

Notice of:	EXECUTIVE
Decision Number:	EX33/2022
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:	5 September 2022

LEVELLING UP FUND ROUND 2

1.0 Purpose of the report:

- 1.1 This report is to provide an update on the Levelling Up Fund (LUF) Round 2 bid submissions subsequent to the 25 April 2022 Executive decision (EX19/2022) which agreed 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”.

2.0 Recommendations:

- 2.1 To note the report.
- 2.2 To authorise the Head of Legal services to enter into such contracts as are necessitated by a successful approvals to deliver the schemes.
- 2.3 To note that the Executive will receive further reports in respect of prospective business loans for the Multiversity and Hotel Indigo Former Post Office Hotel in the event of successful Levelling Up Fund bids.

3.0 Reasons for recommendation(s):

- 3.1 Round 2 of Levelling Up Fund was referred to in the Levelling Up White Paper launched 2 February 2022 with full detail released on the 23 March 2022. Blackpool had the opportunity to submit 3 bids into the Fund by the 6 July 2022 closing date. This was later extended to 2 August 2022 due to delays in the application portal going live. The Council has been at the forefront of Blackpool’s ongoing regeneration for over a decade now, leading on a number of major development projects across the town that are catalysing longer term economic growth. The selection of these three projects provides two additional major redevelopment

opportunities, including the improvement to significant elements of the built environment, improved learning prospects for local residents and provision of direct employment opportunities, as well as an improved transport and travel network to allow better access to these and other key regeneration sites in the central area. Should these Levelling Up Fund bids be successful, the additional funding will enable these three priority schemes to be implemented

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 Following a review of potential projects that most strongly met the Levelling Up Fund criteria (and hence the chances of success) and the Council's strategic objectives, these were the only options sufficiently developed to provide strong bids. The Council could have chosen not to bid. However, Levelling Up Fund posed a major funding opportunity which, despite being a competitive bidding process, Blackpool has to take advantage of to support its ambitious regeneration agenda and address its many challenges. Blackpool remains in the highest priority Category 1 status for Leveling Up Fund which is very much in its favour. There are no guaranteed future rounds so it was imperative that Blackpool took full advantage of the opportunity in this second round.

The only other option to be considered would have been alternative projects but a review of the most eligible and viable projects was undertaken as part of the process. All funding provided from the Fund has to be spent by 31 March 2025 and by 2025-26 on an exceptional basis which also had a major influencing factor upon scheme choice

5.0 Council priority:

5.1 The relevant Council priorities are both:

- The economy: Maximising growth and opportunity across Blackpool.
- Communities: Creating stronger communities and increasing resilience.

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 2 February 2022. The White Paper articulated how government policy interventions will improve opportunity and boost livelihoods across the country as we recover from the pandemic and contained many specific references to Blackpool.

The first round of Levelling Up Fund was launched in March 2021 and supported £1.7 billion of projects in over 100 local areas across all corners of the UK. 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 Levelling Up Fund request;
- A grant of £6.93m Levelling Up Fund to private sector developer Ashalls Projects for the redevelopment of the Abingdon Street Post Office into an Indigo brand hotel;
- The refurbishment of the Winter Gardens on Coronation Street for exhibition space with a Levelling Up Fund request of £4.16m.

On 25 April 2022 the Executive resolved, amongst other things:

- a) To note the Round 2 Levelling Up Fund guidance.
- b) To agree the proposed approach to developing up to 3 bids as set out in the report with the Multiversity being the core transformational project of a joint bid for the Blackpool North and Cleveleys, and Blackpool South constituencies
- c) 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.

6.2 Round 2 bidding

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. The second round of the Fund focused 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.

Key points of note from Round 1, which applied to Round 2, were :-

- 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 to demonstrate how proposed investments would **support relevant local strategies** and show why the proposed investment or set of investments represented the **highest value local priorities**.
- Projects should be aligned to and **support net zero goals**
- Clear **demonstration of engagement and support** was a key requirement.
- Minimum of **10% co-funding**
- Projects must be able to **demonstrate spend in 2022/23 and begin delivery on the ground early**.
- **Support of the MPs** in whose constituency the proposals lie is expected but they do not have power of veto.

