

REPORT OF THE DIRECTOR OF PLACE

LEVELLING UP FUND - SECOND ROUND

Cabinet Member(s): Councillor Richard Chesterton, Cabinet Member for Planning and Regeneration

Responsible Officer: Richard Marsh, Director of Place

Reason for Report:

1. To inform Members about the second round of the Levelling Up Fund (LUF)
2. To seek Members endorsement of resubmitting a bid for the Cullompton Town Centre Relief Road (including associated pedestrian and cycling improvements to the proposed new station site). The bid being updated to include key information and addressing issues raised through bid evaluation.

RECOMMENDATIONS: That Cabinet agree to submit a bid to the second round of the Levelling Up Fund in respect of the gap funding required to deliver the Cullompton Town Centre Relief Road.

Financial Implications:

Local areas can bid for up to £20 million capital funding for a range of local infrastructure projects. Although projects can be fully funded, bidding authorities are 'encouraged' to include local match funding amounting to 10% of total project costs – this could be in the form of developers contributions, or private sector match. For the Cullompton relief road, there is already a close connection with development financial contributions through Housing Infrastructure Fund recovery requirements and Devon County Council is acting as delivery partner. Devon County Council has pledged £1.5 million towards the scheme costs.

Budget and Policy Framework:

The Levelling Up Fund (LUF) is a vehicle for the Government's "levelling up" agenda. Projects put forward as part of a bid will need to demonstrate a strong strategic fit against national, regional and local priorities for growth as set out in the prospectus. This report is not considered to raise policy framework implications.

A funding package is already in place for the Cullompton relief road scheme incorporating Housing Infrastructure Fund monies and future developer contributions. The LUF bid is to provide gap funding to supplement those funding sources already identified. At the time of writing the cost of scheme is currently estimated at £28m. This figure is being refined as part of the bid preparation. This estimate is a higher figure than last year's costings as it reflects increasing costs in the construction sector.

Legal Implications: Should bids be agreed and terms accepted, a grant-funding agreement will be entered into by the Council and Homes England.

Risk Assessment:

LUF: Mid Devon is identified as a medium priority category 2 area for the LUF. Considerable time and effort will need to be invested in resubmitting a bid within a very

short time-frame. There is no guarantee of success, however failure to develop and submit projects under this fund would represent a missed opportunity.

Wider risk: The Cullompton Town Centre Relief Road is considered to be a major strategic growth project. Its delivery will unlock environmental and air quality improvements within Cullompton town centre and Historic England has made it clear that the award of the Heritage Action Zone monies in Cullompton is predicated by a clear expectation of its delivery. The relief road will also unlock early capacity at J28 M5 in advance of more significant junction intervention, allowing for planned growth within the adopted Local Plan to come forward. This planned growth is considered vital to sustain the pipeline of housing delivery in order to meet future Housing Delivery Test requirements and as such is also significant to the delivery of the recently adopted Local Plan. Failure to deliver homes within the required timeframe will significantly increase risk, with the prospect of unplanned development coming forward in other locations within the District.

There are critical next key steps for the relief road project such as land assembly. The project will need to be delivered in a timely manner to ensure that it fits with the requirements of each of the funding streams.

Equality Impact Assessment: Projects put forward as part of a submission will need to demonstrate how they will reduce economic and social inequalities, or promote wider growth and economic / job creation opportunities particularly as they impact the most vulnerable residents or hardest hit communities.

Relationship to Corporate Plan: The LUF provides an opportunity to contribute towards all four corporate priorities of economy, homes, community and environment and assist in the delivery of many of aims identified within the Corporate Plan.

Impact on Climate Change: Any project submitted as part of the LUF will need to demonstrate its contributions to carbon reduction targets as part of the assessment criteria. In particular, they expect transport investment projects to show how they will reduce carbon emissions, improve air quality, and cut congestion.

1 BACKGROUND

1.1 The Government announced the creation of a Levelling Up Fund (LUF) at the Autumn Spending Review 2020. The fund included the opportunity for Local Authorities to seek up to £20 million of capital funding for high-priority infrastructure projects. Bidding authorities were 'encouraged' to include local match funding amounting to 10% of total project costs. Every local authority can submit at least one bid. In addition, County Councils can submit an additional transport bid. The Fund will now run until 2024/25.

