
NORTH AYRSHIRE COUNCIL

15 June 2021

Cabinet

Title: Levelling Up Fund

Purpose: To seek Cabinet approval on the proposed funding bids to the UK Government Levelling Up Fund.

Recommendation: That Cabinet:

- a) Notes the overview of the UK Government Levelling Up Fund.
 - b) Agrees the proposed bids and associated business cases are submitted to UK Government.
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1. Executive Summary

1.1 The Levelling Up Fund (LUF) was announced by the UK Government at the 2020 UK Spending Review, with further detail provided at UK Budget 2021, and is a £4.8 billion capital investment fund that will 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 allocated up to three bids of up to £20 million (or £20-50 million for exceptional strategic transport projects). Following an assessment of potential local transport and regeneration projects against the LUF criteria, business cases have been prepared respectively for the B714 upgrade and a 'Gateway to the West Coast and Clyde Islands' strategic regeneration package bid.

2. Background

What is the Levelling Up Fund

2.1 Announced at the Spending Review, the Levelling Up Fund will invest in infrastructure that improves everyday life across the UK. The £4.8 billion capital investment fund will support three investment themes:

- town centre and high street regeneration;
- local transport projects; and
- cultural and heritage assets.

2.2 At least £800 million invested in Scotland, Wales and Northern Ireland. 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.

- 2.3 Similar to the UK Government Community Renewal Fund (CRF), North Ayrshire has been allocated as a 'priority one' category authority given our socio-economic and connectivity challenges. Nevertheless, this is 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 LUF criteria. There are 4 assessment criteria – place (priority area categories), strategic fit, value for money and deliverability.
- 2.4 In the first round of funding, UK Government will prioritise projects which are able to demonstrate investment or begin delivery on the ground in the 2021-22 financial year. There will be future opportunities to bid in subsequent rounds. UK Government expect all funding provided by LUF to be spent by 31 March 2024, and, exceptionally, into 2024-25 for larger schemes. Spend in this financial year is a gateway 'pass/fail' criteria, this spend can include capital development costs. A minimum contribution of 10% is encouraged and this can come from a local authority or other third party (public or private sector). This funding cannot be 'in kind', any contribution made must be in the form of an actual financial contribution.
- 2.5 The Council is eligible for up to three funding bids over the duration of LUF. Each Local Authority is entitled to one bid for each Westminster constituency wholly within their boundaries. For any constituency which crosses the border of a Local Authority those authorities must decide on a 'lead bidder'. All Local Authorities in Scotland are also entitled to an additional transport bid. Given the overlapping constituency boundary with South Ayrshire Council, discussions have taken place regarding a joint bid for a future LUF round with the potential for this to focus on a Community Wealth Building Land and Assets theme. Each bid submitted by Local Authorities can be a bid for an individual project or a package bid consisting of multiple projects. Bids must also demonstrate local stakeholder engagement, with local MPs being able to formally support one bid from their constituency. A joint proposal with South Ayrshire Council is currently being planned for an expected November 2021 call for bids.
- 2.6 Bids for this round are due with UK Government on the 18 June 2021. The announcement of successful LUF bids is due in the Autumn with successful bids immediately going into delivery with spend in year. LUF is a multi-year fund and further detail on how LUF will operate from 2022-23 onwards will be set out later this year, however it is expected that future bidding rounds will align more closely to the financial year. This would allow bids to be submitted and appraised by early Spring meaning spend could begin at the start of the financial year. If a Local Authority is unsuccessful in this funding round, it can use one of its bids for a future LUF round. £125,000 of capacity funding will be allocated to all local authorities in Scotland and this will be paid after the first round of applications are submitted on 18 June 2021.

North Ayrshire Council bids

- 2.7 In determining which prospective projects the Council would submit to LUF, officers from Economic Development and Regeneration, Connected Communities and Growth and Investment undertook an assessment of a long-list of projects against the LUF criteria. Following the agreement of a short-list, businesses cases have been developed for the following proposed bids:

- B714 upgrade; and
- 'Gateway to the West Coast and Clyde Islands' package bid, comprising of Lochshore and Ardrossan North Shore strategic regeneration projects.

