
NORTH AYRSHIRE COUNCIL

25 January 2022

Cabinet

Title: Levelling Up Fund – B714 Upgrade

Purpose: To update Cabinet on the award of funding under the Levelling Up Fund and seek approval for the delivery of the B714 Upgrade.

Recommendation: That Cabinet:

- a) Notes and approves the acceptance of the grant award of £23.7m for the B714 Upgrade under the Levelling Up Fund,
- b) Approves the delivery of the B714 Upgrade, subject to securing the necessary consents and permissions; and
- c) Notes the progress made to date.

1. Executive Summary

- 1.1 The £4.8 billion Levelling Up Fund (LUF) capital investment fund aims 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 LUF for the B714 Upgrade and the Gateway to the West Coast and Clyde Islands strategic regeneration package bid. Confirmation that the LUF bid for £23.7m for the B714 Upgrade was received on 27 October 2021. This report provides an update on the project and seeks approval for its delivery. Confirmation was also received confirming that the Gateway to the West Coast and Clyde Islands bid had not been successful in this round.

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. 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.
- 2.2 Cabinet approved the submission of the B714 Upgrade and Gateway to the 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 the

applications was received on 27 October 2021 and confirmed an award of £23.7m for the B714 Upgrade. The Gateway project was unfortunately unsuccessful in this round.

- 2.3 The upgrade of the B714 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 development and provide enhanced links to the Arran and Cumbrae Ferry services. It will 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. It will also divert a significant volume of traffic accessing the A78 away from Kilwinning as traffic will connect directly to the A78 via the new upgraded B714.
- 2.4 The Levelling Up Fund requires that a full business case be prepared and approved before larger transport schemes can formally commence. Until a business case is approved there is a risk that funding could be cancelled if Government policy changes or if the necessary legal permissions or match funding cannot be secured. To mitigate this risk, Development funding is provided at this stage by UKG to support the development of the Outline Business Case and the Council has made provision through the £3m match funding to support this project.
- 2.5 The funding timescales require that the project be complete and the LUF funding expended by March 2025. On this basis, progress has continued since the application submission on preparatory works to inform the business case and route design options development. This was also critical to ensure that the project could be achieved within the funding timescales. Initial survey work and landowner and stakeholder consultation including engagement with Elected Members has been undertaken to inform this process.
- 2.6 The Fund requires that a minimum of 10% match funding be provided for the project. This will be met by the £3m Recovery and Renewal Funding and Investment capital allocation approved by Cabinet on 15 June 2021. The overall project budget includes the estimated costs for the:
 - Development of the Full Business Case;
 - Design and tender process;
 - Project management and legal staffing costs;
 - Land acquisition process; and
 - Construction of the route.
- 2.7 A parallel landowner negotiation and Compulsory Purchase Order (CPO) process is proposed to progress the land requirements for the project. This is to ensure that the land acquisition can be achieved, and the project delivered within the funding timescales. The preference will however be to negotiate and reach agreement with the landowners on the purchase of the land. A land agent was appointed to support landowner engagement to date. A report will be submitted to Council seeking approval for the CPO process.
- 2.8 An inception meeting was held with representatives from UK Government and the Department for Transport on 15 December 2021 and further feedback received in January 2022. This outlined the requirements in relation to the Business Case and

project management and will inform the project's development. It is envisaged that recruitment will commence for the project's staffing requirements in early 2022.

3. Proposals

3.1 That Cabinet:

- (a) Notes and approves the acceptance of the grant award of £23.7m for the B714 Upgrade under the Levelling Up Fund,
- (b) Approves the delivery of the B714 Upgrade, subject to securing the necessary consents and permissions; and
- (c) Notes the progress made to date.

4. Implications/Socio-economic Duty

Financial

- 4.1 The Council requires to provide 10% match funding for the overall project. This will be met by the £3m Recovery and Renewal Fund capital allocation approved by Cabinet on 15 June 2021. The DfT is providing development funding from the overall allocation to support the development of the project to Outline Business Case stage. This will provide 90% of the costs to this stage with the remaining 10% being met from the Council's capital allocation. This will assist in managing the financial risk to the Council in developing the project.

Human Resources

- 4.2 The estimated cost of the staffing requirements for the project were included in the application and business case submitted. This included project management and legal staffing requirements to support the land acquisition process. It is envisaged that recruitment will commence and informed by the Fund's requirements in early 2022.

Legal

- 4.3 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 estimated cost of the CPO process was included within the funding application and business case submitted. 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 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 by improving connectivity to support economic development and the repopulation of our islands which will contribute to the regeneration of our communities.

Environmental and Sustainability

- 4.5 The project aligns with the recently approved Environmental Sustainability and Climate Change Strategy. The upgraded B714 project will also reduce the impact of transport on our communities, will see improved electric vehicle charging availability and enhanced active travel between the Three Towns and the Garnock Valley. In particular, it will also reduce the volume of traffic travelling through Kilwinning past four schools, reducing pollution, congestion and the potential for accidents.

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 is 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 the Council's ambitions under the following pillars.

Procurement: Local supply chain opportunities will be created through the project. For future procurement exercises related to the project, the EDR 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. Furthermore, the upgrade of the B714 will provide enhanced connectivity to help those from rural areas access work.

Financial Power: The project will invest in localities and leverage external national investment into 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 development of the Final Business Case and detailed design.

Initial consultation has been undertaken with Elected Members, landowners, transport providers, transport industry and community organisations to inform this process.

- 5.3 Letters of support were received for the submission of the funding application from a range of sources including: the Rt Hon Patricia Gibson MP; Kenneth Gibson MSP; Jamie Greene MSP; and the Nuclear Decommissioning Authority.

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Executive Director (Place)

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, Levelling Up Fund – Round 2, 2 November 2021