

The background of the slide features a large, light blue watermark of the Coat of Arms of the City of Edinburgh. The crest includes a crown with four thistles, a shield divided into four quarters (a saltire, a stag's head, a ship, and an eagle), and a motto scroll at the bottom.

Agenda Item 10

Levelling Up Fund & Community Renewal Fund Update

Falkirk Council

Title: Levelling Up Fund & Community Renewal Fund Update
Meeting: Executive
Date: 15 March 2022
Submitted By: Director of Place Services

1. Purpose of Report

- 1.1 The purpose of this report is to provide a progress update on delivery of the UK Government's 'Levelling Up Fund' and the 'Community Renewal Fund'.

2. Recommendations

2.1 It is recommended that the Executive:

- i) notes the award of £20m of 'Levelling Up Funds' by the UK Government to Falkirk Council to assist delivery of the Westfield bridge and associated infrastructure upgrade to the A9/A904
- ii) agrees to sustain its work jointly with West Lothian Council on the opportunity for a Levelling Up Fund Round 2 bid for Avon Gorge (A901) and associated infrastructure
- iii) notes the outcome and progress of work relating to the UK Community Renewal Fund award of £1.3m of revenue support in 2021-22.

2. Climate Change

- 2.1 The climate change impact of the proposals contained in this report are varied. The Levelling Up Fund activity will contribute to active travel infrastructure which, while negative in terms of embodied carbon in steel and concrete will prove more neutral as time goes by and change occurs away from private cars. The impact of the A801 improvements will again flow from embodied carbon in structures but enables more efficient journeys for freight traffic with improved vehicular movement and reduced delays. The Community Renewal Fund will be generally neutral or positive as it supports people into better socio-economic outcomes with more control over their individual carbon impact

3. Background

- 3.1 In June 2021 Executive was updated on the launch of the UK Government's Levelling Up Fund (LUF) and Community Renewal Fund (CRF) and, in consideration of the eligible bid criteria, approved the Council's submission of bids to the UK government to both funds. These funds were launched by UK Government in early March 2021 to support communities across the country. The Falkirk area is identified by the UK Government as one of the 100 priority places for LUF and CRF. Both funds have proceeded in advance of details

being announced on the UK Shared Prosperity Fund, which is the replacement to European Union Structural Funds.

3.2 In line with UK Government bid timescales and prospectus, Falkirk Council submitted bids for:

- £20m Round 1 Levelling Up fund to support delivery of the Westfield bridge and associated infrastructure upgrade to the A9/A904
- Five UK Community Renewal Fund project bids, totalling £2.8m

4. Levelling Up Fund – Round 1 Bid

4.1 Officers prepared and submitted a £20m Round 1 Levelling Up Fund bid for the Westfield bridge and associated infrastructure upgrade to the A9/A904 to the UK Government by the submission deadline of the 18 June 2021. On 27 October 2021 the Chancellor announced the outcome of the Round 1 UK Government Levelling Up Fund. The Council's successful bid was announced, along with 7 other projects across Scotland, totalling £176m.

4.2 The announcement of £20m supports delivery of the Tax Incremental Finance (TIF) infrastructure investment programme to the A9/A904 Westfield area and related connections to the motorway network, vital for our area's economy.

4.3 The Levelling Up funding will help boost the Council's investment plans and will be a significant boost for economic recovery. The bid anticipates the following outcomes:

- Increases in cycling and pedestrian journeys,
- Increased business investment,
- New homes, and,
- New commercial development

4.4 Following the award announcement, a Memorandum of Understanding (MOU) has been received constituting the formal grant offer. UK Government representatives have also undertaken a site visit to Falkirk to obtain footage around the Westfield area for future promotion of the project.

4.5 Discussions are proceeding with Scottish Government and UK Government to confirm that funding from both TIF and LUF can be combined for delivery of this project. Once agreement is reached, a final detailed costings exercise will be undertaken to identify the impact of inflation on material and general supply chain costs for this infrastructure project. This information will then be presented to Council later in 2022 and, if agreed, it is hoped that work would commence by the end of the year.

5. Levelling Up Fund - Round 2 Bid

5.1 The A801 Avon Gorge is a major scheme to improve connections between the M8 & M9 and involves key partners including Scottish Government (via Transport Scotland), West Lothian and Falkirk Councils. Delivery of the project is contingent on securing matching contributions from each partner and the package has not yet been confirmed for its delivery. The scheme is however

identified in 'A National Mission with Local Impact' the Scottish Government's Infrastructure Investment Plan for Scotland 2021-26 to 2025-26, confirming its commitment to this project.

- 5.2 Transport Scotland is undertaking a review of the A801 design in line with latest policy and Falkirk Council and West Lothian Council continue to liaise closely to determine if any redesign will be necessary. Thereafter a second round LUF submission can be considered.
- 5.3 To date the UK Government has not confirmed a date for LUF Round 2 submissions and this may impact on the capacity to bid and the anticipated LUF spend deadline of March 2024.

