

**LEVELLING UP FUND AND COMMUNITY RENEWAL FUND APPLICATIONS:
PRE-DECISION SCRUTINY**

Appendix 1 of the Cabinet Report is not for publication as it contains exempt information of the description contained in paragraphs 14 and 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local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.

Purpose of the Report

1. To give Members background information to aid the scrutiny of the draft report to Cabinet regarding applications to two UK Government funds, the Community Renewal Fund and the Levelling Up Fund, which is due to be considered by Cabinet at their meeting on 17 June 2021.
2. Members should note that **Appendix 1** of the Cabinet report is exempt from publication. Members are requested to keep this information confidential, in line with their responsibilities as set out in the Members Code of Conduct and the Cardiff Undertaking for Councillors.

Scope of Scrutiny

3. At their meeting on 17 June 2021, the Cabinet will consider a report that provides details of the Community Renewal Fund applications and a proposal for investment in Cardiff Market to be submitted in the first round of the UK Government Levelling-Up Fund. The report also provides details of proposed additional projects for the Levelling-Up Fund applications, stating that the Leader, in consultation with relevant Members of Parliament, will write to the UK Government signalling ambitions for the use of the Levelling-Up Fund.

4. During this scrutiny, Members have the opportunity to explore:
 - The applications prioritised by the Council for submission for Community Renewal Funding;
 - The Cardiff Market bid for Round 1 Levelling Up Funding;
 - The proposed bids being developed for submission for future rounds of Levelling Up Funding;
 - The anticipated benefits of the above bids and their role in levelling up Cardiff;
 - The role of the Council in developing and delivering bids;
 - Whether there are any risks to the Council;
 - The timeline and next steps;
 - The recommendations to Cabinet.

Structure of the meeting

5. The Chair will move that this item be considered in two parts: an open session, where Members will be able to ask questions on the issues and papers that are in the public domain; and a closed session, where members of the public will be excluded, where Members can ask questions that pertain to **Appendix 1**.
6. Members will hear from Councillor Huw Thomas (Leader), Councillor Russell Goodway (Cabinet Member – Investment and Development), Neil Hanratty (Director of Economic Development) and Jon Day (Operational Manager – Tourism and Investment). There will be a presentation taking Members through the proposals and recommendations to Cabinet, followed by Members questions.
7. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration prior to making their decisions.

Background

8. In March 2021, the UK Government announced details of two new UK-wide funds:
 - Levelling Up Fund, worth £4.8bn; and
 - Community Renewal Fund, worth £220m.

Levelling Up Funding

9. The Levelling Up Fund (LUF) runs from 2021-2025 and is for capital investment in the following areas:

- Local Infrastructure
- Town Centre and High Street Regeneration
- Local Transport Projects
- Culture and heritage assets.

10. The LUF will be distributed via a competitive bidding process, with UK Government assessing bids. The first round of LUF allocates circa £235 million for Wales. There are no set allocations per local authority. In assessing bids, the UK Government will consider:

- Place – the UK Government has assessed areas to determine the level of need for levelling up, with Priority Category 1 areas having the highest need for levelling up. Cardiff has been placed in this category.
- Deliverability – bids able to demonstrate investment or begin delivery on the ground in the 2021/22 financial year will be 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.

11. Local Authorities have been chosen to lead bids to the Levelling-Up Fund and can submit one bid for every MP whose constituency lies wholly within their boundary: the report to Cabinet states that Cardiff can submit four bids on this basis. In addition, Cardiff can submit a further bid for potential transport projects, as it is in the Priority 1 Category.

12. Bids for LUF are expected to be up to £20m but there is scope for larger value transport projects, by exception, for bids up to £50m.

13. Bids for the first round of LUF funding are to be submitted by Noon on Friday 18 June 2021, with decisions expected by Autumn 2021.

Community Renewal Funding

14. The Community Renewal Funding (CRF) is predominantly revenue funding. It is for 2021/22 only, as a precursor to the proposed UK Shared Prosperity Fund due to launch in 2022.

15. The CRF supports investment in the following areas:

- Investment in skills;
- Investment for local business;
- Investment in communities and place; and
- Supporting people into employment.

16. The UK Government has assessed areas using an index of economic resilience to identify a list of priority places. Cardiff is not identified as a priority area but this does not preclude applications.

