
NORTH AYRSHIRE COUNCIL

2 November 2021

Cabinet

Title: Levelling Up Fund – Round 2

Purpose: To update Cabinet on the UK Government Levelling Up Fund and to seek agreement to Officers finalising and submitting an appropriate Round 2 bid based on Commercial Estate Development and associated Low Carbon Infrastructure.

Recommendation: That Cabinet:

- a) Notes the progress to date on the previously agreed submissions to the Levelling Up Fund;
- b) Notes that Officers have continued to develop a potential second round bid with South Ayrshire Council centred on Commercial Estate Development and associated Low Carbon Infrastructure;
- c) Agrees to the finalisation and submission of a proposed Round 2 bid together with an associated business case, to the UK Government totalling up to £40m with South Ayrshire Council (maximum £20m per Authority); and
- d) Notes that 10% (up to £2m) match funding will be required and will be met from existing capital resources.

1. Executive Summary

1.1 The Levelling Up Fund (LUF) is a £4.8 billion capital investment fund to support town centre and high street regeneration, local transport projects, and cultural and heritage assets. North Ayrshire Council has been identified as a 'priority one' area and has been allocated up to three applications. This is comprised of one application per UK parliamentary constituency and one transport application.

1.2 In June 2021, Cabinet approved the submission of two applications to the first round of funding which included the proposed B714 Upgrade and the Gateway to the West Coast and Clyde Islands strategic regeneration package bid. The report agreed by Cabinet also noted the intended development of a further application with South Ayrshire Council for the Central Ayrshire constituency which covers the two Authorities.

1.3 Definitive timescales for the submission and consideration of the Round 2 bids are still awaited with an anticipation of an Autumn 2021 date. Although details of submission dates are still awaited, it is expected that there will be a challenging turnaround time from date of announcement to actual bid submission. Officers therefore continue to

develop a joint bid with South Ayrshire Council whilst awaiting confirmation of submission timescales. The proposed application and business case being developed as part of the bid preparation are based on Commercial Estate Development and associated Low Carbon Infrastructure at sites within the Central Ayrshire constituency at Irvine and Prestwick. The proposals which are located within North Ayrshire align to the adopted North Ayrshire Regeneration Delivery Plan approved by Cabinet in March 2021.

2. Background

- 2.1 The UK Government's £4.8 billion Levelling Up Fund (LUF) aims to invest at least £800 million in Scotland, Wales and Northern Ireland. North Ayrshire has been identified as a 'priority one' category authority given our socio-economic and connectivity challenges. This is however a competitive bidding process against other local areas and the Council requires to put forward high-quality, detailed and compelling business cases which meet the Fund's criteria.
- 2.2 The LUF focusses investment on projects funding across three themes: town centre and high street regeneration; local transport; projects and maintaining or explaining cultural and heritage assets. Applications can be submitted for up to £20 million per authority bid or in exceptional cases up to £50m for a strategic transport project. Cabinet approved the submission of the B714 Upgrade and West Coast and Clyde Islands strategic regeneration package bids on 15 June 2021. The applications were submitted to UK Government on 18 June 2021. The outcome of these applications is anticipated in Autumn 2021. Limited feedback has been received on the two bids submitted to date.
- 2.3 It is expected that the next round of funding will also open for submissions in Autumn 2021 however a definitive date has yet to be confirmed. Recent guidance indicates that this will include updated guidance and application processes. It is anticipated that this will follow the approach of prioritising projects which are able to demonstrate early investment or delivery. UK Government officials have stated the intention is to better align future rounds with financial years.
- 2.4 The identification of prospective projects for the Central Ayrshire constituency application with South Ayrshire Council has been informed by the assessment of suitable projects that align to the fund's criteria. Consideration of local priorities that provide the best opportunity for a strategically aligned package of projects and interventions across both Council areas has centred on the following themes:
 - Commercial Estate Development: to increase capacity in Prestwick and Irvine, designed around the Plan for Growth with a focus on the regeneration of vacant and derelict sites and digital and data driven manufacturing; and
 - Low Carbon Infrastructure: to improve active and sustainable travel links to both commercial areas ensuring that we meet our net zero and inclusive economy commitments and deliver a green recovery from the impact of Covid.
- 2.5 A portfolio project is proposed based on these themes within the Prestwick to Irvine corridor. This will focus on the Community Wealth Building Land and Assets theme, tackling vacant and derelict land and property and levelling up the under provision in the commercial estate. Design and development work for the constituent elements is

currently underway alongside the production of a detailed business case to support the application process. This will inform the value of the bid to a maximum of £40m across the two Authorities (£20m per Authority).

