

**UK LEVELLING UP FUND**

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**1.0 HEADLINES**

- 1.1 The purpose of this report is to provide members of the Policy and Resources Committee with an update on the UK Levelling UP Fund and the proposed timeline for an Argyll and Bute Council bid to this fund.

**2.0 RECOMMENDATIONS**

- 2.1 Members of the Policy and Resources Committee are asked to:
- Note the content of this report and agree that the Council claim the £125,000 funding to be used to develop two quality bids for a future call for applications.
  - Instruct Officers to bring back a report to Policy and Resources Committee once ideas for future bids have been developed to a stage that require political oversight.

**3.0 DETAIL**

- 3.1 The UK Levelling Up Fund (UKLUF) was announced on 3<sup>rd</sup> March 2021 as part of the UK Budget process, and the UK Government Levelling Up agenda. It was one of three new UK wide funds launched using the powers conferred to the UK Government through Sections 50 and 51 of the UK Internal Market Act 2020.
- 3.2 It is a UK wide £4.8 billion capital fund which will support investment projects with up to £20 million of funding, although there is scope for investment in larger high value transport projects up to £50m. The fund will run for four years until 2024/2025 with potential for projects to be delivered until 2026.
- 3.3 The closing date for the first round of funding is 18 June 2021 and will focus on three themes:
- smaller transport projects that make a genuine difference to local areas (or larger transport schemes such as road network investments);
  - town centre and high street regeneration; and
  - support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets.
- 3.4 A sum of at least £800 million will be allocated to Scotland, Wales and Northern Ireland over the lifetime of the fund. For the first round of funding, at least 9% of total UK allocations will be set aside for Scotland.

Bids in Scotland can be submitted by any local authority, with the number of bids being dependent on the number of MPs in each area. An additional bid can be submitted for a transport bid.

- 3.5 Bids and constituent projects should have the support of local stakeholders and partners. They should be consulted and bids should be developed with their inclusion.
- 3.6 Bids should also have local MP support and decisions on successful bids will be made by the UK Government.
- 3.7 There is a system of geographical prioritisation whereby the UK Government has devised an index that puts each local authority into one of three categories of need. The indicators used relate to:
  - economic recovery and growth;
  - improved transport connectivity; and
  - regeneration.
- 3.8 Argyll and Bute has been placed in the second priority category.
- 3.9 During a meeting which took place between Argyll and Bute Council officers and civil servants involved in the UK Levelling Up Fund, it was confirmed that the criteria for the current call for applications could potentially change in subsequent rounds of funding. This is due to the current guidelines being kept under review, and to reflect operational feedback.
- 3.10 The expectation from the UK Government is that projects applying for the first round of funding are advanced in their development and 'shovel ready'. There are many authorities that will not be able to submit a bid in the first round as projects are not sufficiently developed, which is the case for Argyll and Bute.
- 3.11 Each Local Authority in Scotland can claim £125,000 to develop quality bids. The £125,000 offered to develop quality bids will be claimed as soon as possible in order that we can progress being ready for a future round of funding. It is extremely important that we have a competent bid as we currently understand we only get one chance and if the bid is not robust enough then it may not be approved.
- 3.12 In terms of Town Centre Recovery projects there will be a focus on building on our previous regeneration investments and expanding this to tackle prominent derelict buildings and looking to repurpose them for different Town Centre projects across Argyll and Bute. This bid could be up to £20m.
- 3.13 In terms of Transport there will need to be a focus on assets we control and linked to our agreed transport priorities. This will involve a package of asks all linked to the strategic priorities of growing our economy and dealing with our population loss challenges. This bid could be up to £50m.
- 3.14 The Council do not have sufficient projects that are sufficiently advanced

to submit by the 18 June 2021 deadline and therefore officers are recommending that the Council wait for a future bidding round to submit an application and in the meantime draw down the £125,000 funding to help develop a future bid that will satisfy UK treasury 5 business cases.

3.15 The benefits and risks associated with developing a bid for the 18 June deadline or waiting until a future round are noted as follows:

#### 18 June 2021 deadline

- This is the first round of funding, and with the very short timeframe to develop projects, the demand for funding may not be as high as future rounds of funding; and
- Applications are expected to be for well-developed projects which show they can deliver. Realistically the timeframe is too short to develop a competent bid to meet the first round of funding deadline.
- As the bids for the 18 June 2021 deadline are expected to already be developed (shovel ready), the Council would be unable to access the £125,000 funding to support the development of a bid.

#### Future Bid

- Waiting for future calls for this fund to open will give officers more time to develop high quality bids that have a greater chance of being successful;
- The Council can claim £125,000 to develop a future bid.
- Will enable wider Member and possibly community involvement as more time to select and develop bid.
- There is a risk that future calls are more competitive due to less funding being available; and
- An additional risk is that the criteria for the call changes meaning and any time and effort put into bids based on the original criteria, could potentially be partially or fully lost.

## **4.0 CONCLUSION**

4.1 This report provides Members with information on the new UK Levelling Up Fund which has a first round bid deadline of 18 June 2021. As the Council do not have sufficient projects that are advanced and are shovel ready, officers are recommending that the Council wait for a future bidding round to submit an application.

## **5.0 IMPLICATIONS**

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| 5.1 Policy    | Aligns with the council's new Economic Strategy.  |
| 5.2 Financial | Competitive opportunity for Argyll and Bute to lever in funding from the UK Government. There is no guarantee of funding. |
| 5.3 Legal     | All appropriate legal implications will be taken into   |

5.4 HR	consideration including adherence to the new UK Subsidy Control regime. None at present.
5.5 Fairer Scotland Duty	The Fairer Scotland Duty, Part 1 of the Equality Act 2010, came into force in April 2018. The duty places a legal responsibility on particular public bodies in Scotland, such as Argyll and Bute Council, to pay due regard to (actively consider) how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions and how this has been implemented.
5.6 Equalities	All activities will comply with all Equal Opportunities/Fairer Scotland Duty policies and obligations.
5.7 Socio-economic Duty	Focus will be given to removing socio-economic disadvantage for vulnerable residents across Argyll and Bute.
5.8 Islands	The bid will be for the whole of Argyll and Bute including the island communities.
5.9 Risk	There is a risk over the timing of the bid. Information on risks is outlined in paragraph 3.15.
5.10 Customer Service	None.

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4 May 2021**

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