings for all shortlisted interventions (December 2021-January 2022) • Stage 2 - undertake consultation exercises for shortlisted interventions (January 2022) • Stage 3 - confirm final list of interventions to be included within both bids (max £20m LUF ask x2) - (by end of January 2022) • Stage 4 - develop financial and economic models for both bids (February 2022) • Stage 5 - develop two LUF bids, one for each constituency (by end of March 2022) <ul style="list-style-type: none"> - FCC to gather letters of support from stakeholders (including MPs) - (early April 2022) • Stage 6 - Council review and approvals (by end of April 2022) • Stage 7 - Submission of bids and letters of support (early May 2022)

2.00	RESOURCE IMPLICATIONS
2.01	<p>Regeneration core budget and reserves are being deployed to develop each of the interventions to a stage where they can be considered for inclusion in the bids. It is estimated that this will cost in the region of</p>

	£100,000. In addition, UK Government has provided £125,000 to each Welsh local authority to support bid preparation. This will be fully utilised.
2.02	Interventions in the LUF bids will require match funding. This is currently being identified as part of the development of each intervention. Many of the interventions relate to Council owned assets where investment is required and where LUF provides an opportunity to significantly invest in Council assets for the benefit of the economy and local communities. As the interventions are developed further any future Council capital or borrowing requirements will be identified and will be subject to normal Council approval processes.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT	
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	
	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	The proposals in this report focus on improving access to green space in coastal Flintshire for residents.

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
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 may not be secured at the point of bid submission. Work will continue on securing match funding after bids have been submitted.
Intervention deliverability	The short timescale for the development of the interventions means that not all information about every intervention will be available at the point of bid submission. Assessment work will take place before bid submission to identify, as far as possible, how risks to deliverability can be mitigated. Interventions where this cannot be satisfactorily demonstrated will not be included in the bids
Consents	Few interventions will have consents in place before the bids are submitted. The timelines for securing consents will be included in the plans for each intervention and work will take place before bid submission to assess the risk to deliverability. Residual risk will remain that consents cannot be achieved within the timescale for the programme, without creating costs beyond the budgets secured or at all.
Cost over-run	The interventions in this report will not be at final design stage at the point of bid submission so there will be considerable cost fluidity. All interventions will 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	Ward members in the target areas have been consulted. A wider consultation with the community will take place early in 2022 as well as detailed consultation with the businesses and communities directly impacted by the proposals.	

5.00	APPENDICES	
5.01	Appendix 1 – LUF bid strategy	

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS	
6.01	None.	

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

8.00	GLOSSARY OF TERMS	
	Lower Super Output Areas (LSOAs) – small geographic areas used for statistical purposes. Welsh Index of Multiple Deprivation 2019 – the Welsh Government index that analyses a range of indicators to provide a relative assessment of deprivation for LSOAs.	