

Report to:	EXECUTIVE
Relevant Officer:	Alan Cavill, Director of Communications and Regeneration
Relevant Cabinet Member:	Councillor Mark Smith, Cabinet Member for Business, Enterprise and Job Creation
Date of Meeting:	25 April 2022

LEVELLING UP FUND ROUND 2

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1.0 Purpose of the report:

1.1 This report is to summarise the main provisions of the Levelling Up Fund (LUF) Round 2 further to the launch of the full bidding guidance on the 23 March 2022 and to inform the Executive of the proposed approach to bidding.

2.0 Recommendation(s):

2.1 To note the Round 2 Levelling Up Fund guidance.

2.2 To agree the proposed approach to developing a up to 3 bids as set out in Paragraph 6.4 with the Multiversity being the core transformational project of a joint bid for the Blackpool North and Cleveleys, and Blackpool South constituencies (subject to confirmation from the Department of Levelling Up, Homes and Communities).

2.3 To continue consultations with both MPs, Wyre Council and other key stakeholders to ensure that the strongest bid(s) are submitted with the best chances of success.

2.4 To explore the most appropriate methods of securing investment in the Regeneration Areas as referenced in Paragraph 6.4 whether via Levelling Up Fund, Shared Prosperity Fund or Homes England.

2.5 To delegate to the Chief Executive, after consultation with the Leader of the Council, the submission of the final bids by the deadline of 6 July 2022 and for the Executive to receive a report on the final submissions.

2.6 To approve the signing by the Head of Legal Services of the Multiversity Memorandum of Understanding between the Council and Blackpool & The Fylde College regarding the preparation of a business case to secure funding for the construction of the Multiversity noting that this was a condition of the Town Funds £9m scheme approval (Appendix 5a).

2.7 To note that the costs of preparing the Multiversity business case costs are being finalised with Blackpool and The Fylde College and that if any costs are to be incurred outside of approved budgets or existing delegations then these will be reported separately to the Executive if required.

3.0 Reasons for recommendation(s):

3.1 Round 2 of Levelling Up Fund was referred to in the Levelling Up White Paper launched 22 February 2022 with full detail released on the 23 March 2022. Blackpool has the opportunity to submit bid(s) into the Fund by the 6 July 2022 closing date, resulting in the need to move quickly to establish arrangements for formulating bid content with the maximum chance of success.

The signing of the Memorandum of Understanding over the Multiversity scheme was a requirement of the initial Towns Fund £9m approval and is essential if the scheme is to be pursued as a priority through Levelling Up Fund.

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 Council could choose not to bid. The guidance for submission into the Fund and the initial deadlines to be met are clearly set and immovable. It is an opportunity and competitive bidding process of which Blackpool must take advantage to support its ambitious regeneration agenda and many needs. Blackpool has remained in the highest priority Category 1 status which is very much in its favour. There are no guaranteed future rounds at this stage so it is imperative that Blackpool takes advantage of the opportunity in this round. All funding provided from the Fund has to be spent by 31 March 2025 and by 2025-26 on an exceptional basis which also influences scheme choice available.

The only other options to be considered would be alternative projects but a review of the most eligible and viable projects will be undertaken as part of this process in any event.

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 2021 Budget the Chancellor announced a broad package of complementary UK-wide interventions one of which included the Levelling Up Fund, which was revisited in the light of the “Levelling Up White Paper” launched on 2nd February. The White Paper articulated how government policy interventions will improve opportunity and boost livelihoods across the country as we recover from the pandemic and contains many specific references to Blackpool.

Round One of Levelling Up Fund (launched March 2021) noted how it would “invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. The Fund is designed to help local areas select genuine local priorities for investment by putting local stakeholder support, including the local MP where they want to be involved, at the heart.

The first round of Levelling Up Fund was announced at the 2020 Spending Review to support communities in realising this vision. Focusing on capital investment in local infrastructure, building on and consolidating prior programmes such as the Local Growth Fund and the Towns Fund, the first round of Levelling Up Fund supported £1.7 billion of projects in over 100 local areas across all corners of the UK, delivering over £170 million of funding in Scotland, £120 million in Wales, and £49 million in Northern Ireland.