B714 Upgrade

- 2.8 This will upgrade the B714 between the A737(T) (south of Dalry) to the A78(T) at Sharphill roundabout. This will include the realignment of sections of the route to improve the road geometry and the construction of a new link between the B714 and the A737(T) at the Dalry Bypass junction, south of Dalry. The B714 will remain a single carriage however the entire route would be widened. Active travel and environmental enhancements will also be delivered as part of the programme.
- 2.9 Upgrading the B714 is a strategic transport priority for the Council. It will significantly improve connectivity between North Ayrshire and Glasgow, the Central Belt and wider motorway network. This will substantially increase the potential for tourism and economic growth and provide enhanced links to the Arran and Cumbrae Ferry services. This will also contribute to the repopulation of our islands and rural areas by providing improved access between the ferry terminals, mainland settlements, Glasgow, the central belt and wider motorway network. This will ensure that those living in our rural, remote and island communities are well connected and have equitable access to services as those living in the rest of Scotland.
- 2.10 The project aligns with the LUF criteria for the transport theme by creating new and upgraded road infrastructure. A total of £25m to £30m is required to deliver the project.

Gateway package bid

- 2.11 This is comprised of two impactful and strategic regeneration projects at Lochshore in Glengarnock and North Shore in Ardrossan. These projects will regenerate two former industrial sites which are long term vacant and derelict land and identified as priorities for investment within the Council Plan and Local Development Plan.
- 2.12 The regeneration of the sites will deliver major regeneration, Community Wealth Building and placemaking investment in the Garnock Valley and Three Towns. Alongside the B714 upgrade this project will create a gateway to the west coast and islands from Glasgow and the Central Belt, increasing the potential for inclusive economic growth and tourism. This will support the recovery and renewal of North Ayrshire by delivering high priority projects that will make a visible impact in the local area. It will transform vacant and derelict land into vibrant places that local people can be proud of and that support tourism and the local economy.
- 2.13 The investment at Lochshore will accelerate the delivery of the Lochshore Masterplan and develop a parkland destination. This will support the delivery of: a circular walk; active travel links, car park facilities; woodland planting; park creation; and recreational and adventure play facilities including a mountain bike track subject to costs and affordability. It will also deliver pop up facilities for commercial use and supporting infrastructure for future development of the site to support commercial investment.

- 2.14 The investment at North Shore will advance the delivery of the North Shore Development Framework. It will deliver land reclamation, land remediation, access, landscaping and placemaking across the site. This will support additional commercial, tourism and residential development alongside a significant investment by North Ayrshire Council and Scottish Futures Trust in the Ardrossan community campus on adjacent land. This will also align with wider regeneration activities in the town including the redevelopment of Ardrossan Harbour and placemaking activities associated with the Ardrossan Connections project.
- 2.15 The Gateway project aligns with the LUF criteria in relation to Regeneration and Culture and Heritage as follows:
- By remediating brownfield sites for alternative uses for example commercial and new residential use;
 - Improving public realm, parks and green spaces
 - Creating new cultural and creative spaces including parks
 - Creating new community spaces and assets including associated green spaces
- 2.16 A total of £15m is required to deliver the overall project with £10m aligned to Lochshore and £5m aligned to North Shore. The project will also deliver on the Government's Net Zero and environmental ambitions by remediating derelict land, improving the resilience of the sites and delivering substantial levels of tree planting at Lochshore.
- 2.17 Both the B714 and Gateway projects will deliver investment in the priority areas identified for the LUF of ex-industrial areas, deprived towns and coastal communities.

3. Proposals

3.1 That Cabinet:

- a) Notes the overview of the UK Government Levelling Up Fund.
- b) Agrees the proposed bids and associated business cases are submitted to UK Government.