6 UK Community Renewal Fund

- 6.1 The UK Community Renewal Fund provides £220 million funding 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. The priorities of the Fund were to support people and communities most in need across the UK, to pilot programmes and new approaches which invest in skills, community and place, local business, and supporting people into employment.
- 6.2 90% of the funding available through the UK Community Renewal Fund (CRF) is revenue funding. Funding was originally only available for the current financial year however this has now extended to June 2022. The funds are to be managed by local authorities acting as lead authority.
- 6.3 Applications were invited from all private, public, third sector and community organisations able to deliver innovative responses to local challenges and need in the Falkirk Council area. Bids up to a maximum of £3 million per place were invited. A total of 12 bids were assessed and a shortlist of five projects, totalling £2.8m were submitted to UK Government for approval on 18 June 2021.
- 6.4 Following consideration of the five submitted bids, the UK Government announced, in November 2021 that the Council was successful in securing CRF funding for two projects totalling £1,254,204. The successful projects awarded were:
 - *Falkirk Food Futures* led by Forth Environment Link (£534,054) and
 - *Falkirk's Canal: A Collaborative Pathway to a Fairer & Net-Zero Future* led by Green Action Trust (£720,150).
- 6.5 *Falkirk Food Futures* aims to work closely with communities and local organisations to address food insecurity in Falkirk and build a fairer resilient and sustainable food future. It will support 3,000 people, of whom 500 are economically inactive, 2,000 are unemployed and 500 are employed. They will also support 40 voluntary organisations.
- 6.6 *Falkirk's Canal: A Collaborative Pathway to a Fairer & Net Zero Future* will enable a shared vision of a fairer, net-zero future for Falkirk's canalside communities. Scotland's central canals, including the Forth & Clyde and the

Union canals in Falkirk will provide a coast to coast active travel route linking Scotland's major centres of population and some of their most deprived communities. It will support 230 economically inactive, 112 unemployed, 55 employed people and 8 organisations, 7 being voluntary and 1 public. The award also supports 7 small businesses.

- 6.7 Since the award announcement, a grant funding agreement has been signed between UK Government and Falkirk Council. Additionally, project funding agreements have been signed between each project delivery body and the Council.
- 6.8 Inception meetings with both Forth Environment Link and Green Action Trust have been held and regular meetings take place to discuss progress, agree financial and output claims and ensure compliance. The CRF funding has a project end date of 30th June 2022 with a financial end date of 31st August 2022.

7. Consultation

- 7.1 Each Fund required that consultation be undertaken with a range of stakeholders including local communities, businesses and other organisations. Consultation on the approach to the LUF submissions has taken place with MPs, neighbouring authorities in the Forth Valley and with West Lothian Council as well as local consultation on the projects. Further consultation and engagement within the targeted communities is being undertaken by the two successful UKCRF project delivery bodies as part of their overall delivery.

8. Implications

Financial

- 8.1 The successful LUF award provides £20m of capital funding for delivery of the A9/A904 & Westfield roundabout project and requires to be aligned with the Council's ongoing TIF capital investment programme with Scottish Government, which is the subject of current discussions. An additional £125,000 of funds has been supplied to the Council to assist with LUF project submissions and delivery by the LUF end date of March 2024.

The successful CRF award provides £1,254,204 of funding for two local projects.

There are revenue implications associated with delivery of both funds, to employ additional resource to support delivery, compliance and implementation. These are being supported by the grant awards made to the Council by UK Government in July 2021. In the case of the CRF, UK Government has awarded an additional management fee of £37,000 to support management and compliance of the fund to its end at 31 August 2021.

Resources

- 8.2 There are resource implications as a direct result of the LUF/CRF funding. The Levelling Up Fund submission was made through existing staff resources within Place Services with specialist design and economy consultant costs met from the £125,000 grant support from UK Government. As the project commences additional resources within Place Services will also be required from this grant fund. Given the short term nature of the CRF and the need to deliver this fund within a short defined timescale a temporary Claims and Compliance consultant has been appointed to ensure effective administration and compliance with grant conditions.

Legal

- 8.3 The grant award documents have been reviewed by Governance and Internal Audit staff to ensure compliance with standing orders.

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 Both LUF and CRF require ongoing risk assessments to ensure their objectives are achieved. These new funds, announced at short notice in April 2021, placed additional pressure on existing staff resources. However the projects are significant in scale and offer valuable added investment at this time.

The additional funding provided by UK Government to support project delivery is welcomed. It is acknowledged that there are risks to LUF project delivery which may be caused by inflationary and supply chain cost pressures which have arisen nationally as the country has emerged from the Covid restrictions and these are closely monitored and reported through the TIF Executive.

Commencement of the A9/A904 Westfield project is to proceed following the response from Scottish Government. Positive discussions have been held on this matter and a response is anticipated soon. Delivery of the A9/A904 Westfield project is vital to fulfilling the UK Government grant award and failure to do so will require return of funding and reputational risk to the Council.

There is a risk that the CRF grantees do not deliver within the tight delivery timescale expected and this could create reputational risk for the Council with regard to future funding applications to the UK Government. This is mitigated by ensuring resources are in place to ensure delivery of the CRF to monitor progress and key delivery milestones.

Equalities

- 8.6 The LUF and CRF 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 this support. EPIAs will be prepared for each of the LUF and CRF projects on commencement of the projects.

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 assist towards realising the Council's net zero target for 2030.

9. Conclusions

- 9.1 The announcement of £21.25m award of funding to the Falkirk area following a challenging bidding national process is an extremely positive outcome. It provides significant funding to support the area's economic growth, supporting infrastructure investment and delivery of key initiatives to enhance the resilience of those most deprived in local communities. It is important that the Council proceeds to deliver on these projects in order to fulfil the grant criteria and demonstrate that the area is suitable for further funding in future rounds. It is intended that the work on a further bid for the Avon Gorge be sustained, involving Transport Scotland and West Lothian Council.
- 9.2 The timescale for delivery of both LUF and CRF projects is challenging for the Council, communities, stakeholders and partners involved. However the additional resources provided to support delivery will help ensure delivery within UK Government timescales.

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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>