



## **Agenda Item 6**

**UK Government Levelling Up  
Fund, Community Renewal  
Fund and Community  
Ownership Fund**

Falkirk Council

**Title:** UK Government Levelling Up Fund, Community Renewal Fund and Community Ownership Fund  
**Meeting:** Executive  
**Date:** 15 June 2021  
**Submitted By:** Acting Director of Development Services

**1. Purpose of Report**

- 1.1 The purpose of this report is to provide to an update on three new recently launched funds by the UK government – the Levelling Up Fund, the UK Community Renewal Fund and the Community Ownership Fund, to outline the funding opportunities they present and agree that submissions for funding support be made by the Council.

**2. Recommendations**

**2.1 It is recommended that the Executive:**

- i) notes the launch by UK government of three significant new funds for local authorities across the UK and opportunities they present to the Council and its communities.
- ii) agrees that officers progress opportunities and submit eligible bids to the Levelling Up Fund for:
  - Round 1 - the Westfield bridge and associated infrastructure upgrade to the A904 and
  - Round 2 – Avon Gorge (A901) and associated infrastructure (joint with West Lothian Council) .
- iii) notes the timescales by which the Council is required to establish the UK Community Renewal Fund and agrees that a package of proposals seeking £3m of revenue support in 2021-22 be submitted to UK Government for approval.
- iv) notes the award of £125,000 of advance funding for delivery of the Levelling Up Fund and £20,000 for the Community Renewal Fund and agrees that these funds are committed towards delivery of the works necessary to support the delivery of these schemes.
- v) notes that further information is to be provided by the UK Government in respect of the UK Shared Prosperity Fund and the Community Ownership Fund later in 2021.
- vi) agrees that further reports be supplied to the Executive on delivery of these funds.

**3. Background**

- 3.1 In the March 2021 Budget the UK government indicated its commitment to *levelling up* across the whole of the United Kingdom to ensure that no community is left behind, as the country recovers from the COVID-19 pandemic.

- 3.2 Significant changes were announced in the way UK government will support local economic growth, to support opportunities to regenerate town centres and high streets, support individuals into employment, improve local transport links and invest in local culture, while giving communities a stronger voice to take ownership of local assets that might otherwise be lost.
- 3.3 The UK government announced an intention to work more directly with local partners and communities across England, Wales, Scotland and Northern Ireland, who are best placed to understand the needs of their local areas and more closely aligned to the local economic geographies to deliver quickly on the ground.
- 3.4 To support these objectives, the UK government launched in early March 2021, a prospectus for three new investment programmes to support communities across the country. All share common challenges and opportunities. These new investment programmes are:

- The UK Community Renewal Fund
- The Levelling Up Fund
- The Community Ownership Fund

These funds are launched in advance of the UK Shared Prosperity Fund, the replacement to European Union structural funds which will commence in 2022. These new funds are limited in their delivery timescale and are intended to help shape the delivery model of the future UK Shared Prosperity Fund across the UK. The funds are set out in prospectus documents on the UK Government website: <https://www.gov.uk/government/collections/new-levelling-up-and-community-investments>

- 3.5 Further details on the Community Ownership Fund and an Investment Framework for the UK Shared Prosperity Fund will be published later in 2021.
- 3.6 At the beginning of April as with all Scottish local authorities, Falkirk Council was directly notified by the UK government regarding these new funds where expected bidding and delivery timescales were set out. Introductory meetings with the UK government officials took place and in mid April further detailed fund eligibility criteria, administration and delivery timescales was received.

#### **4. Levelling Up Fund**

- 4.1 The UK Government has committed an initial £4 billion for the Levelling Up Fund for England over the next four years (up to 2024-25) and set aside at least £800million for Scotland, Wales and Northern Ireland.
- 4.2 Funding is targeted by UK Government towards places in England, Scotland Wales and Northern Ireland with the most significant need, as measured by an index taking into account the following the following place characteristics:
- need for economic recovery and growth;
  - need for improved transport connectivity; and,
  - need for regeneration

Using this index, places have been placed into category 1, 2, or 3, with category 1 representing places with the highest levels of identified need. The Falkirk Council area has been assessed as category 1 (along with Glasgow, Dumfries and Galloway, Inverclyde, Renfrewshire, North & South Lanarkshire, North, South & East Ayrshire, West Dunbartonshire, Dundee City). All areas in the UK are able to access the Fund. While preference will be given to bids from higher priority areas in category 1, the bandings do not represent eligibility criteria, nor the amount or number of bids a place can submit. Bids from categories 2 and 3 areas will still be considered for funding on their merits of deliverability, value for money and strategic fit, and could still be successful if they are of exceptionally high quality.