- 2.6 The North Ayrshire element of the project if successful will create: new commercial estate provision on vacant and derelict land sites, new electric vehicle charging infrastructure; new e-bike charging infrastructure; new and improved active travel infrastructure between the sites and to connect to the wider network; and improved public transport infrastructure including new bus stops and laybys to support existing and future bus routes.
- 2.7 This will tackle long term vacant and derelict land bringing it back into positive use thereby reducing the level and impact on local communities and supporting economic development. Sites being considered in Irvine include Kyle Road, Annickbank, Marine Drive and potentially i3. It is expected that the works will require to be delivered by March 2024 in line with the LUF requirements. This approach:
- Aligns with the regeneration and town centre investment priorities of developing abandoned or dilapidated sites and quality commercial space in key locations such as gateways and employment sites;
 - Will accelerate the delivery of a range of actions identified in the Regeneration Delivery Plan;
 - Will deliver investment in the priority areas identified for the LUF of ex-industrial areas, deprived towns and coastal communities; and
 - Will also contribute to the Government's Net Zero and environmental ambitions through the delivery of low carbon infrastructure.

3. Proposals

3.1 That Cabinet:

- a) Notes the progress to date on the previously agreed submissions to the Levelling Up Fund;
- b) Notes that Officers have continued to develop a potential second round bid with South Ayrshire Council centred around Commercial Estate Development and associated Low Carbon infrastructure;
- c) Agrees to the finalisation and submission of a proposed Round 2 bid together with an associated business case, to the UK Government totalling up to £40m with South Ayrshire Council (maximum £20m per Authority); and
- d) Notes that 10% (up to £2m) match funding will be required which will be met from existing capital resources.

4. Implications/Socio-economic Duty

Financial

- 4.1 The Council requires to provide 10% match funding to support all LUF bids. It is envisaged that the North Ayrshire match funding for this proposal will be met from existing capital resources. This includes contributions from the Scottish Government's Vacant and Derelict Land Fund, Council's Investment Fund to support Commercial Estate development and Cycling Walking and Safer Routes allocations. South Ayrshire Council will meet their 10% match funding contribution.

Human Resources

- 4.2 It is expected that there will be staffing requirements for the project. Costs and details of these will be included in the application and business case being developed. Subject to the successful outcome of the application, recruitment and appointments would take place in accordance with North Ayrshire Council recruitment procedures.

Legal

- 4.3 Subject to a successful funding application, landowner negotiations will be required for elements of the active travel infrastructure within the project.

Equality/Socio-economic

- 4.4 The project will assist in meeting our socio-economic duty as set out in the Fairer Scotland Duty. It seeks to reverse economic, social and physical decline and reduce socio-economic disadvantage. It aims to build community wealth and tackle local deprivation through the regeneration of our communities by maximising the potential of our land and assets. It will tackle long term vacant and derelict land bringing it back into positive use thereby reducing the level and impact on local communities and supporting economic development.

Environmental and Sustainability

- 4.5 The project aligns with the Environmental Sustainability and Climate Change Strategy. It will transform vacant and derelict land into vibrant places which support employment and the economy, and that local people can be proud of.

Key Priorities

- 4.6 The project will contribute to achieving a wide range of the Council Plan outcomes. It will contribute to the ambitions of: an inclusive, growing and enterprising economy; North Ayrshire to be well-connected with effective infrastructure; and for a sustainable, vibrant, welcoming and attractive environment.

Community Wealth Building

- 4.7 The project will contribute to Community Wealth Building and in particular will have a significant positive impact on Council's ambitions under the Land and Assets pillar.

Procurement: Local supply chain opportunities will be created through the project. For future procurement exercises related to the project, the Business Development team will review opportunities for the North Ayrshire business base and provide supplier development support as required.

Fair Employment: The project will create employment opportunities particularly within the construction sector. Where North Ayrshire is the contractor for services, through our enhanced Community Benefits approach we will ensure the creation of local training and work experience opportunities.

Land and Assets: The project will regenerate sites which are long term vacant and derelict land and identified as priorities for investment. This will bring underutilised land into positive use to support local social, economic and environmental wellbeing.

Financial Power: The project will invest in localities and leverage external national investment into North Ayrshire.

Plural Ownership: The project will create commercial space to support local businesses to stay and grow in North Ayrshire.

5. Consultation

- 5.1 The project has been informed by the Regeneration Delivery Plan (RDP). The RDP sets out the Council's priorities for regeneration over the next 5 years and was the subject of extensive consultation including workshops with Council Officers; workshops with Elected Members; reports to and feedback from North Ayrshire Ventures Trust and the Community Wealth Building Expert Panel; and public engagement via Consul. It was also informed by the Locality Partnerships' priorities and previous public consultation exercises including Charettes.
- 5.2 Further consultation and engagement will be undertaken with local communities and stakeholders on the detailed design for the constituent elements of the projects subject to the outcome of the funding bid.
- 5.3 Support for the proposal is required from the local MP for the constituency covered by the application. Conversations have been held with the MP who has indicated their support for the proposals and the approach being taken. A formal letter of support will require to be submitted with the application.

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For further information please contact **Louise Kirk, Senior Manager Regeneration**, on **01294 324766**.

Background Papers

Cabinet Report – Levelling Up Fund, 15 June 2021

Cabinet Report – Regeneration Delivery Plan, 23 March 2021