In June 2021, Blackpool submitted a Round 1 bid which was unfortunately unsuccessful. The application was for the maximum of £20m focused on 3 schemes:
The Town Centre Access Scheme (TCAS) with a £8.91m LUF request.
A grant of £6.93m Levelling Up Fund to private sector developer Ashall for the redevelopment of the Abingdon Street Post Office into an Indigo brand hotel, and,
The refurbishment of the Winter Gardens on Coronation Street for exhibition space with a Levelling Up Fund request of £4.16m.

Oral feedback on the Council’s Round 1 bid was provided in December 2021 to senior Council officials and both Blackpool MPs. Unfortunately, the feedback was not as helpful as it might have with limited explanation provided as to what caused the bid to be unsuccessful in order to be able to shape a successful bid in the next round. Although resubmission of improved projects in Round 2 is possible it is still unclear as to whether any or all of these bids would be successful if resubmitted.

6.2 Round 2 bidding

The guidance ([Levelling Up Fund Round 2: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78421/levelling-up-fund-round-2-prospectus.pdf)) states that investing in infrastructure has the potential to improve lives by:

- giving people pride in their local communities;
- bringing more places across the UK closer to opportunity; and
- demonstrating that government can visibly deliver against the diverse needs of all places and all geographies.

Levelling Up is at the heart of the government's agenda to build back better after the pandemic and to deliver for citizens in every part of the UK. It recognises that levelling up requires a multi-faceted approach and the Fund is delivered as part of a broad package of complementary UK-wide interventions such as the UK Community Renewal Fund, The UK Community Ownership Fund, the Towns Fund, and the forthcoming UK Shared Prosperity Fund (UKSPF).

The Levelling Up White Paper builds on these foundations, with a clear plan to level up every corner of the UK. It is underpinned by 12 ambitious missions over 10 years. The second round of the Fund will focus on the same three investment themes as the first round, i.e.: local 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, the Fund will look to support:

- a) **Transport investments** including (but not limited to) public transport, active travel, bridge repairs, bus priority, local road improvements and major structural maintenance, and accessibility improvements. Proposals should be for high-impact small, medium and, by exception, large local transport schemes to reduce carbon emissions, improve air quality, cut congestion, support economic growth, and improve the safety, security and overall experience of transport users.
- b) **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, accessible community spaces into town and city centres.
- c) **Cultural investment** maintaining, regenerating, or creatively repurposing existing cultural, creative, heritage and sporting assets, or creating new assets that serve those purposes including theatres, museums, galleries, production facilities, libraries, visitor attractions (and associated green spaces), sports and

athletics facilities, heritage buildings and sites, and assets that support the visitor economy. A change for the second round of the Fund, is an ability to fund up to two large bids (UK wide) for up to £50 million under the Fund's culture and heritage investment theme. These bids must be for flagship projects and be in line with the Fund's focus on highly visible interventions that boost local pride in place. These must be for at least 90% culture.

Key points of note from Round 1, which also apply to Round 2, are :-

- Investment proposals should focus on supporting **high priority and high impact projects** that will make a visible positive difference to local areas.
- Schemes should look to be **transformational** in nature with a clear demonstrable impact provided to communities.
- Projects need clearly to demonstrate how proposed investments will **support relevant local strategies** and show why the proposed investment or set of investments represents the **highest value local priorities**.
- Projects should be aligned to and **support net zero goals**, including those set out in the UK government's net zero strategy and sector-specific plans such as the Heat and Buildings Strategy where relevant. For instance, projects are encouraged to demonstrate low or zero carbon best practice; adopt and support innovative clean tech and/or support the growth of green skills and sustainable supply chains.
- Bids should also consider how projects can **work with the natural environment** to achieve project objectives – considering at a minimum the project's impact on our country's natural assets, as well as the resilience of any capital infrastructure project to potential hazards such as flooding.
- Where applicable, proposals should consider how they strengthen the work of Councils and multi-agency partners in **tackling a range of community safety issues and reducing crime**.
- Applicants are encouraged to include detail of how their LUF projects would **complement other sources of funding**, for example the UK Shared Prosperity Fund.
- If it is a "package" bid including up to 3 schemes, the **projects should be able to demonstrate some cohesive thread**. They can include a mix of projects from the Fund's three investment themes but any one bid should not include multiple unrelated investments.
- Clear **demonstration of engagement and support** are therefore key requirements.
- Minimum of **10% co-funding**
- Projects must be able to **demonstrate spend in 2022/23 and begin delivery on the ground early**. All funding provided from the Fund has to be spent by 31st March 2025 and by 2025-26 on an exceptional basis which also influences scheme choice available.
- **Support of the MPs** in whose constituency the proposals lie is expected but they do not have power of veto.

