

LEVELLING UP FUND AND COMMUNITY RENEWAL FUND  
APPLICATIONS

LEADER (COUNCILLOR HUW THOMAS)

AGENDA ITEM: 3

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***Appendix 1 of the Cabinet Report is not for publication as it contains exempt information of the description contained in paragraphs 14 and 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. It is viewed that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.***

**Reason for this Report**

1. To note the proposed process for assessment and the subsequent submissions to the UK Government Levelling-Up Fund and Community Renewal Fund.
2. To note the proposed projects being developed for submission in future rounds of the Levelling-Up Fund.

**Background**

3. In March 2021, the UK Government announced details of new UK-wide investment programmes in parallel with the Budget, namely:
  - Levelling Up Fund, worth £4.8bn; and
  - Community Renewal Fund, worth £220m.
4. Local authorities have been chosen to lead bids to the Levelling Up Fund and to act as lead authority in bringing together bids to the Community Renewal Fund for submission to the UK Government.

Levelling Up Fund

5. The £4.8bn Levelling Up Fund (LUF) will invest capital in local infrastructure, town centre and high street regeneration, local transport projects, and cultural and heritage assets. The scheme will set aside at least £800 million across Scotland, Wales and Northern Ireland over 4 years from 2021. For the first round of funding, at least 5% of total UK

allocations will be set aside for Wales, which equates to approximately £235m.

6. The UK Government also published 'priority area' rankings for local areas between 1 and 3. As part of this analysis, Cardiff was ranked in the Priority Category 1 group, which represents areas in the highest need of levelling up.
7. The scheme is competitive in that there are no set allocations for local authority areas. Each area will need to submit relevant applications for funding to the UK Government, which will assess bids.
8. The funding guidance outlines that the LUF will support projects that deliver the following:
  - Transport investments including (but not limited to) public transport, active travel, bridge repairs, bus priority lanes, local road improvements and major structural maintenance, and accessibility improvements. They are also requesting proposals for 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 spaces.
9. In assessing bids, the UK Government will consider:
  - Characteristics of the place – which represents the priority area rankings.
  - Deliverability – based on supplementary finance, management and commercial cases, with those bids able to demonstrate investment or begin delivery on the ground in the 2021/22 financial year being prioritised in the first round of funding.
  - 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.

10. It is clear that the first round of the LUF will prioritise bids that can demonstrate investment or begin delivery on the ground in the coming financial year. To apply for investment from the first round of the LUF, eligible local institutions must submit their bids to the UK Government Ministry of Housing, Communities and Local Government (MHCLG) by Noon on Friday 18 June 2021. It is expected that investment decisions will be made for this funding round by autumn 2021.
11. Local authorities can submit one bid for every Member of Parliament (MP) whose constituency lies wholly within their boundary. The UK Government also expects MPs to express support for one bid that they see as a priority, but MPs do not have a veto and their support is not required for bids.
12. The number of bids that a Local Authority in Category 1 can make in total will relate to the number of MPs in their area, with one additional bid able to be submitted for potential transport projects in the area. This provides Cardiff with the opportunity to submit five bids in total, relating to the four Parliamentary constituencies in the area – i.e. Cardiff Central, Cardiff North, Cardiff South & Penarth and Cardiff West – together with one additional transport bid. Local authorities submitting multiple bids are expected to spread these fairly and equitably within the authority's boundary and across their full range of constituencies, targeting pockets of deprivation as appropriate.
13. The LUF 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, allowing for bids of up to £50m.
14. Bids for the first round of LUF funding are to be submitted by Noon on Friday 18 June 2021.

#### Community Renewal Fund

15. The £220 million UK Community Renewal Fund (CRF) is for the 2021/22 financial year only, and is predominantly revenue funding. The fund is commensurate with the European Social Fund (ESF), and is being considered as a precursor to the launch of the new UK Shared Prosperity Fund (SPF) in 2022. The CRF will support investment in 1-year pilots to help prepare for and inform the design of the SPF.
16. The CRF supports investments in the following activities:
  - Investment in skills;
  - Investment for local business;
  - Investment in communities and place; and
  - Supporting people into employment.
17. As with the LUF, there is a list of priority places determined by the UK Government's methodology, based on an index of economic resilience; this will also help guide the distribution of capacity funding. In the case of the CRF, Cardiff is not identified as a priority area.

