

Notice of:	EXECUTIVE
Decision Number:	EX37/2021
Relevant Officer:	Alan Cavill, Director of Communications and Regeneration
Relevant Cabinet Member :	Councillor Lynn Williams, Leader of the Council
Date of Meeting:	12 July 2021

LEVELLING UP FUND

1.0 Purpose of the report:

- 1.1 This report is to inform the Executive of the Levelling Up Fund bid submitted following the Executive's decision on 12 April 2021 where it was agreed:
- a) For the Council to submit one Levelling Up Fund bid by 18th June 2021 (with the final content of the bid to be delegated to the Chief Executive after consultation with the Leader of the Council)
 - b) Subject to confirmation of the Council's eligibility, for a second bid to be submitted at a later date to be confirmed (with the final content of the bid to be delegated to the Chief Executive after consultation with the Leader of the Council)
 - c) For the possibility of a cross boundary transport bid to be explored with Fylde, Wyre and Lancashire County Council.
 - d) For the Town Deal Board and the local MPs to be consulted on the proposed bids.
 - e) For the Executive to receive a report on the bid submitted

2.0 Recommendations:

- 2.1 To note the Round One Levelling Up Fund bid and the process undertaken to prepare it.

3.0 Reasons for recommendations:

- 3.1 This fund was launched in the Budget in March 2021. Blackpool had the opportunity to submit a bid into the fund by 18 June 2021 resulting in the need to move quickly to establish arrangements for formulating bid with the maximum chance of success.
- 3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No
- 3.3 Is the recommendation in accordance with the Council's approved budget? Yes

4.0 Other alternative options to be considered:

- 4.1 The guidance for submission into the fund and the initial deadlines to be met were clearly set and immovable. A decision to delay a bid to the second round was possible but that would have meant Blackpool not taking advantage of the opportunity presented by a competitive process for which it was well prepared nor its Category 1 status.

The only other options considered were alternative projects but a review of the most eligible and viable projects has been undertaken. Further bid(s), if eligible, will be submitted for Levelling Up Fund at a later date when further rounds have been announced.

5.0 Council priority:

- 5.1 The relevant Council priority is: “The economy: Maximising growth and opportunity across Blackpool”.

6.0 Background information

- 6.1 As part of the Budget the Chancellor announced the Levelling Up Fund as part of a broad package of complementary UK-wide interventions.

The UK Levelling Up Fund, is a capital scheme which will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. This includes a range of high value local investment priorities, including transport schemes, urban regeneration projects and cultural assets. The Fund will be delivered through local authorities and will focus on capital investment in local infrastructure. The Fund will be jointly managed by HM Treasury, the Ministry of Housing, Communities and Local Government, and the Department for Transport. <https://www.gov.uk/government/publications/levelling-up-fund-prospectus>

6.2 Levelling Up Fund - Key points

- Blackpool was in pole position as a Category 1 area to apply in the first round.
- Blackpool already has some qualifying proposals worked up that failed to secure Future High Streets funding and for highways Local Pinch Point funding that has now been included within the Levelling Up Fund
- With having two MPs constituencies in the area Blackpool potentially qualifies for two bids with a maximum of 3 projects in each up to a total value of £20m for spend by 2024 nb the Prospectus states that the number of bids that a local authority can make will relate to the number of MPs in their area.
- Accordingly, local authorities can submit one bid for every MP whose constituency lies wholly within their boundary. Where an MP’s constituency crosses multiple local authorities, one local authority should take responsibility as the lead bidder and local

areas should work together to designate that lead bidder MPs whilst not having a power of veto, their support is part of the assessment. Blackpool South lies wholly within Blackpool. Blackpool North and Cleveleys lies within Blackpool and Wyre.

- Package bids must clearly explain how their component elements are aligned with each other and represent a coherent set of interventions. They can include a mix of projects from the Fund's three investment themes but any one bid should not include multiple unrelated investments.
- In addition, unitary authorities in England with transport powers are able to submit one additional bid which must be for transport. As Local Highway Authority Blackpool can also potentially qualify for a third bid of £20-£50m. This could be for a cross-boundary transport project though this would need to be agreed with Lancashire County Council who also potentially qualify as a Local Highway Authority.

