

Report to Economy, Skills, Transport and Environment Scrutiny Board

8 November 2021

Subject:	Levelling Up Fund
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1 Recommendations

- 1.1 That the Board notes the information in the report regarding the Levelling Up Fund (LUF)
- 1.2 That a further report is considered by ESTE Scrutiny Board prior to any submission to the LUF.

2 Reasons for Recommendations

- 2.1 The council are at initial stages of developing a submission to the LUF and as such detailed information is not yet available to share with Scrutiny.



3 How does this deliver objectives of the Corporate Plan?

	Quality homes in thriving neighbourhoods – investment to bring forward underutilised sites will help support additional housing provision particularly in town centres.
	A strong and inclusive economy – investment through the LUF will provide opportunities for job creation, skills and employment, as well as opportunities for the local supply chain supporting the economy.
	A connected and accessible Sandwell – investment into transport and connectivity will improve accessibility for Sandwell residents to services and jobs.

4 Context and Key Issues

4.1 Purpose of report

- 4.2 To provide an overview of the Levelling Up Fund (LUF), the prospectus for which was launched on 3rd March 2021, committing an initial £4.8 billion for England over the next four years (up to 2024-25).
- 4.3 To note that funding will be delivered through local authorities and the amount of funding each area receives will be determined on a competitive basis to ensure value for money. Where appropriate, Government 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. For Sandwell this would be the West Midlands Combined Authority.
- 4.4 To note that Local authorities can only have one successful bid for each of their allocated number of bids over the lifecycle of the Fund. Local authorities were encouraged in the prospectus to consider whether bids that they wish to submit for the first round of the Fund reflect their local priorities, or if they should wait until later rounds so that they have more time to consider and develop their proposals. The deadline for the first round of the LUF was 18th June 2021. In light of the guidance outlined above, Sandwell, along with Dudley and Walsall, did not submit to the first round of funding.



4.5 To note that in order to ensure projects are delivered to programme and budget, Government encourage bids to include a local financial contribution representing at least 10% of total costs. A contribution will be expected from private sector stakeholders, such as developers, if they stand to benefit from a specific project.

4.6 Context, key information and key issues

4.7 The prospectus set out the approach for the first round of the Fund. No further guidance has been published around the second round of funding and therefore this report sets out information from March 2021. It is likely that a large majority of the principles set out in the prospectus will be applicable to the second round of funding, but it should be recognised that there remains potential for change.

4.8 All funding provided from the Fund is to be spent by 31 March 2024, and, exceptionally, into 2024-25 for larger schemes.

4.9 The LUF is a competitive fund, distributed to places across the UK on the basis of successful project selection. Funding will be targeted towards places with the most significant need, as measured by an index taking into account the need for economic recovery and growth; improved transport connectivity; and regeneration.

4.10 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. The categories form part of the criteria for assessing bids, and 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. Sandwell is a Category 1 area.

4.11 Bids should be developed through a holistic approach to their infrastructure needs across transport, regeneration and cultural investment. 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.



4.12 The first round of the Fund sought proposals which support high priority projects that will make a visible impact in local areas, focusing on three themes:

<p>Transport Investments</p>	<p>Public transport, active travel, bridge repairs, bus priority lanes, local road improvements and major structural maintenance, and accessibility improvements. Proposals expected 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.</p>
<p>Regeneration & Town Centre Investment</p>	<p>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.</p>
<p>Cultural Investment</p>	<p>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.</p>

4.13 The Government recognises investment local transport projects can play a pivotal role in enhancing local places, by upgrading bus and cycling infrastructure to improve access to jobs whilst supporting cleaner air and greener, healthier travel, targeting local road enhancements at congestion pinch points, and repairing bridges to ensure that communities aren't isolated from key services. Their typically high value for money credentials, well-formulated bids for local transport are likely to score highly on at least the value for money assessment criteria.

4.14 **Potential Key Transportation opportunities** for Sandwell include; investments in new or existing cycling provision; improved priority for local bus services (e.g. bus priority lanes or signal priority at junctions); enhanced public transport facilities, such as bus stops and stations;



accessibility improvements to local transport networks for disabled people; enhancements and upgrades to local road networks (e.g. by passes and junction improvements); structural maintenance works to local roads, including bridges; multi-modal proposals which combine two or more interventions to enhance transport across modes.

- 4.15 The Government recognises changing consumer behaviour made even more apparent by the impact of COVID-19 has had a detrimental impact on town centres. The regeneration pillar of Levelling Up Fund seeks to build on the investments made so far through the Towns Fund to help communities transform derelict, vacant or poorly used sites into vibrant commercial and community hubs that local people can be proud of.
- 4.16 **Potential Key Regeneration opportunities** for Sandwell include clearing derelict or eyesore sites to make way for new developments; site acquisition and remediation of abandoned or brownfield sites, for both commercial and new residential use; improving the public realm including high streets, parks and green spaces, designing out opportunities for crime and anti-social behaviour; creating better connectivity between and within key retail and leisure sites; and putting forward ‘Town Deals’ for individual or groups of smaller towns that did not receive investment from the Towns Fund.
- 4.17 The Government recognises that investment in cultural assets can rejuvenate places, leading to positive economic and social outcomes at a local level and supporting the development of relationships between people and place can have a positive impact on both mental and physical health. Cultural projects are to work in synergy with the regeneration and town centre investment theme of the Fund. Such investments should therefore be driven by an evidenced place-sensitive need or opportunity and have clear outcomes that align with areas’ vision for place-based economic and social development, as well as the health and wellbeing of local people.
- 4.18 Proposed cultural investments should actively complement, rather than duplicate or compete with funding already delivering or set to deliver in their areas i.e. the Heritage High Streets Fund. Where appropriate, the UK Government will seek advice from the devolved administrations as part of bid assessment in their geographic areas on shortlisted projects, regarding alignment with existing provision.



