

North Somerset Council

Report to the Council

Date of meeting: 19th July 2021

Subject of report: Submission of bid to Levelling Up Fund

Town or Parish: Weston-super-Mare

Officer/Member presenting: Cllr. Mark Canniford, Executive Member for Economy

Key Decision: No

Reason: Council decision

Recommendations

- To retrospectively approve the submission of a bid to the government's Levelling Up fund, in support of the delivery of SuperWeston Placemaking Strategy objectives and to a value of £14,893,438, matched by local funding of £2,930,582 as set out in paragraph 3.2.6 below.

1. Summary of report

1.1 This report requests retrospective authority to submit a bid to the government's Levelling Up fund to support placemaking and regeneration in Weston-super-Mare.

2. Policy

2.1 These recommendations support delivery of the Corporate Plan priority of creating a Thriving and Sustainable Place and delivery of the vision and objectives set out in the SuperWeston Placemaking Strategy adopted in September 2020.

2.2 Projects are in line with the commitments of the Economic Plan adopted October 2020 and will be delivered in line with the council's Development Plan and relevant Supplementary Planning Guidance.

3. Details

3.1 Levelling Up Fund

3.1.1 On 3rd March 2020, Government published details of its Levelling Up Fund. The fund aims to "*invest in local infrastructure that has a visible impact on people and their communities*" in order to tackle the economic differences between different parts of the UK, "*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*". The Fund is jointly managed by HM Treasury (HMT),

the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT).

3.1.2 The fund invited local authorities to bid for funding of up to £20m each. Projects that could be put forward were:

- Transport investments: 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.

3.1.3 Authorities across the UK were categorised as priority levels 1, 2 or 3 according to their assessed level of need, based on the following data sources:

- Need for economic recovery and growth:
 - Productivity, measured using gross value added (GVA) per hour.
 - 16+ unemployment rate.
 - Proportion of the working-age population without a national vocational qualification (NVQ).
- Need for improved transport connectivity: average journey times to employment centres by car, public transport and bike.
- Need for regeneration: commercial and dwelling vacancy rates.

3.1.4 There are 123 authorities in each of the levels. Priority level 1 areas were awarded £125,000 capacity funding to develop substantial bids that could be awarded a share of £3.4bn in future rounds of funding starting from next year.

3.1.5 North Somerset was categorised as a priority level 2 area as a result of the assessments. The bid documentation states that bids from areas outside of priority level 1 “*could still be successful if they are of exceptionally high quality*”, with the guidance implying that this will be from an initial round of £600m this financial year. Bids will be assessed according to:

- Deliverability: with a requirement to demonstrate investment or begin delivery on the ground within the 2021 – 22 financial year and to complete all expenditure by March 2024.
- Strategic fit against national and local priorities.
- Value for money.

3.1.6 Bids were required to be submitted by noon on Friday 18th June 2021. Funding decisions are expected from the autumn of this year. There will be several rounds of bidding, but future rounds may be more rather than less competitive, as Priority Level 1 areas are likely to bid in the later rounds.

- 3.1.7 Authorities were permitted to make more than one bid, with a total combined value of no more than £20m and capped according to the number of Members of Parliament whose constituencies fall wholly within the local authority area. In the case of North Somerset Council this would have represented two bids. The bid documentation emphasised the need for engagement with local MPs as part of preparing a submission, and there is a strong implication that MP support will be important in the decision-making process. MPs can choose to back all of the bids within their area, but the guidance asks them to prioritise their preferred bid.
- 3.1.8 Bidders were encouraged to focus on a small number of larger projects, with a maximum of three projects per bid within the funding envelope of £20m. Fund Guidance also encouraged bids to include a local financial contribution representing at least 10% of total costs, as a commitment to deliverability and to enhance the value for money of government contributions.
- 3.1.9 As North Somerset is in the category 2 level of priority for this fund, it was felt unlikely that two separate bids would be successful. Bids can only be submitted once – if unsuccessful they cannot be resubmitted to future rounds.

