



CABINET - INFORMATION REPORT

Date Written	1 st June 2021
Report Author	Zoe Thomas / Chris Long
Service Area	Housing and Regeneration
Exempt/Non Exempt	Non-Exempt
Committee Date	16 th June 2021

To: *Chair, Ladies and Gentlemen*

Levelling Up Funding

1.0 SUMMARY OF THE REPORT

- 1.1 The Levelling Up Fund was announced by the UK Government at the 2020 Spending Review. The Fund will focus on capital investment in local infrastructure, thereby building on and consolidating prior programmes such as the Local Growth Fund and Towns Fund.
- 1.2 The Fund sits within the wider context of the Chancellor's announcement at the Spending Review of £100 billion of capital spending in 2021-22, a £30 billion cash increase compared to 2019-20. This is part of plans to deliver over £600 billion in gross public sector investment over the next five years.
- 1.3 The Levelling Up Fund will invest in local infrastructure that has a visible impact on people and their communities. This includes a range of high value local investment priorities, including local transport schemes, urban regeneration projects and cultural assets.
- 1.4 A prospectus has been issued by the UK Government which sets out the approach for the first round of the Fund, which will prioritise bids that can demonstrate investment or begin delivery on the ground in 21/22.
- 1.5 The Fund will focus investment in projects that require up to £20m of funding. However, there is also scope for investing in larger high value transport projects, by exception.

- 1.6 The UK Government expects Members of Parliament, as democratically-elected representatives of the area, to back one bid that they see as a priority. The number of bids that a local authority in the first category can make will relate to the number of MPs in their area.
- 1.7 Upon the launch of the UK Government's Levelling Up Programme Merthyr Tydfil CBC gave significant consideration, to the potential projects that could be submitted within the first round of funding. This including schemes aligned to all three themes identified above.
- 1.8 Following numerous discussions internally, and following a detailed review of the criteria outlined within the Levelling Up Fund Prospectus, it was determined and agreed that Merthyr Tydfil CBC were not in a position to submit a proposal by the 18th June 21 deadline, and that further development time would be needed to progress a future application to UK Government.

2.0 INTRODUCTION AND BACKGROUND

- 2.1 The Levelling Up Fund was announced by the UK Government at the 2020 Spending Review. The Fund will focus on capital investment in local infrastructure, thereby building on and consolidating prior programmes such as the Local Growth Fund and Towns Fund. It will have a visible, tangible impact on people and places, and support economic recovery. In doing so, it will also create opportunity across the country, prioritising bids that invest in regeneration and growth in places in need and areas of low productivity and connectivity.
- 2.2 It has been identified that economic differences remain between different parts of the UK, including our cities, ex-industrial towns, and rural and coastal communities. These economic differences have real implications: they affect people's lives through their pay, work opportunities, health and life chances. Tackling these economic differences and driving prosperity as part of 'levelling up' left behind regions of the UK is a priority for this Government.
- 2.3 The Fund sits within the wider context of the Chancellor's announcement at the Spending Review of £100 billion of capital spending in 2021-22, a £30 billion cash increase compared to 2019-20. This is part of plans to deliver over £600 billion in gross public sector investment over the next five years.
- 2.4 The Levelling Up Fund will invest in local infrastructure that has a visible impact on people and their communities. This includes a range of high value local investment priorities, including local transport schemes, urban regeneration projects and cultural assets. The Fund is jointly managed by HM Treasury (HMT), the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT). This cross-departmental Fund represents a new approach to local investment and will end siloes in Whitehall that make it difficult to take a holistic approach to the infrastructure needs of local areas.
- 2.5 At the Spending Review, 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 use the new financial assistance powers in the UKIM Act to 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. As such, up to £4.8 billion until 2024-25 will be available for the Fund across the UK, with at least £800 million invested in Scotland, Wales and Northern Ireland. Where appropriate, MHCLG and DfT will seek advice from the relevant devolved administrations at the shortlisting stage on projects that will be delivered in their geographical areas, including on deliverability and alignment with existing provision.