6.3 Approach taken

Blackpool had more potential schemes than the funds available but the restrictive eligibility criteria reduced what is possible. Genecon Consulting worked alongside the Council to ensure that the strongest possible bid was made addressing the 3 investment themes set out in the Levelling Up Fund of:

- Transport
- Regeneration and Town Centre investment
- Culture investment

Constructive discussions were held with both Blackpool MPs and the neighbouring authorities to establish their views and the likelihood of Blackpool being able to submit two bids is looking promising. The opportunity of a third transport-related bid less so, owing to the potential competition with Lancashire's several adjacent highway authorities.

Projects that are already relatively worked up or "oven ready" and can start by March 2022 were a key requirement for the first round alongside the need to keep below the £20m/3 project limit.

Ministry for Housing, Communities and Local Government launched the fund as a competitive fund, with a need to develop strong economic benefits. To achieve this, strong projects directly appealing to the Levelling Up Fund themes were needed. The technical guidance document issued by Ministry for Housing, Communities and Local Government emphasised that projects will be scored against Strategic, Value for Money and Deliverability criteria. It also makes it clear that a package bid needed to present a coherent set of projects, and the guidance is clear that they will be assessing how the projects work together. They specifically warned against including a weak project as it could pull down the overall bid score.

Whilst recognising the above requirements, extensive activity was undertaken to try and identify schemes in the Revoe area for which a Masterplan exists. Examples included a possible housing scheme based around the Council owned Bethesda car park, but was not

deemed a scheme of sufficient scale to influence the market and would require further land assembly which would not fit easily with timescales and hence was not “oven-ready”. Another example was for extended public realm along Central Drive with a “Quality Corridors” type scheme. However, Genecon, the Council’s specialist advisors, advised that it would be very challenging to show good economic (BCR - Benefit Cost Ratio) impact and strongly advised limiting the extent of public realm. Equally, the Council would be reliant upon investment coming forward from individual property owners, many absent landlords whom had not been approached at this time, so weakening the deliverability case. As there are existing economic uses, the improvement impacts that would be able to be shown were likely to be quite marginal too.

Therefore, for a first round bid to meet the criteria, it was determined the need for a primary focus on the Blackpool South constituency town centre areas (although acknowledging that the town centre lies in both Parliamentary constituencies).

The 3 projects included in the Blackpool first round bid are:

- The refurbishment and conversion of the Post Office for a branded boutique hotel (ex Future High Streets Fund). This private sector led scheme (Ashall’s Property) would cost £24.8m and an independent review by CBRE has determined a £7m viability gap which is the subject of the Levelling Up Fund bid
- An Active Travel/ The Town Centre Access scheme (ex Department of Transport Local Pinch Point scheme) to the value of £10.1m (£9m from Levelling Up Fund). The scheme will provide alignment of three major town centre roads to improve capacity and reduce congestion on the approaches into town centre support whilst reducing carbon emissions in the process. The scheme also includes Adelaide Street public transport improvements (ex Future High Streets Fund) from the promenade and their interconnection, and additional public realm improvements leading down from Adelaide Street to Hull Road to support an enhanced entrance from the forthcoming Blackpool Central development. Also some public realm works along Coronation Street down to Albert Road with provision of new cycling infrastructure whilst framing the Houndshell extension works and the Winter Gardens
- Winter Gardens (Coronation Street) – Redevelopment work and creation of a new convention space with retail (Levelling Up Fund £4.1m) within the Olympia area of the resort’s iconic Grade 2* Winter Gardens, including façade improvements directly opposite the new Imax-ready cinema in the £21 million Houndshell extension. An independent study by The Right Solution highlighted that alongside the new Conference Centre, additional convention and mixed use space was essential which is hereby provided via refurbishment of the currently unusable Olympia building.