18. Lead authorities have been asked 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 projects to the UK Government. The UK Government will prioritise applications that target the top 100 places in Great Britain. This does not, however, preclude non-priority areas like Cardiff from applying.
19. The UK Government has provided a timetable for the CRF process for lead authorities that is outlined below:
  - Lead authorities to submit shortlists of projects to UK Government by 18 June 2021
  - UK Government to assess bids (18 June – late July 2021)
  - UK Government announces successful projects (late July 2021 onwards)
  - Mid-point monitoring reviews of projects with lead authorities (November-December 2021)
  - CRF finishes and second tranche of funding paid to lead authorities (31 March 2022)

## **Issues**

### Levelling Up Fund

20. The submission of applications to meet the UK Government's 18 June 2021 LUF deadline will focus on those projects that are able to deliver substantial spend in the current financial year (2021/22). However, this represents the initial round of funding, and further funding rounds will be open for applications.
21. Following discussions with officials from the UK Government, the Council is taking forward an approach to submit any appropriate bids in the first round that could deliver investment in the current financial year, but also to identify at an early stage any bids that it would intend to bring forward for later bidding rounds.
22. This approach is intended to show both an open and transparent process for LUF applications, as well as to signal to the UK Government at an early stage the Council's intentions and expectations for further submissions in later rounds.
23. The Council subsequently is taking forward an exercise to consider potential projects that have been prioritised and assessed according to the criteria outlined in the Levelling-Up Prospectus. Projects are identified with the intention of developing a '4+1' approach that provides for a spread of potential projects covering each of the city's constituencies. Following this assessment, the proposed projects to be submitted for the LUF were identified as:
  - The 'Highline' connection between the city centre and Cardiff Bay (Transport led scheme);

- The restoration of Cardiff Market (Cardiff Central);
  - Delivering a new 'Youth Zone' for Ely (Cardiff West);
  - The Taff River Corridor project – opening up Cardiff's waterfront (Cardiff South and Penarth);
  - A new nature-focussed visitor attraction at Forest Farm (Cardiff North).
24. In terms of the identified projects, the Cardiff Market restoration is able to deliver substantial in-year spend, and as a consequence, will be taken forward as a bid in the first funding round. The remaining projects will be further developed in advance of subsequent bidding rounds.

### The Highline

25. The Highline proposal would represent a transport-led scheme that would fall into the category of the 'exceptional' proposals, which allow for up to £50m of funding from the Levelling Up Fund. The scheme would comprise a range of interventions, including:
- Development of transport links between the city centre and Cardiff Bay;
  - New active travel measures;
  - The creation of new green space and parkland; and
  - Physical improvements to Bute Street to improve accessibility between communities.
26. The project would see a reduction of road access to Lloyd George Avenue and the creation of a green link designed for walking and cycling between the Bay and city centre. The 'Highline' type scheme would also be a destination in its own right, providing additional green space for Butetown residents and a new park area for the city.
27. The scheme would aim to deliver a range of outcomes. Notably, it would be a primarily active travel and public transit-based scheme that would provide:
- The establishment of a range and choice of sustainable travel options between the city centre and Bay, drawing both destinations closer together;
  - A new urban park destination in the city, based on nature and heritage, linking in with existing communities;
  - Additional jobs and commercial development; and
  - Physical improvements to Bute Street including opening up access through or over the railway wall which currently divides the communities on either side
28. In addition, the scheme would also lay the foundations for improvements to the wider transport network, linking with the new Metro link to Cardiff Bay and supporting the overall transport strategy of the new Indoor Arena. This includes the new tram line from Metro Central to Cardiff Bay, which would extend to Pierhead Street, providing regular and quick access between the city centre and the new arena for visitors.