- 4.3 The Levelling Up capital fund will invest in local infrastructure that has a visible impact on people and their communities. This includes a range of high value local investment priorities, including local transport schemes, urban regeneration projects and cultural assets.
- 4.4 MPs are to back the bids they see as priority. Local authorities can submit one bid for every MP whose constituency lies wholly within their boundary. Every local authority can submit at least one bid. Where appropriate, joint bids can be considered by groups of local authorities.
- 4.5 The UK Government has stipulated the Fund will focus investment in projects that require up to £20m of funding. However, there is also scope to invest in larger high value transport projects, by exception. Bids above £20m and below £50m will be accepted for transport projects only and can be submitted by any bidding local authority. They will be subject to a more detailed business case process and will need to score highly overall. Local authorities can consider pooling funding from their bids in order to improve the chance of taking forward a larger transport scheme.
- 4.6 Investment proposals to be prepared and submitted by local authorities should focus on supporting high priority projects that will make a visible impact in local areas. 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 technology and/or support the growth of green skills and sustainable supply chains. Proposed investments should actively complement, rather than duplicate or compete with funding being delivered in their areas.
- 4.7 The priorities are therefore well matched to projects identified within the Falkirk & Grangemouth Investment Zone and Tax Incremental Financing (TIF) package:
  - *Transport investments* includes public transport, active travel, bridge repairs, bus priority lanes, local road improvements and major structural maintenance, and accessibility improvements. 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 space.
- 4.8 To apply for investment from the first round of the Levelling Up Fund, the UK government has set out that eligible local institutions must submit their bids to the Ministry of Housing, Communities and Local Government by noon on **Friday 18 June 2021**. All funding provided from the Fund is to be spent by 31 March 2024, and exceptionally into 2024-25 for larger schemes.
- 4.9 In mid-April 2021 the UK government provided additional delivery timescales and bid criteria with the requirement for each bid to provide advanced technical supporting documentation and business case information and assurance that the project can be delivered by the fund delivery date.
- 4.10 The UK Government assessment process for bids will focus on the following key criteria:
- *Characteristics of the place* - each local authority will be sorted into category 1, 2 or 3 based on assessment metrics, with category 1 representing the highest level of identified need.
  - *Deliverability* - will be based on supplementary finance, management and commercial cases, with bids able to demonstrate investment or which begin delivery on the ground in 2021-22 financial year and complete expenditure by March 2024 prioritised.
  - *Strategic fit with local and Fund priorities* - this should be addressed in the strategic case of submissions and should include support from stakeholders.
  - *Value for money* - an economic case should be submitted to explain the benefits of the bid and how it represents value for money.
- 4.11. Local authorities can only have one successful bid for each of their allocated number of bids over the lifecycle of the Fund and are therefore encouraged to consider whether bids that they wish to submit for the first round of the Fund reflect their local priorities. Alternatively they can wait until later rounds so that they have more time to consider and develop their proposals. .
- 4.12 £125,000 of capacity funding is allocated to all eligible local authorities. This capacity funding will be provided with the primary intention of supporting the relevant local authorities to develop their bids for later rounds of the Fund.
- 4.13 Council officers have assessed projects that are significantly developed (consulted on, pre planning application and procurement ready, ownerships secured developed and costings finalised) to meet the fund application criteria. In consideration of the UK Government's eligibility criteria for the fund and advanced project design and costings prepared, it is proposed that bids seeking up to £20m of capital funds be submitted in respect of the area's two most advanced infrastructure projects:

- i) Round 1 – June 2021 - Westfield Bridge and infrastructure works at A904/Westfield roundabout.
  - ii) Round 2 –June 2022 – Avon Gorge Bridge infrastructure. This initiative would progress jointly with West Lothian Council. Updating of the current scheme design and costings requires to be prepared for this project and, if necessary, this scheme may proceed as a large scale (£20m-£50m) project.
- 4.14 These bids will support the Falkirk TIF programme to deliver key infrastructure investment identified in the TIF business case as agreed in the update at Emergency Executive in September 2020. They will also support opportunities for investment in the area's wider infrastructure needs identified in the Falkirk & Grangemouth Investment Zone submission to UK and Scottish Governments.
- 4.15 As required by the UK Government, Falkirk East and Falkirk West constituency MPs have been consulted and are supportive of both these bids being made. Officers continue to liaise weekly with UK Government contacts in respect of the fund updates and any matters arising.