3.0 APPROACH IN ENGLAND, SCOTLAND AND WALES INCLUDING ELIGIBILITY

- 3.1 In England, Scotland and Wales, funding will be delivered through local authorities. The Scottish and Welsh Territorial Offices will be consulted in the assessment of relevant bids.
- 3.2 A prospectus has been issued by the UK Government which sets out the approach for the first round of the Fund, which will prioritise bids that can demonstrate investment or begin delivery on the ground in 21/22. The approach identified within the prospectus will remain under review for future rounds. The Fund is open to all local areas. The amount of funding each area receives will be determined on a competitive basis to ensure value for money.
- 3.3 All areas in the UK are able to access the Fund. Specifically, in Great Britain:
 - Unitary authorities (including metropolitan borough councils), London borough councils and district councils in two tier areas in England; and, unitary authorities in Scotland and Wales are eligible to submit bids.
 - County councils with transport powers, combined authorities, mayoral combined authorities and the Greater London Authority (GLA) are eligible to submit one transport bid; and unitary authorities in Scotland and Wales, and unitary authorities in England with transport powers are able to submit one additional bid which must be for transport.
- 3.4 The UK Government expects Members of Parliament, as democratically-elected representatives of the area, to back one bid that they see as a priority. The number of bids that a local authority in the first category 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. Every local authority can submit at least one bid. 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. MHCLG will engage with local government on whether any further guidance would be helpful on who should be designated 'lead bidders' in these circumstances.
- 3.5 The Fund will focus investment in projects that require up to £20m of funding. However, there is also scope for investing in larger high value transport projects, by exception. Bids above £20m and below £50m will be accepted for transport projects only, such as road schemes, and can be submitted by any bidding local authority.

They will be subject to a more detailed business case process and will need to score highly overall. Local authorities may wish to consider pooling funding from their bids in order to improve the chance of taking forward a larger transport scheme.

- 3.6 All bids should have the approval of the relevant authority responsible for delivering them. For example, transport bids submitted by district councils should have the approval of their relevant transport authority. Bidding authorities are encouraged to collaborate with neighbouring authorities on cross boundary schemes and to submit joint proposals across their local areas where appropriate.
- 3.7 All bidding authorities should consult a range of local stakeholders across the full geography of a place in developing their proposed investments for the Fund. Potential relevant local stakeholders and partners include local businesses, public transport providers, police and emergency services, community representatives, environmental representatives and universities and FE Colleges (FECs). Where relevant, bidding authorities should also consider how to reach stakeholders from harder to reach rural communities in formulating proposals. Bids should demonstrate evidence of this overall local engagement as part of their strategic case through stakeholder letters or similar.
- 3.8 The Government recognises the important role of Members of Parliament in championing the interests of their constituents. The UK Government expects bidding authorities to consult local Members of Parliament as part of their bid; though such support from local MPs is not a necessary condition for a successful bid. MPs can have a positive role in prioritising bids and helping broker local consensus. When considering the weighting given to bids, the expectation is that an MP will back one bid which they see as a priority, and any bid may have priority backing from multiple MPs and local stakeholders. But Members of Parliament may also want to support any or all schemes that would have a benefit to their constituencies in the usual way.

4.0 INVESTMENT THEMES IN THE FIRST ROUND OF FUNDING IN 21 / 22 INCLUDING FUNDING AND TARGETING APPROACH.

- 4.1 The first round of the Fund will focus on three themes: smaller 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:
 - Transport investments including (but not limited to) public transport, active travel, bridge repairs, bus priority lanes, local road improvements and major structural maintenance, and accessibility improvements. We are requesting proposals for high-impact small, medium and by exception larger local transport schemes to reduce carbon emissions, improve air quality, cut congestion, support economic growth and improve the experience of transport users.
 - 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 community spaces into town and city centres.

- Cultural investment maintaining, regenerating, or creatively repurposing museums, galleries, visitor attractions (and associated green spaces) and heritage assets as well as creating new community-owned spaces to support the arts and serve as cultural spaces.

- 4.2 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.
- 4.3 The UK Government's Net Zero and wider environmental ambitions represent a key part of the commitment to building back better – and this is particularly important with regards to capital and infrastructure projects, which have a visible impact on our surroundings. Projects should be aligned to and support Net Zero goals: for instance, be based on 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 and nature, as well as the resilience of the capital and infrastructure project to potential hazards such as flooding.
- 4.4 The Levelling Up Fund is a competitive fund, with funding distributed to places across the UK on the basis of successful project selection. The Fund will set aside at least £800 million across Scotland, Wales and Northern Ireland over four years from 2021-2022 to 2024-2025. 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.
- 4.5 Within the competition, funding will be targeted towards places in England, Scotland and Wales with the most significant need, as measured by an index taking into account the following the following place characteristics:
 - need for economic recovery and growth;
 - need for improved transport connectivity; and,
 - need for regeneration.
- 4.6 Using this index, places have been placed into category 1, 2, or 3, with category 1 representing places with the highest levels of identified need. These bandings will form part of the UK Government's criteria for assessing bids. While preference will be given to bids from higher priority areas, the bandings do not represent eligibility criteria, nor the amount or number of bids a place can submit. Bids from categories 2 and 3 will still be considered for funding on their merits of deliverability, value for money and strategic fit, and could still be successful if they are of exceptionally high quality.
- 4.7 In the first round of funding, the UK Government will prioritise projects which are able to demonstrate investment or begin delivery on the ground in the 21 / 22. There will be future opportunities to bid in subsequent rounds. All funding provided from the Fund is to be spent by 31st March 2024, and, exceptionally, into 2024-25 for larger schemes.