29. The scheme would also bring forward plans to invest in Bute Street, both as part of the connection between the city centre and Bay, but also as part of a wider regeneration scheme that will link the Atlantic Wharf development with the communities of Butetown.
30. Overall, the scheme would deliver a comprehensive regeneration of the area between the city centre, Lloyd George Avenue, Bute Street and Atlantic Wharf.
31. The scheme is also included in the draft Greener, Fairer, Stronger, City Recovery and Renewal Strategy, which specifically references the following project:
- “Develop proposals for a new urban park between the City Centre, Callaghan Square and Cardiff Bay, by greening Lloyd George Avenue to create Cardiff’s equivalent of the New York Highline.”*
32. It will also specifically link in with the proposed project to:
- “Transform public transport connectivity in district and local centres by working with Welsh Government and Transport for Wales to deliver investment in Cardiff Crossrail, City and Circle Lines and new train stations.”*
33. It is intended that this would comprise the primary bid of Cardiff Council, seeking to develop a long-term sustainable investment that generates economic, environmental, cultural and social benefits.
34. The bid would form part of a wider development programme totalling over £100m of investment, of which the Levelling Up bid would only form part. Further discussions are underway with the Welsh Government to explore value capture options for leveraging additional investment based on the increases in land values and business rates that would be achieved through development.
35. It is intended that the £125,000 allocated to local authorities to support Levelling Up applications would focus primarily on developing the full application for the ‘Highline’ proposal.

*The Taff River Corridor (Cardiff South and Penarth)*

36. The Taff River Corridor project will invest in Grangetown and Butetown to help reconnect the city with its riverfront. The project would see investment in new bridges for pedestrians and cyclists connecting communities on the east and west of the Taff between the city centre and Channel View.
37. The Taff Corridor project will help provide more accessible riverfront areas, public open spaces and commercial opportunities on the water’s edge. As part of this project, the need for three strategically important bridges in Grangetown has been identified.

38. The bridges include one at the new Brains Brewery development, Central Quay, a bridge at the new Vastint development on Dumballs Road, and one at the council-led development at Channel View. The bridge at Channel view will form part of the wider Channel View regeneration scheme and provide improved access to Butetown for residents, including access to Ysgol Gynradd Gymraeg Hamadryad.
39. The bridges will plug the accessibility gaps for active travellers in an area with historically poor patterns of east - west connectivity due to the Taff River. The bridges will also offer a car free alternative to narrow road bridges and help safely connect some of Cardiff and Wales' most deprived communities with nearby employment and leisure areas, schools, retail and commercial centres, helping to bring regeneration benefits to these communities.
40. The bridges will also help to connect wider areas of east and west Cardiff, linking people living close to the Ely Trail with the city centre and Cardiff Bay, whilst also significantly enhancing routes to and from Penarth.
41. Collectively, the project will seek to develop a river park concept following the river Taff through Grangetown and Butetown that provides green space, improved access to the riverfront and improved cross river access.
42. This proposal also links with priorities identified in the draft Greener, Fairer, Stronger, City Recovery and Renewal Strategy, namely to:

*“[to] Improve existing - and establish new – green spaces and open up our waterfront.”*

And

*“more actively embracing our waterfront.”*

#### Forest Farm (Cardiff North)

43. The Forest Farm proposal will deliver a new nature-focused visitor attraction in the north of the city at the Forest Farm County Park. Located on the banks of the Taff just south of the M4 motorway, Forest Farm provides a unique location within a city setting. Sections of the former Glamorganshire Canal still survive at the site, which is home to a wide range of habitats, including woodland, scrub, hay meadow, ponds and marshland. The Taff Trail also runs through the site.
44. The Forest Farm Conservation Centre is home to the Council's Community Park Ranger Service and acts as a hub site for environmental volunteering across the city's parks and green spaces.
45. The vision for the project is to provide a new destination in the city that showcases the best of outdoor Cardiff, linking with the waterfront, and

providing an alternative visitor attraction outside of the urban environment. Overall the proposal will comprise:

- The establishment of a new family-focussed visitor attraction;
- Renovation and upgrading of existing buildings;
- Provision of outdoor space for families;
- New accommodation for visitors appropriate to a green setting;
- Provide opportunities for hard to reach young people, working with Youth Services; and
- Improved space for local residents and communities to use.

46. The scheme will include the conversion of existing buildings to create a visitor attraction that celebrates biodiversity in the city, as well as facilities for an outdoor family attraction.