The assessment process will again focus on the following key criteria:

- **Characteristics of the place** – the local authority category representing the highest identified need (Blackpool is in the highest Category 1).
- **Deliverability**
- **Strategic fit with local and Fund priorities**
- **Economic Case** - Value for money should be demonstrated to outline and explain the benefits of the bid and how it represents value for money.

6.3 **How Many Bids can Blackpool submit?**

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. Whilst not having a power of veto, MP support is deemed as a strong part of the assessment. Blackpool South lies wholly within Blackpool. Blackpool North and Cleveleys lies within Blackpool and Wyre.

With having two MPs' constituencies in our area we potentially qualify for two bids. A bid can be a single project or "package" bid with a maximum of 3 (cohesive) projects in each up to a total value of £20m per submission. NB a query has been submitted to Department for Levelling Up, Housing and Communities whether the two bids could potentially be combined to have an overarching bid supported by both MPs as opposed to 2 separate bids which would be more expensive to produce.

Additionally, as a Transport Authority, Blackpool can also qualify for a third transport specific bid of up to £20m.

Finally, by exception there is an option to apply for a £20-£50m transport scheme (most likely requiring cross-boundary support and hence Lancashire County Council support and lead would be required in this case).

Note: Local authorities may submit joint bids. The maximum bid size for joint bids will be determined by adding up the individual £20 million caps of each bidding authority. Therefore, for example, a joint bid with Wyre Council for the Blackpool North and Cleveleys area could amount to a maximum submission of £40m. Joint bids will count towards the maximum number of bids that each local authority is able to submit. Joint proposals can contain a combination of interventions across borders. However, they must not be a disparate package of interventions.

6.4 **Proposed Approach to the bid(s) and related opportunities for funding**

There is a very short timescale between the bid process commencing (March 23rd) and release and the submission deadline for bids (6th July) and managing expectations of the variety of stakeholders is also a challenge.

Blackpool has far more potential scheme ideas than the funds/number of bids allowed to be made, but the eligibility criteria reduces what is possible and there is a significant issue of needing to get any schemes sufficiently developed in order to be able to make a strong Levelling Up Fund bid, especially when it was originally hoped to get funding for some regeneration areas of Claremont and Waterloo Wards through the Community Renewal Fund which did not materialise.

Therefore, there has been a need to identify what the possibilities were and how they can be worked up sooner rather than later (and the financial and staff resource to do this) so that the Council is on the front foot. Capacity funding of £125k was allocated to Blackpool at round 1 stage of which £66k was committed to support project development costs and consultancy fees for the Round 1 bid so £59k remains although if the Post Office and TCAS bids are resubmitted some of those costs would be saved.

With a view to moving scheme ideas forward an internal Council meeting was held on the 19 January 2022 with attendees from across relevant Council departments and also from Genecon Consulting who supported the Council in Round 1 and was also involved in other bids which were successful.

As well as a trawl of potential schemes what was emphasised was the need first and foremost for the Council to be clear on its strategic priorities and then to see which of those schemes are best placed :

- to meet the Fund's criteria to have the maximum chances of success.
- to meet the Executive's and the local MP's aspirations

As part of its Growth and Prosperity Programme the Council's key strategic priorities are:

- Town Centre Regeneration including:
 - Talbot Gateway
 - Blackpool Central
- The Regeneration Areas:
 - Revoe
 - Claremont
 - South Blackpool
- Blackpool Airport Enterprise Zone

In the Blackpool North and South regeneration areas in particular, potential schemes are not, as yet, well defined and notwithstanding the many needs in these areas there is a serious question over whether schemes which the Council and partners want to see happen can meet the success criteria which appeared to govern Levelling Up Fund 1.