5.0 PUTTING TOGETHER PROPOSALS

- 5.1 Local areas are required to take a holistic approach to their infrastructure needs across transport, regeneration and cultural investment when developing their bids. Applications for funding should clearly demonstrate how proposed investments will support relevant local strategies and their objectives for improving infrastructure, promoting growth, enhancing the natural environment and making their areas more attractive places to live and work. Local areas will also need to show why the proposed investment or set of investments represents the highest value local priorities.
- 5.2 Each bid submitted by local institutions can be a bid for an individual project or a package bid consisting of multiple projects. Bids for an individual project or package bids can both request up to £20 million of funding, except in exceptional cases. 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.
- 5.3 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. 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 both within counties, regions and across borders. However, they must not be a disparate package of interventions - as part of the strategic case bidders must demonstrate that joint bids are a cohesive and coherent investment proposal. Any elements of a joint bid that are jointly delivered should be fundamental to the joint bid as a whole and serve to unlock any elements of the bid that are not delivered jointly.
- 5.4 In the case of package bids containing more than one project, bids should come in two parts, covering the following:
- Part I (for the whole overall bid): a summary of the project proposals within the bid (up to a maximum of three projects per bid); and an overall financial case;
 - Part II (for each individual project): the main theme this falls under; summary and strategic link to overall bid; information on deliverability (management, risk, finances, and benefits)
- 5.5 To apply for investment from the first round of the Levelling Up Fund, eligible local institutions must submit their bids to the Ministry of Housing, Communities and Local Government by noon on Friday 18 June 2021. Majority-transport bids will be assessed by the Department for Transport. Bids may also be submitted before this date. It is expected that investment decisions will be made by the UK Government for this funding round by autumn 2021.

6.0 MERTHYR TYDFIL LEVELLING UP FUND APPLICATION

- 6.1 Upon the launch of the UK Government's Levelling Up Programme Merthyr Tydfil CBC gave significant consideration, to the potential projects that could be submitted within the first round of funding. This including schemes aligned to all three themes identified above.
- 6.2 Following the approval by Full Council in 2020 of the Merthyr Tydfil Town Centre Placemaking Plan and The Cyfarthfa Plan, schemes proposed within both masterplans were discussed for submission within the Levelling Up Fund opportunity.
- 6.3 Following numerous discussions internally, and following a detailed review of the criteria outlined within the Levelling Up Fund Prospectus, it was determined and agreed that Merthyr Tydfil CBC were not in a position to submit a proposal by the 18th June 21 deadline, and that further development time would be needed to progress a future application to UK Government.
- 6.4 Work will continue by Merthyr Tydfil CBC over the coming months, to further develop projects in readiness for the future rounds of funding. This includes potential opportunities aligned to the preservation of the Cyfarthfa Furnaces and the signature projects identified within the Merthyr Tydfil Town Centre Placemaking Plan namely, Railway Station Re-development and Glebeland Site Re-development.
- 6.5 Extensive discussions have also been held with Caerphilly Council regarding a joint bid aligned to the Merthyr Tydfil and Rhymney Constituency and discussions have also been held with Gerald Jones, MP. It has been agreed that both local authorities will continue conversations in order to progress with a potential joint bid within a future round. Neither authority will submit a bid for the Merthyr Tydfil and Rhymney Constituency within the first round of funding.

7.0 FINANCIAL IMPLICATION(S)

- 7.1 There are no financial implications for the authority.

8.0 INTEGRATED IMPACT ASSESSMENT

	Positive Impacts	Negative Impacts	Neutral/Not Applicable
1. Merthyr Tydfil Well-being Objectives	3 of 4	0 of 4	1 of 4
2. Sustainable Development Principles - How have you considered the five ways of working? <ul style="list-style-type: none"> • Long term • Prevention • Integration • Collaboration • Involvement 	5 of 5	0 of 5	0 of 5

3. Protected Characteristics (including Welsh Language)	2 of 10	0 of 10	8 of 10	
4. Socio-economic Disadvantage	0 of 6	0 of 6	6 of 6	
5. Consultation and Engagement	Undertaken	Due to be Undertaken	Not Required	
	0 of 1	1 of 1	0 of 1	
6. Data and Evidence to inform the proposal	Yes		No	
	0 of 1		1 of 1	
7. Biodiversity and the resilience of Ecosystems	Maintained	Enhanced	Reduced	Neutral/Not Applicable
	0 of 1	0 of 1	0 of 1	1 of 1
Summary				
The main positive impacts are:	The main positive impacts are the Fund will focus on capital investment in local infrastructure, having a visible, tangible impact on people and places, and supporting economic recovery.			
The main negative impacts are:	No negative impacts have been identified.			

ALYN OWEN
DEPUTY CHIEF EXECUTIVE

COUNCILLOR GERAINT THOMAS
CABINET MEMBER FOR
REGENERATION, TRANSFORMATION
AND COMMERCIALISATION

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.