3.2 North Somerset Council bid

- 3.2.1 North Somerset Council's bid is focused on Weston Town Centre and seafront. Due to the deadline for the bid, this was submitted on 18th June as required. The Council is asked to retrospectively approve the submission. The full bid documentation is lengthy so is not appended to this report, but is available to elected members to view on request.
- 3.2.2 The focus on Weston town centre and seafront was chosen due to its close match with the funding criteria, including:
- High levels of deprivation and disadvantage: eight Local Super Output Areas (LSOAs) in Weston are within the most deprived 10% in England, with the Argyle Avenue, Byron Road and Alfred Street areas within the most deprived 2%. Health and employment are particular concerns.
 - An agreed strategy for change (the SuperWeston Placemaking Strategy), based on extensive community engagement and with delivery supported by a strong cross-sector partnership.
 - A series of identified, high profile projects deliverable within the required timelines, specifically a start on site this financial year and completion by 31st March 2024.
 - The availability of match-funding through existing projects and partner contributions.
- 3.2.3 Analysis by the Business Intelligence Team suggested that Weston, if it had been treated as a local authority in its own right, would be comparable with Priority 1 areas such as Scarborough, Folkstone & Hyde, and Sedgemoor. The council is actively lobbying government, including through its local MPs, to recognise this comparability and to prioritise the area for funding on that basis.
- 3.2.4 North Somerset's bid is centred on delivery of the agreed SuperWeston Placemaking Strategy, focusing on key schemes at Weston's seafront and town centre that are

deemed to be transformational but deliverable within the required timescales, and in line with the following themes:

- **A year-round destination:** The transformation of Birnbeck Pier and the Tropicana, bookmarking the north and south of the seafront to create “must visit” destinations. At the Tropicana, investment will create an 8,000 capacity outdoor events facility, coupled with flexible spaces for cultural and creative economy uses. At Birnbeck, funding will support the restoration and bringing back into use of the pier by the RNLI.
- **Reinventing the town centre:** delivery of phase 2 of the Sovereign Centre (“Weston General Stores”) business case as agreed by the Executive in February 2021. The creative reuse of vacant spaces within this centre will build on funding secured through the Getting Building Fund to create job opportunities, build social and economic resilience, and become a beacon of sustainable activity and vibrancy through a new space for food and drink, trading and bike hub.
- **Building connections:** wayfinding improvements to drive footfall of Weston’s 5m visitors and local residents to the re-imagined high street and seafront destinations, inviting them to re-discover what the ‘new’ Weston has to offer. This will include making more of the routes from the station to the seafront and town centre, and of links to the South West coastal routes due to open next year.

3.2.5 The title of the bid is “If not now, when? – a Levelling Up Fund bid for the future of Weston-super-Mare”. This title is taken from the graffiti shown in the photo below. It is intended in part to reflect the desire of local communities to see rapid progress, but also the opportunity of this moment in time, post-Covid, and with a renewed energy from the Placemaking Strategy, to make lasting change.



3.2.6 The split of funding requests and match-funding proposals are as set out in the table below:

Project	LUF funding requests	Match-funding	Match-funding source	Total
Tropicana: arena and creative industry space	£6,072,000	N/a	N/a	£6,072,000
Birnbeck: restoration and re-opening for public access	£2,755,038	£980,782	RNLI	£3,735,820
Sovereign Centre / high street	£4,403,200	£1,765,000	Getting Britain Building Fund (£1.7m) + NSC capital programme commitment to phase 1 works (£65k)	£6,168,200
Wayfinding and connectivity	£1,663,200	£184,800	NSC capital programme commitment: attributed from Alexandra Parade scheme	1,848,000
Total	£14,893,438	£2,930,582		£17,824,020

3.27 Match-funding sums from NSC represent committed monies from current projects and do not therefore require further approvals.