The assessment process focused 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 Bid Determination

In accordance with the structure of the Levelling Up Fund Round Two bidding process, Blackpool Council was permitted to submit three separate bids, representing each of the two Parliamentary constituencies sitting within the town's boundaries, as well as a separate, stand-alone transport bid. The Blackpool North and Cleveleys bid could be up to £40m as it covers two local authorities and Wyre Council is formally supporting it because the benefits of the Multiversity span the Fylde Coast. Blackpool had far more potential scheme ideas than the funds/number of bids allowed to be made, but the eligibility criteria reduced what was possible and the significant issue of needing to get any schemes sufficiently developed in order to be able to make a strong Levelling Up Fund bid and address all the criteria.

From discussions with DHLUC, both Blackpool MPs and others, received wisdom was that success in Levelling Up Fund terms was 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 were 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 £9m of Town Deal funding has already been secured to acquire the necessary site) with its anticipated major impact on the economy through skills improvements and footfall in the town centre.

With regards 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) meant that it is likely to be a strong fit with 2 of the Levelling Up Fund themes (Town Centre Regeneration, and Investment and Cultural Investment). The Levelling Up Fund requirement is higher now than in the Round 1 submission as a result of an updated investment appraisal.

In addition, a reworked **Town Centre Access Scheme** to have regard to the feedback received on Round 1 with additional bus and active travel measures, which would allow the scheme to meet National Bus Strategy commitments and address the Cycle infrastructure design (LTN 1/20) guidance, was determined as a strong transport only scheme contender .

6.4 Bid Submissions

The following 3 bids were thus submitted by the revised 2 August 2022 deadline:

Multiversity (£65m scheme with £40m LUF – joint supported bid with Wyre Council)

Via the acquisition of land (£9m Town Deal) and Levelling Up Fund monies (£40m), a £65m world-class university experience is proposed, facilitating higher level upskilling, reskilling and lifelong learning. The scheme is Town centre based, close to the train station and tram interchange, while freeing up the existing College site for residential development. The new build will be carbon neutral in operation.

The Multiversity Campus will be delivered through a partnership involving Blackpool Council and Blackpool and the Fylde College in association with Lancaster University. It will be a unique proposition, providing a cutting-edge response to local, regional, and national priorities, designed to accommodate up to 3000 learners. Key benefits include:

- Improving skills and opportunities – The investment in a new, high-quality, purpose-built educational facility will provide an unrivalled learning environment, encouraging more learners to choose to continue with their education in Blackpool. A tailored curriculum, catering for needs of employers in order to fill skills gaps across the Fylde Coast, means the Multiversity, by virtue of what is taught there, will link directly to employment opportunities.
- Supporting town centre regeneration – The development of the Multiversity adjacent to the town centre will complement other major developments, including the developments at Talbot Gateway, the extension to the Houndshill Shopping Centre and the new Winter Gardens Conference and Exhibition Centre, in providing year-round footfall into the town centre, reducing the impacts of seasonality.
- Built environment uplift – The Multiversity’s development will provide uplift to an area that has not previously benefitted from significant investment, improving the built environment significantly, and supporting the creation of high-quality, pedestrianised, public open space.

The overall project to deliver the Multiversity is underpinned by six key project objectives:

- Injection of a new life to the heart of Blackpool;
- Embed holistically into the town centre;
- Allow people to up-skill through life through enabling more people to gain higher level qualifications each year;

- Raise the college profile in the town and beyond;
- Create an iconic building that sings Blackpool; and
- Increased footfall in the town centre to encourage regeneration

A Blackpool Council loan of £16m to be Prudentially Borrowed and repaid by the College via a lease, the terms of which are in the process of being agreed. The College have also committed to make a £5m cash contribution to the Project which will offset the size of the loan and Blackpool Council are currently clarifying the most tax efficient method of achieving this.

Hotel Indigo : Former Post Office Redevelopment (£26m scheme with £8m LUF)

This scheme will directly address the need for further hotel provision in Blackpool via a new 4-star 144 room Indigo hotel in a derelict listed former post office building right in the heart of the town centre, including 48 family suites to appeal to both the business and family leisure markets.