So, for example, whilst both Revoe and Claremont have Masterplans prepared they are currently considered not to contain “oven-ready” schemes and there would be significant work to be undertaken, at a cost, to get schemes to a bid compliant stage. In both Claremont and Waterloo areas, work that the Council had been hoping would be funded through Community Renewal Fund did not receive any funding approval.

However, further opportunities beyond the Levelling Up Fund have now arisen which are likely to be better suited to achieving the Council’s strategic objectives in the Regeneration Areas.

In conjunction with Homes England, in February 2022 it was agreed to prepare a Masterplan and Regeneration Framework for the broader area of Blackpool South one of the purposes of which will be to identify transformational projects which can subsequently be developed into business cases for funding bids. Homes England have funded this work and whilst it is not due for completion until September 2022 the commission includes the need to explore any opportunities as early as possible that may be forthcoming during the course of the Commission. Whether any of these schemes are strong enough for a Levelling Up Fund bid remains to be seen but timescales and the hard-edged Benefit Cost Ratio (BCR) requirements make inclusion as a LUF bid challenging. They may therefore be better suited to two other opportunities from which Blackpool will also be able to benefit.

One of UK 20 Regeneration Areas

Firstly, as part of the recent Levelling Up announcements by Government Blackpool has been designated as one of 20 appointed Regeneration Areas nationally highlighted for Kings Cross style regeneration support (17th March 2022). <https://www.gov.uk/government/news/new-plans-to-level-up-blackpool-unveiled>). No precise funding announcement has yet been made but we are working with Homes England to ensure that the benefit to the regeneration areas will be maximised through this work and the Blackpool South Regeneration Framework and Masterplan is a part of that.

Shared Prosperity Fund

Secondly, Blackpool will receive an allocation over the next 3 financial years from the Shared Prosperity Fund (SPF) the quantum of which is yet to be confirmed. Guidance on this is due in the Spring but in the meantime pre-guidance was issued by Government in February which notes the Shared Prosperity Fund is a government fund that will provide £2.6bn to be fed into local investments by March 2025. All areas of the UK will receive an allocation, based on a funding formula. The Fund’s interventions will be planned and delivered by local authorities across England, Scotland and Wales. The Fund will replace some previous funding streams that came about via the UK’s membership of the European Union.

The primary goal of the Shared Prosperity Fund is to build pride in place/increase life chances across the UK, in line with the four parts of Levelling Up:

- Boost productivity, pay, jobs and living standards, especially in those places where they are lagging.
- Spread opportunities and improve public services, especially in those places where they are weakest.
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
- Empower local leaders and communities, especially in those places lacking local agency.

The Fund will enable improvements to the places where people live, as well as supporting individuals and businesses. There are three investment priorities, for which more detail will be provided in a full prospectus later this spring:

- a) Communities and place
 - Strengthening the social fabric and fostering a sense of local pride and belonging, through investment in activities such as community infrastructure and local green space, and community-led projects.
 - To build resilient and safe neighbourhoods, through investment in quality places and, through targeted improvements to the built environment and innovative approaches to crime prevention.
- b) Local businesses
 - Creating jobs and boosting community cohesion
 - Promote networking and collaboration, through interventions that bring together businesses and partners within and across sectors.
 - Increase private sector investment in growth-enhancing activities
 - People and skills
 - Boost core skills and support adults to progress in work.
 - Support disadvantaged people to access the skills they need to progress in life and into work,
 - Support local areas to fund local skills needs and supplement local adult skills provision
 - Reduce levels of economic inactivity and move those furthest from the labour market closer to employment

As well as the investment priorities, each place will have to invest a ring-fenced amount of the Fund in “Multiply” interventions, to enhance adult numeracy. This will be managed by the Department for Education, with investment totalling up to £430m by March 2025. Interventions supported by the Shared Prosperity Fund will have to take into account other policies and priorities, including the national Net Zero commitment.

Each place in the UK, in order to access their conditional Shared Prosperity Fund allocation, has to present an Investment Plan setting out measurable outcomes and prioritised interventions to Government. Investment Plans will cover a three year period. Submission date is not known at this time.

Approach to the Levelling Up Fund Bids

From various discussions with the Department for Levelling Up, Housing and Communities, both Blackpool MPs and others, received wisdom now is that success in Levelling Up Fund terms is probably best achieved by going big and bold rather than attempting to spread a bid too thinly, especially when demand for funding is going to substantially exceed supply.