47. This also links with a priority identified in the draft Greener, Fairer, Stronger, City Recovery and Renewal Strategy, namely to:

*“Invest in existing and establish new green spaces, whilst more actively embracing our waterfront.”*

#### Youth Zone (Cardiff West)

48. The Youth Zone proposal includes working with a charity called On Side, whose mission is “to empower young people to lead positive, fulfilling lives by providing access to incredible spaces and exceptional youth work, delivered by outstanding people, where they are needed the most.”

49. On Side describes Youth Zones as providing “local young people aged between eight and 19, or up to 25 with a disability, affordable access to high-quality sports, arts and leisure facilities and activities, seven days a week, 52 weeks a year. This universal offer is complemented by crucial, targeted services that support employability, wellbeing and health, helping those young people who need additional support.”

50. Youth Zones are physical spaces designed to provide young people with somewhere to go, something to do and someone to talk to in their leisure time. On Side currently supports a national network of multi-million pound Youth Zones in the UK’s most economically disadvantaged areas. The Youth Zones are staffed by skilled and dedicated youth workers to support those who use the facilities.

51. In Cardiff, the proposal is to establish a Youth Zone in Ely to complement current youth support provision in the city. This will provide a significant increase in the range of support for young people in the west of the city, and act as a gateway for other services.

52. It is intended that the Levelling-Up proposal would act as initial match funding, with further support provided by the On Side charity itself.

53. This proposal also links with a priority identified in the draft Greener, Fairer, Stronger, City Recovery and Renewal Strategy, namely to:

*“Become a Child Friendly City, where the interests of children and young people are at the heart of our response.”*

#### Cardiff Market (Cardiff Central)

54. The Cardiff Market Restoration Project will concentrate on the restoration of the Grade II\* listed Victorian indoor market – opened in 1891 in the city centre – and focus on greater understanding of its heritage.
55. The proposal is to invest in Cardiff Market as part of a conservation exercise, as well as to elevate its status as a tourist destination and main hub for the city for shopping, food and drink. Investment in the Market will therefore be undertaken from both a perspective of preserving heritage, as well as investing in the tourist infrastructure of the city.
56. Restored markets are increasingly a central element of the city tourist infrastructure. In places like Madrid and Lisbon, the Mercado de San Miguel and Time Out Markets are amongst the most visited attractions. Elsewhere in Europe, smaller cities are also developing their market offers as key visitor attractions.
57. The restoration will restore both the interior and exterior of the building, removing unnecessary clutter and enhancing both main entrances to the site, as well as its original features. The investment will be made sustainable through a Conservation Management & Maintenance Plan. The investment will also provide heritage interpretation within the Market and opportunities to engage with new audiences through a programme of activities. Additionally, Cardiff Museum will extend and integrate its heritage services within the project.
58. The proposal will seek funding from the Levelling-Up Fund to invest in the initial restoration of both exterior and interior elements of the building, with initial exterior work scheduled to begin in the current financial year.
59. A parallel submission is also being developed to the Heritage Lottery Fund. The intention is that the Levelling-Up Fund application will provide additionality to the Heritage Lottery Fund application.
60. The scheme is also included in the draft Greener, Fairer, Stronger, City Recovery and Renewal Strategy, which specifically references the following project:

*“Deliver further investment in Cardiff Market as a leading destination for local produce.”*

#### Community Renewal Fund

61. The Council issued an open call for Community Renewal Fund projects on 19<sup>th</sup> April, which was promoted through the Council website, social media and an accompanying press release. The bid process was open until 17<sup>th</sup> May. The process provided the necessary application form and

guidance for applications as outlined by the UK Government and was open for any properly constituted organisation to apply.