The hotel will be created through a comprehensive £26m (£8m Levelling Up Fund) package of refurbishment and conversion of a Grade II listed building which has a significant viability gap given the complex nature of the works. The project will be led by Ashall Projects acting as developer and owner who will put in equity combined with a loan to be sourced from the Council and potentially with a private loan facility.

The balance of the scheme will be met by equity from Ashalls (£2.9m) and a Council loan of up to £15.1m although this could be offset by a private facility secured by Ashalls.

The development will create new job opportunities and is sited just 50 metres from the new tram route on Talbot Road, which also adjoins the transport interchange at Blackpool North Train Station, with obvious accessibility benefits for all.

The New Indigo Hotel will help Blackpool break its current dependency on short-stay tourism and will attract visitors with greater spending power by providing a unique addition to Blackpool's hotel stock.

Town Centre Access Scheme (TCAS) (£17.1m scheme with £15.4 LUF, £1.7m Council funding via the Local Transport Plan)

The scheme proposed will transform Blackpool town centre's transport network, providing better traffic circulation within an improved public realm, benefiting walking, cycling and bus access and will improve transport interchange whilst also incorporating additional bus priority measures.

Measures proposed are designed to complement Blackpool's other Levelling Up Fund regeneration proposals (Multiversity and Hotel Indigo developments). Specifically, they include pedestrianisation in the Multiversity environs and interventions to enable sustainable

transport access, with efficient traffic control, in turn improving air quality.

The project looks to encourage economic growth by reducing travel times into the town centre, as well as providing space for social activity through pedestrianisation. Other aims include reducing general congestion, cutting greenhouse gas emissions, and improving safety for those walking and cycling.

6.5 Management and Governance Arrangements

Should the Council be successful with its bids it is required to directly enter into a separate funding agreement for each project with DLUHC. The Council will also need to enter into legal agreements as outlined below which was requested and approved previously by the Executive, Approval EX19/2022

The role will also require undertaking claims, monitoring and assurance activity.

If the Town Centre Access Scheme scheme is approved a Service Level Agreement will be required between the Council and the project delivery team (Highways). The project will be monitored via quarterly claims by the Council Project Monitoring Office (PMO), who will provide wider assurance activity too.

The above situation will be the same for the Multiversity project although the Council will also need to enter into separate legal agreements with Blackpool and The Fylde College in due course in line with the existing MoU approved by the Executive which set out the terms under which Blackpool Borough Council and Blackpool & the Fylde College will manage the delivery of the Multiversity and to establish a relationship that promotes the achievement of the project objectives in the most productive and cost-effective manner

With the Hotel scheme, a Grant Funding Agreement will be required between the Council and Ashall Projects so that the Council can funnel through the £8m LUF monies to the private sector. Quarterly claims activity will be required with Ashall Projects in line with the other 2 Levelling Up Fund schemes.

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:

7.1 None.

8.0 Financial considerations:

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

Multiversity

The total development cost for the Multiversity is estimated at £65m to be met by:

- £40m - Levelling Up Fund 2
- £9m of site assembly costs already approved as part of the Town Deal
- £16m – Blackpool Council loan (to be prudentially borrowed from the Council and repaid by the College via a lease, the terms of which are in the process of being agreed and which will be reported separately to the Executive. Nb: the College have also committed to make a £5m cash contribution to the Project which will offset the size of the loan and officers are currently clarifying the most tax efficient method of achieving this.
- Further Executive approval to this loan will be required.

Hotel Indigo : Former Post Office Redevelopment

The total development cost of the Post Office conversion is estimated at £26m. This will be met by :

- £8m – Levelling Up Fund 2
- £2.9m – Ashall Projects Equity and Mezzanine funding
- Up to £15.1m – Blackpool Council Loan (to be prudentially borrowed from the Council and repaid by the developer under terms in the process of being agreed and which will be reported separately to the Executive). This loan could be significantly reduced by a private bank loan facility.
- Further Executive approval to this loan will be required.

