

EDTT Scrutiny

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Community Renewal Fund and other Programmes

Lead director: Mike Dalzell, TCII

Useful information

- Ward(s) affected: All
- Report author: Mike Dalzell, Director Topurism, Culture and investment
- Author contact details: mike.dalzell@leicester.gov.uk Tel. 0116 4542931
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1. Purpose

- 1.1 This report provides information about new regeneration funding programmes announced by government following the recent budget. In particular, it provides details about guidance for the Community Renewal Fund and the Levelling Up Fund. Responses to both are expected to be led by the city council as the identified Lead Authority. Both have a short deadline for submissions i.e. by June 18 2021.

2. Recommendation

- 2.1 That the guidance is noted
- 2.2 Commission members consider how the council and its partners might best respond to the opportunities.

3 Community Renewal Fund

- 3.1 As part of the latest budget the government has announced a new one year only Community Renewal Fund. This is supposed to be a bridging fund that helps scope, test and review options for the longer term UK Shared Prosperity Fund. That fund should start operating in 2022/23 and will be the replacement for the EU structural funds (ESF / ERDF etc). Further guidance about how it will work is promised later in the year. This is significant as such funds historically have been used extensively in Leicester and throughout the country for skills and business support, tackling poverty, funding infrastructure and new workspaces etc. Funds have typically been targeted at areas with relative economic disadvantage. The current guidance can be found at

<https://www.gov.uk/government/publications/uk-community-renewal-fund-prospectus>

3.2 The prospectus proposes to do away with previous 'bureaucracy' and encourages innovation, new ways of working and collaboration. However the practical constraints of the programme are considerable. The key elements are

- £220 million is available UK wide
- A competitive process with no pre-set eligibility.
- Government has identified 100 priority places for the Fund based on a new index of economic resilience. This has proved controversial with many traditional 'disadvantaged' areas excluded and other new geographies included.
- Projects may align with one, or deliver across several investment priorities: skills / local business / communities and place / supporting people into employment
- 90% of funding is revenue
- Bids comprise projects that are anticipated to be 'large' scale, defined as circa £500k plus. So perhaps 5 or 6 projects in total to a maximum of a £3m programme.
- Government assess each project separately so any number may be funded from a programme submitted (i.e. none, some or all)
- Decisions are promised by government 'from the end of July'
- All spend must be complete by March 2022.

3.3 Lead authorities for each area are identified including the city council. The expectation is that the council should

- Invite proposals from local applicants, including the voluntary and community sector organisations and local education providers including universities
- Appraise and prioritise these projects

- Produce a shortlist of projects up to £3m maximum and submit this to government by 18 June
- Provide details of programme management arrangements (obligations here are substantial)
- Government will offer £20k capacity funding to the lead authority in each place regardless of whether bids are successful to assist with the above
- Lead authorities are expected to issue grant agreements to successful project applicants and to then undertake monitoring and assurance
- Payment to lead authorities will be 50% of the value of successful projects at the start and 50% at the end of the programme, raising issues of whether projects require cash flow support and the risks associated with that if projects do not end up delivering to agreed output targets

3.4 Successful projects will probably not find out they are successful until August 2020¹ and then there will be a process of contracting between the council and any third party delivery bodies which will run beyond that. This leaves perhaps 6 months at best to actually deliver activities. Given such constraints, any initiative or innovation that relies on recruiting new staff and / or running procurement processes to commission new services will almost certainly run out of time to do anything meaningful before March 2022. This will rule out a lot of things that might otherwise be good to do and to evaluate.

3.5 To deliver a viable programme bid the council will urgently need to

- i) confirm the final guidance and issue a project application template
- ii) identify and agree the process to promote this opportunity via a defined set of local organisations / networks
- iii) establish appraisal processes and resource them adequately
- iv) agree some local priorities that can assist project appraisal / programme selection

3.6 Work has started already to promote the CRF locally with initial correspondence sent to key organisations including the city universities, FE

Colleges, business support organisations and Voluntary Action Leicester. At the commission meeting more information will be provided about the timeline for inviting and assessing projects and for developing projects that can respond to local priorities. This work will be co-ordinated within the council by the economic regeneration team in liaison with senior finance colleagues and the Ass't City Mayor responsible for Jobs and Skills.