62. The UK Government provides for flexibility for lead authorities to tailor the bid process to reflect local priorities and to ensure alignment with local strategies, provided there is no conflict with the Community Renewal Fund prospectus or other related documentation. The Council therefore sought to build on the required set assessment framework for those that pass the initial gateway stage and to develop a bespoke additional assessment criteria that acknowledges and prioritises bids that have the greatest potential to deliver against local priorities as outlined in Capital Ambition.
63. As well as reference to Capital Ambition, the assessment process also included a further analysis of:
  - Addressing Local Priorities
  - Partnership Working
  - Innovation and Service Delivery
  - Value for Money
64. Since the closure of the bidding window, projects have been gone through a three-stage assessment process, namely:
  - Gateway process to ensure applications meet all necessary criteria and pass due diligence requirements;
  - An initial scoring assessment based on the UK Government criteria, as well as alignment with Capital Ambition; and
  - A review of the scoring criteria undertaken by an evaluation panel that also includes external representation in the form of the Wales Co-operative Council.
65. The results of this assessment exercise are included in Confidential Appendix 1 to this report, which will be submitted by the Council to the UK Government in line with the requirements of the Community Renewal Fund. Details of the applicants will remain confidential until a final decision is made by the UK Government.
66. A summary of the applications is provided below:
  - A total of 14 projects have been submitted with a value of £860,200.
  - Projects are focussed on enterprise support, employment support and investment in communities and place.
  - Project sizes range from £5,000 to £215,000.

### **Reason for Recommendations**

67. To note the Council's submissions for the Community Renewal Fund and Levelling-Up Fund and to signal the intentions for future funding rounds of the Levelling-Up Fund.

## **Financial Implications**

68. Consideration needs to be given to the terms and conditions associated with the Community Renewal Fund applications and controls put in place that minimise the risk of any payments due to error.
69. In considering the applications for Levelling Up, business cases need to have considered cost, timescales, and capacity to deliver the outcomes being sought. The proposed additional projects should be developed over the next few months in order to ensure that the associated business cases show that the outcomes sought can be delivered on time and as cost budgeted.
70. £125,000 has been provided to further develop these business cases, with any additional resource required needing to be funded from existing revenue budgets allocated within the respective directorates.

## **Legal Implications**

71. Section 2 of the Local Government Act 2000 provides power to local authorities to do anything that is likely to promote the economic, social or environmental well-being of its area. Statutory Guidance indicates that such power may be used in a wide range of purposes, which may include but are not limited to, sustainable development, improving and conserving the quality of the local environment, promoting economic development, and providing assistance to communities, promoting local culture, heritage and biodiversity.
72. Further legal advice, including advice in relation to specific project matters, will be provided as proposals are progressed. Any proposed expenditure for works after receipt of funding will need to comply with any specific funding terms and comply with the Council's procurement rules.
73. In considering the proposals, the Council must have regard to its public sector equality duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.
74. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers and must be able to demonstrate how it has discharged its duty.

75. An Equalities Impact Assessment should be considered in relation to specific projects to identify the equalities implications of the proposed decision, including inequalities arising from socio-economic disadvantage, and due regard should be given to the outcomes of the Equalities Impact Assessment.
76. The Council must also be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards and consider the impact of its proposals upon the Welsh language.
77. The Well-being of Future Generations (Wales) Act 2015 requires the Council to consider how the proposals will contribute towards meeting its wellbeing objectives (set out in the Corporate Plan). Members must also be satisfied that the proposals comply with the sustainable development principle, which requires that the needs of the present are met without compromising the ability of future generations to meet their own needs.
78. The decision makers must be satisfied that the proposals fall within the Council's approved policy and budget framework.

### **Property Implications**

79. There are no specific property implications in respect of the Levelling Up Fund and Community Renewal Fund Applications report. Where there are any property transactions or valuations required to deliver any proposals, they should be done in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas.

### **HR Implications**

80. There are no direct HR implications arising from the recommendations within this report. Any implications arising from successful funding applications will be managed in accordance with the Council's agreed HR policies and procedures.

## **RECOMMENDATIONS**

Cabinet is recommended to:

- a) Note the details of the Community Renewal Fund applications for submission to the UK Government to be submitted by 12pm on 18 June 2021.
- b) Note that the proposal for investment in Cardiff Market to be submitted to the UK Government by 12pm on 18 June 2021 in the first round of Levelling-Up Fund applications.
- c) Note the proposed additional projects for the Levelling-Up Fund, and agree that the Leader of the Council, in consultation with relevant

Members of Parliament, will write to the UK Government signalling the ambitions for the use of the Levelling-Up Fund.

<b>Senior Responsible Officer</b>	<b>Neil Hanratty</b> <b>Director of Economic Development</b>
	11 <sup>th</sup> June 2021

*The following appendix is attached:*

*Confidential Appendix 1: Community Renewal Fund submissions summary*