3.28 These schemes complement a range of other activity already happening in Weston, including the restoration of Marine Lake, South West coastal path links, town centre 'Welcome Back' activity, and the Alexandra Parade improvements.

3.29 The schemes are designed to ensure a more economically and environmentally sustainable future for the projects:

- At the Tropicana, the expansion of the site's capacity to 8,000 people opens up significant new markets and opportunities for events and performances. Discussions are underway with a range of potential partners interested in taking on the operation of the site once works are complete.
- At Birnbeck Pier, the council is working closely with Historic England and the RNLI, with the latter expected to take the site on and deliver the works. The funding from the LUF will allow early stages to move forward and to close the overall funding gap.
- The business case for the Sovereign Centre / Weston General Stores was agreed by the Executive in Feb 2021. Phase 1 is already progressing with support from the Getting Britain Building Fund; the LUF money will deliver phase 2. Please see meeting reports at <https://n->

somersemodern.gov.co.uk/ieListDocuments.aspx?CId=152&MId=647&Ver=4
for further details.

- Wayfinding improvements will help guide residents and businesses to the new destinations and to other locations within the town that might otherwise be missed, increasing footfall and overall trade. They will also help improve the public realm around potential future development sites, assisting in efforts to attract investment.

3.30 The overall Benefit to Cost Ratio of the bid is calculated as 2.55, which is typically classified as “good”. Amongst other benefits, projects are expected to create 120 construction jobs and 127 long-term jobs.

4. Consultation

4.1 The Levelling Up Fund bid is based on key projects identified through the development of the SuperWeston Placemaking Strategy (see <https://superweston.net/>). This included extensive engagement activity with more than 5,000 responses from residents, businesses and visitors.

4.2 At the launch of the Levelling Up Fund, an e-mail was sent from Jo Walker to all elected members explaining the intended focus on Weston and inviting suggestions for project bids. Two responses were received; one related to a transport scheme outside of the town centre which was felt to fit better with other funding streams; the other offered an extensive list of suggestions for the town centre and seafront, some of which have been incorporated into this bid. The councillors in question have been contacted to explain this position.

4.3 Progress on the bid has been reported regularly at informal meetings of the Executive and to a fortnightly working group meeting of Cllr. Don Davies, Cllr. Mike Bell, Cllr. Mark Canniford and Cllr. Mark Solomon as the relevant Executive Members for the bid (and also representing local wards).

4.4 Stakeholder engagement has taken place with key partners including Weston College, the North Somerset Enterprise Agency, Culture Weston, the RNLI, local businesses, the Town Council and the Business Improvement District. Approaching 50 letters of support have been received from business and community organisations.

4.5 Local MPs for Weston and North Somerset have been briefed and are very supportive. They have provided letters of support to the bid and have committed to further lobbying activity to promote the proposed investment.

5. Financial implications

5.1 The preparation and submission of the bid required completion of a lengthy business case including economic and technical assessments to HMT Green Book standard. In addition to officer time, this was supported by Inner Circle consultants at a cost of £21,367. Legal advice on potential State Aid implications was sought at a cost of £2,000. These costs were met from Corporate Reserves.

5.2 If successful, the bid will secure capital income of £14.89m. The council would be required to commence spending within the current financial year and to complete

expenditure by 31st March 2024. Projects have been selected and designed in line with this timescale.