## **5 UK Community Renewal Fund**

- 5.1 The UK government is providing an additional £220 million funding through the UK Community Renewal Fund to help local areas prepare for the launch of the UK Shared Prosperity Fund (UKSPF) in 2022 helping to inform the design of future UKSPF programmes.
- 5.2 The investment priorities of the fund are to support people and communities most in need across the UK to pilot programmes and new approaches and will invest in skills, community and place, local business, and supporting people into employment. 90% of the funding available through the UK Community Renewal Fund is revenue funding.
- 5.3 Funding is only available for the current financial year, to support revenue projects that have been developed based upon local and community needs and these must be able to deliver by 31 March 2022.
- 5.4 The Falkirk area is identified by the UK Government as one of the 100 priority places for the Community Renewal Fund however being listed as a priority place does not guarantee funding.
- 5.5 Applications are invited from all private, public, third sector and community organisations able to deliver innovative responses to local challenges and local need in the Falkirk Council area. These can include supporting removal of barriers, local strategies and with clear demonstration to net zero objectives or wider environmental considerations. Applications must demonstrate strong alignment with strategic fit and good delivery/effectiveness.
- 5.6 Bids may include, but are not limited to:
- work-based training
  - retraining, upskilling or reskilling members of the workforce

- promoting the advancement of digital skills and inclusion
- supporting entrepreneurs and helping businesses with potential to create more job
- opportunities for current employees or take on new employees
- encouraging businesses to develop their innovation potential
- supporting decarbonisation measures
- exploring opportunity for promoting culture-led regeneration and community development
- feasibility studies for delivering net-zero and local energy projects
- improving green spaces and preserving important local assets
- promoting rural connectivity

- 5.7 Per the fund technical and guidance documentation provided in April this year by the UK government, the fund is to be a competitive process with no pre-set eligibility and requires to be directly delivered, managed and administered by local authorities acting as lead authority.
- 5.8 The UK Government require lead authorities to invite bids from a range of project applicants; appraise and prioritise a shortlist of projects up to a maximum of £3 million per place, and submit a shortlist of assessed projects to the UK Government by noon on Friday 18 June 2021.
- 5.9 The promotion and delivery timescales required by UK Government are extremely challenging. This has required immediate promotion of the fund with the Council's third sector partners and stakeholders as well as open promotion on Falkirk Council's website at <https://www.falkirk.gov.uk/covid19/community-renewal-fund.aspx>. This invites bids using the strict timescale set out by the UK Government using the template application and technical guidance documents provided. All bids were invited to be submitted to Falkirk Council by 28<sup>th</sup> May 2021, a very short timescale. A cross Council working group has been established to support applicants with relevant areas of expertise and links to local priorities, to assist with the shorter timescales. Applicant and officer queries are taken to weekly UK Government Q&A session in our intermediary role.
- 5.10 A total of 12 bids to the fund were received by the closing date from recognised local and national organisations for delivery within the Falkirk area. These seek to deliver community projects across the themes of skills, communities and place, supporting people into employment and business support. These bids will be assessed and scored against prioritised criteria set out by UK Government based on strategic fit, deliverability, effectiveness and efficiency. It is proposed that this prioritised list be forwarded to the UK Government for final approval of an award of up to £3m of grant to be committed by end March 2022.
- 5.11 UK Government have advised successful projects will be notified from late July. Falkirk Council is therefore also required to resource and initiate grant award contracts and implement processes for successful projects to ensure diligence in claims processing and payments, compliance checks, progress reports, risk identification, expenditure checking and monitoring visits.
- 5.12 The 100 priority areas will receive capacity funding support of £20,000. This funding for resources needed to coordinate and appraise bids. Additionally lead authorities are able to claim from UK Government 2% costs for

administering and managing the grant claims and compliance process based on the value of actual projects delivered at 31 March 2022.

## **6 Community Ownership Fund**

- 6.1 The UK government has launched a new £150 million Community Ownership Fund to help ensure that communities across England, Scotland, Wales and Northern Ireland can support and continue benefiting from the local facilities, community assets and amenities most important to them.
- 6.2 From summer 2021, community groups will be able to bid for up to £250,000 matched-funding to help them buy or take over local community assets at risk of being lost, to run as community-owned businesses. In exceptional cases, up to £1 million matched-funding will be available to help establish a community-owned sports club or help buy a sports grounds at risk of being lost without community intervention. Local authorities will not be eligible to bid.
- 6.3 Projects are expected to be focused on place-based assets or amenities, which are important to the local community, build connections between people and foster a sense of pride in the local area – but are at risk of being lost without community intervention. There will be an emphasis on ensuring the asset or amenity can be sustainable in community ownership.
- 6.4 UK government have indicated that the first bidding round for the Community Ownership Fund across the UK is anticipated to open will open by June 2021. A detailed full prospectus and guidance on eligibility criteria, assessment and weighted guidance has yet to be published by UK Government.
- 6.5 Communities and stakeholders in the Falkirk area will be kept updated on this fund as more information becomes available, with regard to delivery and administration, the bid process and key dates. This fund may have direct implications for supporting the outcomes of the Council's Strategic Property Review.