17. Local Authorities act as the lead authority in bringing together bids for submission to UK Government. Local Authorities therefore invite bids, appraise, and prioritise these to develop a shortlist for submission of up to a maximum value of £3 million per place. The timetable for this is shown 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).

18. The draft report to Cabinet entitled '*Levelling Up Fund And Community Renewal Fund Applications*' is attached at **Appendix A** and has **one** appendix:

- **Confidential Appendix 1** - Community Renewal Fund submissions.

Issues identified in the Cabinet Report

Levelling Up Funding

19. The report to Cabinet sets out that potential projects for Levelling Up funding (LUF) have been identified, assessed and prioritised according to the criteria outlined in the UK Government's Levelling-Up prospectus. In addition, the proposed bids provide for a spread across Cardiff's constituencies.
20. Applications for Round One of LUF have to be submitted by 18 June 2021 and need to be able to deliver substantial spend within the current financial year. The Council is also identifying future bids it intends to make in later bidding rounds, to be both open and transparent and to signal to UK Government at an early stage the Council's intentions and expectations for further submissions in later rounds.
21. The report to Cabinet sets out at **Point 23** that the following schemes are identified for submission for LUF, with the Cardiff Market scheme prioritised for submission in Round 1, as it is able to deliver a substantial spend in 2021/22. Further details of these proposals are provided at **Points 25 –60**:
- 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*).

Community Renewal Funding

22. The report to Cabinet sets out that potential bids for Community Renewal Funding (CRF) have been assessed and prioritised using the following criteria:
- UK Government assessment framework
 - Bespoke additional assessment criteria, as allowed by UK Government, to reflect local priorities and ensure alignment with local strategies:
 - Delivery against local priorities outlined in Capital Ambition
 - Addressing Local Priorities
 - Partnership Working
 - Innovation and Service Delivery
 - Value for Money.

23. The assessment process for CRF bids consisted of three stages, as follows:

- 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.

24. **Confidential Appendix 1** provides details of those bids that have successfully passed through the above assessment process.

25. Financial Implications are at **Points 67 – 69** and highlight the following:

- With regard to Community Renewal Funding, need to consider terms and conditions and put in place controls to minimise risk of payments due to error
- With regard to Levelling-Up funding, need to ensure businesses cases for proposed additional projects show that outcomes sought can be delivered on time as cost budgeted
- £125,000 has been provided to develop further the businesses cases for Levelling-Up funding proposed projects.
- Any additional resource required will need to be funded from existing revenue budgets allocated to Directorates.

26. Legal Implications are at **Points 70- 77** and set out that:

- the Council has the power to promote well-being in its area
- the Council must have regard to its public sector equality duties, its' Socio-Economic duty, responsibilities re Welsh Language and Well Being of Future Generations (Wales) Act 2015
- An Equalities Impact Assessment (EIA) should be considered in relation to specific projects
- Further legal advice for projects will be provided as these progress.

27. Property Implications are at **Point 78**. No property implications are identified. HR Implications are at **Point 79**. No HR implications are identified.

Proposed Recommendations to Cabinet

28. The report to Cabinet contains the following recommendations:

- i. Note the details of the Community Renewal Fund applications for submission to the UK Government to be submitted by 12pm on 18 June 2021.*
- ii. Note that the proposal for investment in Cardiff Market is submitted to the UK Government by 12pm on 18 June 2021 in the first round of Levelling-Up Fund applications.*
- iii. Note the proposed additional projects for the Levelling-Up Fund, and for the Leader of the Council, in consultation with relevant Members of Parliament, to write to the UK Government signalling our ambitions for the use of the Levelling-Up Fund.*

Way Forward

29. Councillor Huw Thomas (Leader) and Councillor Russell Goodway (Cabinet Member – Investment and Development) will be invited to make a statement. Neil Hanratty (Director of Economic Development) and Jon Day (Operational Manager – Tourism and Investment) will attend to give a presentation. All witnesses will be available to answer Members' questions on the proposals.

30. All Members are reminded of the need to maintain confidentiality with regard to the information provided in **Appendix 1**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.

Legal Implications

31. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with

the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

32. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to:

- i) Consider the information in this report, its appendices and the information presented at the meeting;
- ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter in time for its meeting on 17 June 2021; and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

11 June 2021