- 4.19 **Potential Key Culture opportunities** for Sandwell include; upgrading and/ or creating new cultural and creative spaces including sports or athletics facilities, museums, arts venues, theatres, libraries, film facilities, prominent landmarks or historical buildings, parks or gardens; new, upgraded or protected community hubs, spaces or assets (and associated green spaces); acquiring and refurbishing key cultural and heritage sites and historic buildings.
- 4.20 The Government's Net Zero and wider environmental ambitions are particularly important with regards to capital and infrastructure projects, which have a visible impact. Therefore, 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.
- 4.21 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 natural assets and nature, as well as the resilience of the capital and infrastructure project to potential hazards such as flooding.
- 4.22 Capacity funding of £125,000 has been allocated to local authorities most in need of levelling up in England, including Sandwell. The primary intention is supporting the relevant local authorities to develop their bids for later rounds of the Fund (Second round onwards).
- 4.23 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. Each bid submitted can be for an individual project or a package bid consisting of multiple projects. However, package bids can have up to two or three projects only (*Government website LUF FAQ's, last updated 11th June 2021*). Bids for an individual project or package bids can both request up to £20 million of funding. Package bids must demonstrate how their elements align 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.
- 4.24 Bids will be accepted for larger transport schemes, by exception, such as investments in the road network. Such bids will need to be between £20m and below £50m and can be submitted by any bidding local authority.



However, they will be subject to a more detailed business case process and will need to score highly overall.

- 4.25 Government expect bidding authorities to consult local MPs as part of their bid; though such support from local MPs is not a necessary condition for a successful bid. 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.
- 4.26 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. Sandwell has four MPs with one that is split between Rowley Regis and Halesowen.
- 4.27 Bidding authorities should consult a range of local stakeholders across the full geography of a place, these include local businesses, public transport providers, police and emergency services, community representatives, environmental representatives and universities and FE Colleges (FECs). Bids should demonstrate evidence of this overall local engagement as part of their strategic case through stakeholder letters or similar.
- 4.28 It is expected that local authorities submitting multiple bids are to spread these fairly and equitably within the authority boundary and across their full range of constituencies, targeting pockets of deprivation as appropriate.
- 4.29 Once funding awards are decided, relevant local institutions are responsible for their delivery. Further contributions from the Fund will not be provided to meet cost overruns after funding has been agreed.



4.30 WMCA Transport LUF Bid

- 4.31 As a Mayoral Combined Authority, WMCA was eligible to submit one bid to the first round of funding of the Government's Levelling Up Fund by 18th June 2021 in the £20m - £50m category. This is in addition to any bids individual Local Authorities make based on parliamentary constituencies. The success or otherwise of the WMCA bid would have no bearing on those individual LA bids.
- 4.32 The WMCA with support from Sandwell, and, following endorsement from West Midlands Leaders submitted a £50m bid for upgrades to the West Midlands Metro Line One depot (at Wednesbury), as an essential "foundation for growth" of the Metro network expansion across the West Midlands.
- 4.33 The £50m comprises £34m for new depot capacity, £12m for traction power upgrades and £4m for supporting further asset renewal, essential maintenance on the existing line. The project is necessary to underpin the current £750m Metro network expansion across the West Midlands with new lines and increased tram fleet.
- 4.34 The bid is being considered by Government and an announcement is awaited. However, if approved this will be £50m investment into facilities at the existing Wednesbury depot improving infrastructure and providing additional employment opportunities for local people.

5 Implications

Resources:	<p>Significant staff resources will be required to develop the LUF submission and maximise Sandwell's opportunities.</p> <p>The fund is a capital fund and there is a need to ensure 10% match funding contribution. It is likely that some of this may need to be from Council capital if alternatives cannot be secured.</p> <p>£125,000 capacity funding has been received which can be used to help develop the business cases required as part of the submission.</p>
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Legal and Governance:	Governance arrangements for the development of the LUF are to be determined. The Council's standard Governance procedures shall apply in relation to the submission of funding bids and the requirements for decisions to be taken at Cabinet.
Risk:	Existing staff resources are heavily focused on delivering the £67.4m Towns Fund. To mitigate additional funding has been secured to appoint temporary additional resources to support this programme. It should be noted that skilled resource in the regeneration field is restricted due to the current demand in this field.
Equality:	Each project will be assessed separately.

6 Appendices

None

7. Background Papers

Levelling Up Prospectus, March 2021.