## **7. Consultation**

- 7.1 Each Fund will require that consultation is undertaken with a range of stakeholders including local communities, businesses and other organisations. Consultation on the approach to these funds has taken place with MPs, neighbouring authorities in the Forth Valley and with West Lothian Council. It is proposed that a joint bid with West Lothian Council be made to Round 2 of the Levelling Up fund to support delivery of the Avon Gorge upgrade and associated infrastructure be progressed. Joint work in the Forth Valley around delivery of Community Renewal Fund activity is also being considered. Consultation on the delivery of Community Ownership Fund projects will be aligned with the rollout of the measures arising from the recently approved Property Strategy and its Implementation Plan.



## **8. Implications**

### **Financial**

- 8.1 The Levelling Up fund offers capital funding of up to £20m (and between £20m-50m for major schemes) and will require to be aligned with the Council's ongoing capital investment programmes. The up-front allocation of £125,000 will be required to develop business cases and funding bids needed to secure a successful bid.

There are revenue implications associated with both funds. The extremely short timescales to promote and thereafter administer the UK Community Renewal Fund during 2021/22 was not anticipated and is placing immediate resource pressures on existing Economic Development and Communities Teams to ensure opportunities for communities associated with this fund are maximised. The £20k reimbursement of costs for additional staffing costs such as extended contract hours or overtime are noted but limited and the additional 2% reimbursement model set out by UK government is only payable upon successful delivery of the project by March 2022 with any additional costs at risk to the Council.

### **Resources**

- 8.2 There are resource implications as a direct result of this report with the need to identify internally or recruit a Claims and Compliance Officer to ensure effective administration and compliance with UK government grant award conditions. This temporary member of staff, will be needed until the end of April 2022. Additional support will be required from Finance Services in administering payments to projects and making claims to UK government.

### **Legal**

- 8.3 At this stage no legal implications have been identified. There is no indication whether a contract for administering the UK Community Renewal Fund will be provided by UK government.

### **Policy**

- 8.4 The proposals contained in this report accord with the Council's policy priorities including the Council of the Future and the Economic Recovery Plan.

### **Risk**

- 8.5 These new funds, announced at short notice, place additional pressure on existing staff resources. However there is a risk of losing the investment opportunities for our communities and residents if we do not take part. The size, scale and short timescales of these funds does not allow for significant development time. Therefore these funds will benefit projects that are already in progress of development or at later stages of pre-delivery. The capacity to submit a bid to the Levelling-Up Fund and to promote and administer the UK Community Renewal Fund will be a challenge given the on-going Covid-19 recovery measures being delivered by Falkirk Council as well as resources currently delivering other work. The Levelling-Up Fund requires eligible projects to be costed and developed to ensure they are ready for delivery. These projects are significant in scale and assurances will require to be given that, once committed, it can be delivered within the conditional timescales specified by the UK government. Ongoing risk assessments will be required to ensure these objectives are achieved.

## **Equalities**

- 8.6 These funds are intended to assist with 'levelling up' across communities in the UK. It is helpful that the Falkirk area has been identified as a priority 1 location for support. There are no immediate issues and adherence to equalities policies will be a requirement in delivery of these Funds.

## **Sustainability/Environmental Impact**

- 8.7 There is no requirement to undertake a sustainability/environmental impact assessment directly as a result of this report. The funds include an expectation that the projects supported will assist in delivering national net zero carbon emission objectives. As a result the measures proposed by the Council will require to will assist towards realising the Council's net zero target for 2030. The details of this will be considered further in submissions made to these funds.

## **9. Conclusions**

- 9.1 The launch of these three new funds by the UK government across the whole of the UK presents significant economic growth opportunities in supporting the regeneration of town centres and high streets, infrastructure investment, supporting individuals into employment, improving local transport links and investing in local culture, while giving communities a stronger voice to take ownership of local assets that might otherwise be lost.
- 9.2 These funds are launched in advance of the finalised UK Shared Prosperity Fund in 2022 and will help to pilot and set out the basis for future UK government allocations and awards following the UK's exit from the European Union. The timescales for bidding and delivery of both funds is challenging for the Council, communities, stakeholders and partners. It has direct resource implications for the Council in the context of the timescales set out. Notwithstanding this there is a risk of losing the investment opportunities for our communities and residents if the Council does not take part and it is therefore important to proceed with submissions to these funds on the lines suggested in this report.

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Acting Director of Development Services

**Author:** Pete Reid, Acting Head of Economic Development

**Tel:** 01324 590971

**Email:** [pete.reid@falkirk.gov.uk](mailto:pete.reid@falkirk.gov.uk)

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## **Appendices**

None

### **List of Background Papers:**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

UK Government Prospectus for Levelling Up Fund, UK Shared Prosperity Fund & Community Ownership Fund <https://www.gov.uk/government/collections/new-levelling-up-and-community-investments>