- 1.2 Although this is a competitive funding programme open to all top tier and second tier local authorities, certain areas have been prioritised for investment under the Levelling Up agenda based on an index of economic and deprivation indicators. Priority areas, representing places with the highest levels of identified need, will receive capacity funding to develop high quality bids. Mid Devon has been categorised under category 2 (2 out of 3 categories) and therefore not in the highest priority category. It should also be noted that, distinct from normal bid-based processes, the LUF mandates a parliamentary constituency geographic approach in the consideration of bids.
- 1.3 A first round of bidding was invited in 2021. This Council submitted a first round bid to the fund seeking gap funding for the Cullompton Town Centre Relief Road as agreed by Cabinet at its May 2021 meeting. Unfortunately this bid was unsuccessful. In response to our round one bid we received favourable feedback from government officials who considered it a strong bid. Indications were also given as to where the bid might be strengthened. Importantly of the £4.8 billion LUF investment package pledged from the Government only £1.7 billion was allocated in round one.

2 SECOND ROUND BID SUBMISSION

- 2.1 The Levelling Up Fund Round 2: Prospectus was published at the end of March this year. The second round will again focus on the following investment themes: Transport, Regeneration and Town Centre and Cultural. Bids will be assessed against the following criteria: Characteristics of the place, Deliverability, Strategic fit with local and fund priorities and value for money.
- 2.2 The deadline for the second round of the fund is 6th July 2022. It will only fund projects that can ensure some LUF spend in the current financial year 2022-23. Funds would need to be spent by March 2025.
- 2.3 Full details can be found in the Levelling Up Fund Round 2: Prospectus, which is available on the Government website at:
<https://www.gov.uk/government/publications/levelling-up-fund-round-2-prospectus>
- 2.4 This second round provides an opportunity to apply for funding to fill the funding gap in the Council's well established Corporate Objective to deliver the Cullompton Town Centre Relief Road.
- 2.5 The Cullompton Town Centre Relief Road has planning permission, is already supported by Housing Infrastructure Funding with associated expectations of delivery and is of strategic significance to Mid Devon. The Cullompton Town Centre Relief Road is considered to be a major strategic growth project. As identified in the risk section of this report:
 - Its delivery will unlock environmental and air quality improvements within Cullompton town centre;
 - Historic England has made it clear that that the award of the Heritage Action Zone monies in Cullompton is predicated by a clear expectation of its delivery;

- It will unlock early capacity at J28 M5 in advance of more significant junction intervention, allowing for planned growth within the adopted Local Plan to come forward. This planned growth is considered vital to sustain the pipeline of housing delivery in order to meet future Housing Delivery Test requirements and as such is also significant to the delivery of the adopted Local Plan; and
- Failure to deliver homes within the required timeframe will significantly increase risk, with the prospect of unplanned development coming forward in other locations within the District.

- 2.6 The relief road scheme also includes associated works with regard to enhanced vehicular access, pedestrian and cycle provision in the Station Road corridor at the northern end of the relief road's connection with the existing road network. Inclusion of these aspects has an associated benefit to the realisation of connections along Station Road between the town centre, northern end of the relief road and proposed railway station site.
- 2.7 Importantly the Relief Road project is able to start spend of LUF funds (if successful) within 22/23. Devon County Council supports the project, has pledged £1.5m towards its delivery and is acting as the delivery partner.
- 2.8 The Cullompton Town Centre Relief Road is a suitable scheme for submission given its close alignment with the exacting requirements as set out in the LUF prospectus, is of a significant scale to take greatest advantage of the opportunity, is well placed for delivery within the required timescale and given the favourable feedback received with regard to the last submission.
- 2.9 This second round fund provides an ideal opportunity for funding, but it is important to note that this report refers only to an application. If the application is successful, Cabinet will be advised of the relevant terms and conditions and its approval sought to proceed in due course.

Contact for more Information: Adrian Welsh, Strategic Manager – Growth, Economy and Delivery 01884 234398 awelsh@middevon.gov.uk

Circulation of the Report: Cabinet Member Cabinet, Leadership Team

List of Background Papers:

13 May 2021 Cabinet Report

<https://democracy.middevon.gov.uk/documents/s21841/Levelling%20Up%20Fund%20-Cabinet%20Report%20v4%20210422.pdf>

Levelling Up Fund Round 2: Prospectus

<https://www.gov.uk/government/publications/levelling-up-fund-round-2-prospectus>