- 5.3 Bid guidance recommends match-funding of 10% from local sources. In the case of NSC's bid, the total commitment is £2.93m (16.4%), as detailed in the table at paragraph 3.2.6 above.
- 5.4 Income from the Levelling Up fund is unlikely to cover all aspects of project development and delivery – for example, it is likely to exclude officer costs. In the event that the bid is successful, further reports and decisions may be needed to authorise appropriate resourcing.
- 5.5 In submitting the bid, the council's 151 officer was required to confirm on behalf of the council its commitment that it:
- Has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution.
 - Accepts responsibility for meeting any costs over and above the UK Government contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties.
 - Accepts responsibility for meeting any ongoing revenue requirements in relation to the scheme.
 - Accepts that no further increase in UK Government funding will be considered beyond the maximum contribution requested and that no UK Government funding will be provided after 2024-25.
 - Confirm that the authority commits to ensure successful bids will deliver value for money or best value.
 - Confirms that the authority has the necessary governance / assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to.
- 5.6 These commitments are now a standard requirement of government funding. They entail a degree of risk for the council in the event that project costs increase. To mitigate this risk, an allowance for 10% contingency has been made in the funding requests for each project. Projects have been designed so that, if required, some elements could be de-scoped, although this would impact on the outputs and outcomes achievable.
- 5.7 As set out in paragraph 3.28, the interventions proposed by the bid are designed to ensure more economically sustainable models of operation for the various projects and to minimise ongoing management and maintenance costs for the council and other parties involved.

6. Legal powers and implications

- 6.1 There are no direct legal implications from the decisions recommended in this report.
- 6.2 The legal implications for any scheme brought forward through Levelling Up Funds will be addressed in more detail on a project by project basis with decisions taken in line with the constitution.

- 6.3 Early legal advice was sought in cases where specific concerns were identified about potential Subsidy Control (State Aid) issues. It was concluded that Subsidy Control requirements did not apply, or were satisfied, for the following reasons:
- Birnbeck Pier: transfer of grant to RNLI: legal advice concluded that Subsidy Control does not apply, as the RNLI is not an economic actor or participating in economic activity in relation to the Pier.
 - Sovereign Centre: previous advice on the business case and Getting Britain Building Fund concluded that, as the benefits of the works would be made available on terms available to all interested parties, this would satisfy Subsidy Control requirements.
 - Subject to compliance with procurement regulations in selecting an operator, the advice applicable to the Sovereign Centre would also apply to works at the Tropicana.
 - Wayfinding: these works will take the form of public open infrastructure, which are not subject to Subsidy Control.

7. Climate change and environmental implications

- 7.1 Government guidance on the Levelling Up fund states that 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 capital and infrastructure project to potential hazards such as flooding.
- 7.2 The SuperWeston Placemaking Strategy sets “Carbon Neutral Weston” as an objective. Any projects brought forward through the Levelling Up fund will seek to achieve the highest possible standards of sustainability including through procurement exercises and the setting of appropriate standards for development and delivery. Specific examples include:
- Promoting sustainable transport through wayfinding measures that encourage walking, cycling or use of bus or rail.
 - Measures to improve the energy performance of the Tropicana and potentially the Sovereign Centre.
 - The use of sustainable construction materials and methodologies.
- 7.3 Further reports and assessments will be provided as and when the projects move forward.

8. Risk management

- 8.1 Key risks and mitigation for this bid are summarised below. Each project will be subject to more detailed individual risk assessments in support of the high-level programme assessment, and the risks monitored through the council’s Capital Board.

Ref	Risk	Mitigation
1	Failure to secure grant	Advice has been sought from government contacts and specialist consultants in preparing the bid. A programme of lobbying activity is proposed to take place over the summer.
2	Grant award is lower than the requested amount	In the first instance, the council would review whether any further funding was available, either through pushing back in relation to this funding stream, through discussion with partners such as Historic England, or through its own resources. If no further funding is available, a prioritisation of interventions would be needed. Whilst this would lead also to a reduction in benefits, schemes are constructed of a package of smaller interventions and it would be possible to de-scope some of the works.
3	Cost increases	Funding requests have allowed 10% per project as contingency. In the event that costs increased above this amount, the mitigations listed in (2) above would apply.
4	NSC is unable to provide its match-funding commitments	Commitments stem from existing approved projects within the capital programme and are relatively low amounts.
5	Third party match-funding is withdrawn	<p>Letters from the RNLI and WECA have confirmed their commitment to match-funding of the Birnbeck and Sovereign Centre schemes. In the event of the organisations withdrawing funding, this is likely to indicate a more fundamental issue with the schemes.</p> <p>Match-funding is encouraged, but is not a requirement of Levelling Up funding; if the amount available was reduced this would need to be discussed with government to agree a way forward.</p>
5	Expenditure cannot commence within financial year as required by funding	<p>The range of projects and sub-projects mean that it is unlikely the council would not be able to incur at least a small amount of spend within year.</p> <p>The most likely cause of such a risk would be a delay in funding announcement, in which case a request would be made to government to delay spend requirements accordingly.</p>