6.4 The overall request to Levelling Up Fund was therefore £20m.

The bid was submitted by the 18 June 2021 deadline following further consultation with the Town Deal Board and the Blackpool South MP with various letters of support including from the Blackpool South, MP and sign off by the Chief Executive in accordance with the authorised delegation arrangements.

Activity has also progressed in considering and developing other schemes to be worked up if we qualify for a second bid once the criteria and timelines associated with that are known with a focus on the Blackpool North constituency, some elements of which are being worked on through funding that we hope will be secured through the Community Renewal Fund. Officers will also look at the opportunities presented by the yet to be announced Shared Prosperity Fund to take forward schemes in Revoe, Claremont and the Waterloo area.

6.5 Management and Governance Arrangements

Should the Council be successful with its bid, it is required to directly enter into a funding agreement with the Ministry for Housing, Communities and Local Government.

As the accountable body, Blackpool Council will retain overall responsibility for the delivery of the projects with reports to the Corporate Leadership Team, Executive and Government as required.

6.6 **Does the information submitted include any exempt information?** No

7.0 **List of Appendices:**

None.

8.0 **Financial considerations:**

8.1 Without Levelling Up Funding, the schemes would not be pursued. Where any co-funding is required, this has already been provisionally agreed.

9.0 **Legal considerations:**

9.1 As noted above, a legal project delivery agreement will be in place between Ministry for Housing, Communities and Local Government and the Council which will require to be developed and monitored accordingly.

10.0 Risk management considerations:

10.1 With all major schemes there are risks, and each scheme will have a risk assessment developed and allocated to it.

11.0 Equalities considerations:

11.1 There are no equalities issues with the programme outlined. With regards to Levelling Up fund projects which are capital based, where any development requires new build or redesign e.g. full equalities and accessibility requirements will be taken into account at the design stage.

12.0 Sustainability, climate change and environmental considerations:

12.1 Reducing the impact of climate change and ensuring sustainability will be taken into account as projects need to evidence how they will work towards the aims of the government “Net Zero” policy as a requirement of the bid submissions.

13.0 Internal/external consultation undertaken:

13.1 With the Levelling Up Fund the Town Deal Board and its engagement processes provide an established method of consultation on projects.

14.0 Background papers:

14.1 EX23/2021 Levelling Up and Community Renewal Fund : 12th April 2021- link

15.0 Key decision information:

15.1 Is this a key decision? No

15.2 If so, Forward Plan reference number:

15.3 If a key decision, is the decision required in less than five days? N/A

15.4 If **yes**, please describe the reason for urgency:

16.0 Call-in information:

16.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

16.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

17.0 Scrutiny Committee Chairman (where appropriate):

Date informed: N/A

Date approved:

18.0 Declarations of interest (if applicable):

18.1 Councillor Smith declared a prejudicial interest, the nature of the interest being he was a non-Executive director of Blackpool Entertainment Company Limited who would be a beneficiary of the bid.

19.0 Executive decision:

19.1 The Executive agreed the recommendation as outlined above namely:

To note the Round One Levelling Up Fund bid and the process undertaken to prepare it.

20.0 Date of Decision:

20.1 12 July 2021

21.0 Reason(s) for decision:

21.1 This fund was launched in the Budget in March 2021. Blackpool had the opportunity to submit a bid into the fund by 18 June 2021 resulting in the need to move quickly to establish arrangements for formulating bid with the maximum chance of success.

22.0 Date Decision published:

22.1 13 July 2021

23.0 Executive Members in attendance:

23.1 Councillor L Williams

Councillor Benson and Hobson

(Councillor Smith having declared a prejudicial interest, left the meeting during consideration of the report and decision.)

24.0 Call-in:

24.1

25.0 Notes:

25.1 The following Executive members while not present in the room and not able to vote, joined and participated in the meeting virtually:

Councillors Brookes, Campbell, Farrell, Hugo and I Taylor.