4 Levelling Up Fund

- 4.1 Detailed guidance has also now been issued for the Levelling Up Fund. The Fund covers infrastructure projects including transport and invites large scale proposals. The Fund will support large capital projects and has committed £4bn for England covering four years to 2024/25. Guidance can be found at <https://www.gov.uk/government/publications/levelling-up-fund-prospectus>
- 4.2 Like CRF, bidding is to be led by local authorities who are expected to consult local stakeholders. There is specific reference to the role of local MPs. Government expects MP's to back one bid they see as a priority. Guidance only applies for 2021/22 and proposals are invited that can make a start in the 2021/22 financial year. Further guidance is promised later in the year for 2022/23 onward. Guidance says the Fund is about addressing economic disparity – job opportunities and pay, which then impact on health and life-chances.
- 4.3 The Fund rules allow for one bid per MP constituency area meaning Leicester can submit up to three, but this is a maximum over the whole lifetime of the programme. One further transport bid is also permitted. Project bids can be for up to £20m with the transport bid being permitted to be substantially larger (up to £50m).
- 4.3 The Fund identified three pillars being Infrastructure, Skills, and Innovation. A section on governance recognises that local institutional frameworks for driving growth are complex and fragmented. LEP's not referenced anywhere. A White Paper later this year, *Devolution and Recovery* is noted that will

create 'empowered local institutions' to work with communities and business to set strategy for, and drive growth.

4.4 What does the Government mean by Levelling-Up and how is the gap measured? Key metrics are around prosperity and productivity; and the enablers of productivity. Guidance emphasises investing in infrastructure that has a visible impact on people.

4.5 The table below summarises the indicators used to rank authorities on the Levelling-Up Fund Priority Areas list (Leicester is one of 100 LA areas in the highest priority category 1), the metrics used and their respective weightings in the assessment methodology.

Indicator	Metric (weighting %)
Economic Recovery and Growth	Productivity/GVA (33%); 16+ Unemployment (33%); Proportion of Population with no Qualifications (33%)
Transport Connectivity	Journey time to employment centre by car (75%), PT (21%), cycle (4%)
Regeneration	Commercial Property vacancy rate (75%); residential vacancy (25%)

Productivity is a primary objective – transport connectivity is an enabler of productivity; regeneration is both an enabler of and an outcome of a high productivity economy.

4.6 Themes for first round funding in 2021/22:

- Transport – small/medium and by exception large, high-impact local transport proposals – new infrastructure or maintenance, carbon reduction, air quality, bus priority, active travel, support economic growth
- Regeneration – deal with eyesore buildings and sites, acquire, clear and regenerate brownfield land, public realm/connectivity, bring public services and community uses into city centre.
- Culture – maintain, regenerate, or repurpose cultural or heritage assets and visitor attractions (includes sport/leisure), support community buildings which support the arts. Acquire and restore historic buildings.

4.7 Projects should align with net-zero emissions aims. Projects may be individual or could be a package of up to three separate, but linked schemes up to a maximum of £20m (e.g. up to three separate workspace schemes totalling <£20M could form one 'Project')

4.8 Assessment criteria are noted as below. There is considerable room for central government political judgement. There is considerable emphasis on demonstrating value for money and the economic justification required for project proposals is extensive

- Characteristics of place – ranking on the list of priority areas, plus consideration of any recent or committed Government investment
- Deliverability - Governance, procurement plan, risk register, evidence project costs properly considered, Minimum 10% match funding
- Strategic fit with local policies and demonstrate bid projects are highest priority for area
- Value for money – broad definition: social value, increased footfall, economic growth, environmental benefits etc

4.9 Timescales

- Bid deadline for first bid round submissions June 18th. Determined Autumn 2021.
- Projects in first round of funding must be able to demonstrate investment or delivery on the ground FY 2021/22.
- Subsequent bidding rounds are referenced but no detail yet (due later this year).
- All projects irrespective of bid round to be complete 31st March 2024, or exceptionally during 2024/25 for larger schemes
- All category 1 authorities to receive flat-rate £125k payment to work up high quality bids.

4.10 Work has begun to consider options for round one projects. The Levelling Up Fund work is being coordinated by the CDN Strategic Director in consultation with the City Mayor and CMB