

Title of Report:	Levelling Up Fund
Committee Report Submitted To:	The Leisure and Development Committee
Date of Meeting:	18th May 2021
For Decision or For Information	For Information

Linkage to Council Strategy (2019-23)	
Strategic Theme	Accelerating our Economy and Contributing to Prosperity
Outcome	The Council will work with partners to maximise investment funding opportunities from external sources.
Lead Officer	Director of Leisure and Development

Budgetary Considerations	
Cost of Proposal	TBC
Included in Current Year Estimates	No
Capital/Revenue	Capital
Code	Not applicable
Staffing Costs	Yes

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	No	Date
	EQIA Required and Completed:	No	Date:
Rural Needs Assessment (RNA)	Screening Completed	No	Date:
	RNA Required and Completed	No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	No	Date:
	DPIA Required and Completed:	No	Date:

1.0 Purpose of Report

The purpose of this paper is to update Members on capital funding opportunities emerging from the Levelling Up Fund recently announced by the UK Government and the need for a strategic approach to prioritising projects going forward.

2.0 Background to the Levelling Up Fund

At the Spending Review 2020, the UK Government committed an initial £4 billion for the Levelling Up Fund for England over the next four years (up to 2024-25) and set aside at least £800 million for Scotland, Wales and Northern Ireland. The UK Government will make the Fund available to the whole of the UK, enabling all communities to receive the investment and support they need to recover from the pandemic.

The Levelling Up Fund is a competitive Fund, with funding distributed to places across the UK on the basis of successful project selection. The Levelling Up Fund is a capital fund only. For the first round of funding, at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3% for Northern Ireland (c. £144m).

The recently announced first round of the Fund will focus on three Themes: 1. Smaller transport projects that make a genuine difference to local areas; 2. Town centre and high street regeneration; 3. Support for maintaining and expanding cultural and heritage assets.

Investment proposals should focus on supporting high priority projects that will make a visible impact in local areas, recognising that what constitutes priority investment will vary across local authorities and geographies, including in rural areas of the UK.

Further background detail on Levelling Up Fund can be found within the prospectus: [Levelling Up Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/95421/levelling-up-fund-prospectus.pdf)

3.0 Application Process in Northern Ireland

Recognising the different local government landscape in Northern Ireland, different organisations will be eligible to bid compared to Great Britain. The UK Government will accept bids from a range of local applicants, including but not limited to district councils, businesses, voluntary and community sector organisations, the Northern Ireland Executive and other public sector bodies.

In Northern Ireland, there will be a different approach to capacity funding based on the funding landscape. This will see all district councils and some other identified bidding entities receive Capacity Funding (of up to £125k) later this year for future funding rounds.

As with bidding authorities in GB, places are invited to submit a capital bid (application form) for an individual project or a package of projects, up to £20 million in value. All bidders must submit their application for the first round of funding by **18th June 2021**.

4.0 Levelling Up Assessment and Decision Making

Levelling Up Fund applications will be assessed in a three staged approach:

- **Stage 1 Gateway:** A pass/fail gateway criterion, where bids will be assessed against whether they can delivery some Levelling Up Fund expenditure in 2021/22.
- **Stage 2 Assessment and Shortlisting:** NI applications will be assessed against strategic fit, value for money and deliverability in the same way as GB bids. The three criteria and the sub criteria under those again carry equal weighting. A funding shortlist for NI will be drawn up from those bids that score the highest overall, and who score at least average or above on strategic fit, value for money and deliverability.
- **Stage 3 Decision making:** After bid assessment and moderation has concluded, and the shortlist has been drawn up, ministers will the make funding decisions from the NI shortlist of bids with the outcome of the first round of funding announced in the Autumn.

5.0 Current Position

The Levelling Up Fund was only recently announced in April, since then Officers have been engaged with the UK Government's Cities and Local Growth Unit (who are responsible for administering the fund) to better understand the process and criteria.

An initial review of the Growth Deal projects listing was undertaken to identify suitable projects with both Bushmills Regeneration Programme (ranked 1st) and Dungiven Regeneration Programme (ranked 8th) demonstrating good fit with the Fund. A gap analysis of the existing project information against the application requirements (broadly equivalent to an Outline Business Case in the 'Five Case' format). This concluded that it would not be feasible to submit these projects as 'shovel ready', particularly under the Deliverability criteria to be assessed in this first call for applications on 18th June.

The most appropriate 'shovel ready' project capable of spend this financial year which also has good strategic fit with the Fund's Regeneration Theme is the proposed redevelopment of Portrush Recreation Grounds. Since Stage 1 Council approval in November 2019, this project has been advanced through Stage 2 detailed design with a Planning application decision and tender report for appointment of a contractor both due later this month.

The project which has been scaled back on a number of occasions on the grounds of affordability and currently has a pre-tender cost estimate (inclusive of professional fees and contingencies) of £3.4m with final tender prices yet to be confirmed. The final investment decision for the project is due in June, subject to affordability within Council's Capital Programme. Match funding from the Department for Communities is currently capped at £1.3m resulting in a potential Council capital contribution of up to £2.1m which could be reduced considerably if a funding application to the Levelling Up Fund was successful.

The construction programme is currently scheduled to commence in September 2021 with a build period of up to a year concluding in September 2022. This would enable significant capital spend against the Levelling Up Fund's priorities and process for this year outlined above. Furthermore, it is envisaged that a successful track record of delivery on a project such as this may position Council well for future funding rounds.

Pending receipt of the Fund's Capacity Funding in June 2021, it is proposed that the prioritisation of projects for future rounds of the Levelling Up Fund for spend over 2022-25 is carried out in a similar way to the Growth Deal prioritisation process. This will ensure that a strategic approach is taken to maximise the capital funding opportunities from both the Levelling Up Fund and Growth Deal and to relieve the pressure on Council's Capital Programme and affordability of Members remaining portfolio of original Priority Projects.

6.0 Next Steps

Members to note:

- The capital funding opportunity with the Levelling Up Fund over the next four years;
- The submission of Portrush Recreation Grounds in the first call for funding; and
- The need to strategically prioritise projects in future funding rounds which are likely to be announced later this year.