To this end, supportive initial discussions have been held with both MPs and Government officials where a joint bid could have as its core funding to secure the construction of the transformational Multiversity (for which Town Deal funding has been secured to acquire the necessary site) with its anticipated major impact on the economy through skills improvements and footfall in the town centre, whilst also aiming to identify potential additional schemes in the Regeneration Areas in Blackpool North and South constituencies and the best route to securing their funding if this is not through Levelling Up Fund, as set out above.

With regard to the original Levelling Up Fund Round One bid the Post Office transformation of an iconic building with private investment was felt to be a strong candidate for resubmission. The Post Office scheme, and the branding approach to be adopted by IHG with regard to the interpretation of the Listed Building in the context of its location (a specialist requirement of their Indigo Brand) means that it is likely to be a strong fit with 2 of the Levelling Up themes (Town Centre Regeneration and Investment and Cultural Investment

In addition a reworked Town Centre Access scheme with additional cycling and active travel measures which would allow the scheme to meet the Cycle infrastructure design (LTN 1/20) guidance could be a strong transport only scheme contender

Discussions are also continuing with Wyre officers in relation to any Blackpool North and Cleveleys bid and how that might complement a Blackpool bid.

Detailed work is now taking place using external expertise where relevant to ensure that Blackpool puts itself into the strongest possible position to secure a Levelling Up Fund Round 2 bid and ensure that the opportunities of being one of the 20 nationally designated Regeneration Areas and Shared Prosperity Fund are utilised to achieve the Council's strategic regeneration objectives

6.5 Multiversity Memorandum of Understanding

One of the conditions of the Town Deal funding for the Multiversity was that the Council and Blackpool and Fylde College entered into a Memorandum of Understanding to commit to preparing a business case to support any applications for funding. This requires a commitment to sign by both parties (See Appendix 5a) which is exempt from publication.

6.6 Management and Governance Arrangements

Should the Council be successful with its bid(s) it is required to directly enter into a funding agreement with the Department for Levelling Up, Housing and Communities. The Council will also potentially need to enter into legal agreements with local delivery partners e.g. Blackpool and The Fylde College (via direct appointment or further to tender) for which Executive Approval is hereby requested. The role will also require undertaking claims, monitoring and assurance activity.

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.

6.7 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 5a – Memorandum of Understanding which is currently exempt from publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered on balance that the public interest would be not served by publishing information at this stage as this information would undermine the Council's position in future negotiations..

8.0 Financial considerations:

8.1 Without Levelling Up Funding, the schemes would not be pursued. Where any co-funding is required, this will be agreed further to bid submission. The balance of capacity funding and existing budgets will be utilised to develop bids.

9.0 Legal considerations:

9.1 As noted above, a legal project delivery agreement will be in place between Department for Levelling Up, Housing and Communities and the Council which will require to be developed and monitored accordingly. Further legal agreements with Blackpool and The Fylde College or other private sector organisations may be required subject to final schemes being submitted.

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 anticipated equalities issues with the proposals outlined. With regards to Levelling Up fund projects which are capital based, where any development requires new build or redesign full equalities and accessibility requirements will be taken into account at the design stage and in lien with building control requirements.

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. The Multiversity has an ambition to be a net zero carbon building.

13.0 Internal/external consultation undertaken:

13.1 With the Levelling Up Fund the Town Deal Board and its engagement processes alongside Corporate Leadership Team and MPs will provide an established method of consultation on projects.

14.0 Background papers:

14.1 None.

15.0 Key decision information:

15.1 Is this a key decision? Yes

15.2 If so, Forward Plan reference number: 1/2021

15.3 If a key decision, is the decision required in less than five days? No

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: 13 April 2022 Date approved:

18.0 Declarations of interest (if applicable):

18.1

19.0 Summary of Discussion:

19.1

20.0 Executive decision:

20.1

21.0 Date of Decision:

21.1

22.0 Reason(s) for decision:

22.1

23.0 Date Decision published:

23.1

24.0 Alternative Options Considered and Rejected:

24.1

25.0 Executive Members in attendance:

25.1

26.0 Call-in:

26.1

27.0 Notes:

27.1