4. Implications/Socio-economic Duty

Financial

4.1 The Council requires to provide 10% match funding to support all LUF bids. Based on the value of the bids being developed up to £4.5m of match will require to be confirmed for the June 2021 submission. A further joint bid planned for Nov 2021 with South Ayrshire Council will also require 10% match for North Ayrshire elements of any joint proposal.

Human Resources

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

Legal

- 4.3 Subject to a successful funding application, a parallel landowner negotiation and Compulsory Purchase Order (CPO) process is proposed to progress the land requirements for the B714 project. This is to ensure that the land acquisition can be achieved and the project delivered within the funding timescales. This is proposed due to the length of the route, number of landowners and timescales for delivery. The preference will however be to negotiate and reach agreement with the landowners on the purchase of the land.

The cost of the CPO process will be included within the funding application and business case being developed. Initial discussions are underway with the landowners on the section at Girthill and Yonderhouses. A report will be submitted to Council seeking approval for the CPO process.

Equality/Socio-economic

- 4.4 The projects for LUF will assist in meeting our socio-economic duty as set out in the Fairer Scotland Duty. The projects identified seek to reverse economic, social and physical decline and reduce socio-economic disadvantage. They aim to build community wealth and tackle local deprivation through the regeneration of our communities by maximising the potential of our land and assets. The Gateway project will tackle long-term vacant and derelict land thereby reducing their levels and impact on communities. The B714 project will also improve connectivity to support economic development and the repopulation of our islands.

Environmental and Sustainability

- 4.5 The projects align with the Environmental Sustainability and Climate Challenge Strategy. The Gateway project will transform vacant and derelict land into vibrant places that local people can be proud of and that support tourism and the local economy. This will include extensive tree planting at Lochshore in line with the Carbon Absorption actions of the strategy. The B714 project will reduce the impact of transport on our communities. It will reduce the volume of traffic travelling through Kilwinning past four schools, reducing pollution, congestion and the potential for accidents.

Key Priorities

- 4.6 The report covers information relevant to the following Council Plan priorities:
- North Ayrshire has an inclusive, growing and enterprising economy
 - North Ayrshire is well-connected with effective infrastructure
 - North Ayrshire is a vibrant, welcoming and attractive environment

Community Wealth Building

- 4.7 All three projects will contribute to Community Wealth Building, with the Gateway package bid having a significantly positive impact on the Council's ambitions for the Land and Assets pillar.

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

Fair Employment: These three significant physical regeneration projects 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. The B714 will provide enhanced connectivity to help those from rural areas access work. The substantial tree planting at Lochshore will provide economic opportunity.

Land and Assets: The Gateway project will regenerate two former industrial sites which are long term vacant and derelict land and identified as priorities for investment within the Council Plan and Local Development Plan. The Council has taken municipal ownership of these sites within the last year, with the sites having seen no regeneration activity in decades. The Council has brought forward major strategic investment proposals for both areas of underutilised land to support local social, economic and environmental wellbeing.

Financial Power: Investing in localities and leveraging external national investment.

Plural Ownership: The remediation of North Shore could provide commercial space to support local businesses to stay and grow in North Ayrshire. For Lochshore, there are also opportunities for community ownership of land and assets in future years. The project also has opportunities for on-site business in leisure/adventure activity and woodland creation.

5. Consultation

- 5.1 The bids have been informed by the newly developed Regeneration Delivery Plan. This plan 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. For example through the Planning process.

5.3 Support for the proposals is required from the 2 local MPs for the bid submission relative to their constituency. Conversations have been held with both MPs who have indicated their support for the proposals and the approach being taken. Formal Letters of support from Rt Hon Patricia Gibson MP will be submitted with the B714 and the Gateway to West Coast & Clyde Islands bid. Philippa Whitford will also provide a letter of support for the B714 in recognition of the importance of this strategic road link for Ayrshire.

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For further information please contact **Caitriona McAuley, Head of Service, Economic Development & Regeneration**, on 01294 324309.

Background Papers

None