Ref	Risk	Mitigation
6	Projects/expenditure cannot be completed by the required end date of 31 st March 2024	<p>Project governance will be established to ensure that projects can be delivered within timescales, with regular monitoring through the council's Capital Board.</p> <p>The nature of schemes as a conglomeration of smaller elements means that any residual underspend by 2024 should be de minimus.</p> <p>Project-specific risk registers will be created to oversee this risk and to fully map and manage the associated dependencies.</p>

9. Equality implications

Have you undertaken an Equality Impact Assessment? Yes (available on request)

9.1 An initial Equalities Impact Assessment has been carried out in support of NSC's Levelling Up bid. This has identified significant positive benefits for people from groups with one or more protected characteristics and/or other individuals facing disadvantage, including:

- Improved access to facilities and across the town for people with disabilities, or other people with mobility issues.
- Improved signage for those with visibility impairments.
- Improved economic opportunities and support (jobs and training) for those on a low income, and/or for individuals from groups with protected characteristics that statistically are likely to have a low income.
- Improved health and wellbeing benefits, including mental health benefits, through encouraging access to the open air and facilities of Weston seafront and town centre.

9.2 These benefits are particularly significant in the context of the data showing high levels of deprivation and disadvantage in Weston, specifically issues in relation to health and employment. Opportunities arising from the scheme – such as employment and training opportunities – will seek to target groups known to be disadvantaged or otherwise unable to easily access the employment market.

9.3 Individual projects within the bid will be subject to more detailed EIAs as part of standard project governance requirements. These will seek to ensure that any negative impacts are addressed and the positive impacts maximised.

10. Corporate implications

10.1 The recommendations of this report support delivery of the Corporate Plan priority of creating a Thriving and Sustainable Place and delivery of the vision and objectives set out in the SuperWeston Placemaking Strategy adopted in September 2020.

10.2 The selection of bid proposals, and potential delivery of projects detailed in this report are likely to have implications a wide range of council services and functions.

Project groups and briefings will ensure representation from all relevant directorates and teams.

11. Options considered

- 11.1 Not to submit a bid to the Levelling Up Fund: this is not recommended, as it would rule out the possibility of securing up to £20m funding. There are limited large-scale funding opportunities of this type which offer placemaking funding for town centres.
- 11.2 To submit two Levelling Up bids for different areas of North Somerset, or to submit bids for areas other than Weston: areas outside of Weston are felt less likely to meet the criteria of this funding stream. As North Somerset is in the category 2 level of priority for this fund, it is felt unlikely that two separate bids would be successful and better to focus energy and resources on maximising the chances of a single bid. The preparation of bids is time-consuming and incurs expense in terms of officer time and in commissioning specialist inputs. If two bids are submitted, the total amount of funding available would remain capped at £20m.

Author:

Jenny Ford, Head of Development

Appendices:

N/a

Background papers:

- “If not now, when? – A Levelling Up Fund Bid for the future of Weston-super-Mare”: application form and appendices available to on request from jenny.ford@n-somerset.gov.uk
- SuperWeston Placemaking Strategy: https://superweston.net/wp-content/themes/superweston-holding/pdf/prospectus_weston_super_mare.pdf
- Levelling Up Fund Prospectus: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/966138/Levelling_Up_prospectus.pdf
- Levelling Up Prioritisation Methodology: <https://www.gov.uk/government/publications/levelling-up-fund-additional-documents/levelling-up-fund-prioritisation-of-places-methodology-note>