Town Centre Access Scheme

The total development cost for the Town Centre Access Scheme is £17.1m. This will be met by:

- £15.4m Levelling Up Fund 2
- £1.7m Local Transport Plan

9.0 Legal considerations:

- 9.1 Each of the schemes has undertaken individual legal advice on matters such as Subsidy Control, both from Blackpool Council's legal team and from DWF as external legal advisors. If the bids are successful contracts will be entered into with the respective parties to cover any grant conditions and the Council's own requirements.

The Council has the power under the Localism Act 2011 to do anything an individual can do provided that it is not otherwise prohibited from doing so. Compliance with any restrictions that the Council is subject to in relation to the proposals outlined in this report will be monitored as matters progress. The proposals outlined in this report will be kept under review to ensure that they are compliant with the terms of the UK's Trade and Co-operation Agreement (TCA) with the European Union, as well as the other subsidy control obligations to which the UK is subject.

10.0 Risk management considerations:

- 10.1 With all major schemes there are risks, and each scheme has a detailed risk assessment developed which will be required to be monitored. Project risk management will be applied throughout the life of each of the schemes and this will include ongoing risk assessment, analysis, evaluation and monitoring. As part of this, all key risks and opportunities will be considered and appropriate controls will be implemented to reduce any unacceptable level of risk.

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 has been taken into account as projects needed 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 in operation building.

13.0 Internal/external consultation undertaken:

- 13.1 With the Levelling Up Fund the Town Deal Board and its engagement processes alongside CLT and MPs have provided an established method of consultation on projects. Internally this includes Corporate Leadership Team, the Growth and Prosperity Board, Legal and Finance.

14.0 Background papers:

- 14.1 EX19/2022 Levelling Up Fund Round 2 : 25th April 2022
- EX37/2021 Levelling Up Fund Bid 12th July 2021
- EX23/2021 Levelling Up and Community Renewal Fund : 12th April 2021

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?
- 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 None.

19.0 Summary of Discussion:

19.1 Mr Alan Cavill, Director of Communications and Regeneration, introduced the item. Mr Cavill highlighted the three strands of bids outlined in paragraph 6.4 and noted that bids had been submitted by the required revised deadline of 2 August 2022.

20.0 Executive decision:

20.1 The Executive agreed the recommendation as outlined above namely:

1. To note the report.
2. To authorise the Head of Legal Services to enter into any contracts necessitated by successful approvals to deliver the schemes.
3. To note that the Executive will receive further reports in respect of prospective business loans for the Multiversity and Hotel Indigo Former Post Office Hotel in the event of successful Levelling Up Fund bids.

21.0 Date of Decision:

21.1 5 September 2022

22.0 Reason(s) for decision:

22.1 Round 2 of Levelling Up Fund was referred to in the Levelling Up White Paper launched 2 February 2022 with full detail released on the 23 March 2022. Blackpool had the opportunity to submit 3 bids into the Fund by the 6 July 2022 closing date. This was later extended to 2 August 2022 due to delays in the application portal going live. The Council has been at the forefront of Blackpool's ongoing regeneration for over a decade now, leading on a number of major development projects across the town that are catalysing longer term economic growth. The selection of these three projects provides two additional major redevelopment opportunities, including the improvement to significant elements of the built environment, improved learning prospects for local residents and provision of direct employment opportunities, as well as an improved transport and travel network to allow better access to these and other key regeneration sites in the central area. Should these Levelling Up Fund bids be successful, the additional funding will enable these three priority schemes to be implemented.

23.0 Date Decision published:

23.1 6 September 2022

24.0 Alternative Options Considered and Rejected:

24.1 The Executive noted that following the submission of bids to the Levelling Up Fund its only alternative option would be to withdraw the bids and did not consider this acceptable given the impact on regeneration.

25.0 Executive Members in attendance:

25.1 Councillor L Williams, in the Chair

Councillors Brookes, Campbell, Farrell, Hobson, Hugo, Smith and Taylor

26.0 Call-in:

26.1

27.0 Notes:

27.1 The following non-Executive member was in attendance: Councillor Hunter