

Report to:	EXECUTIVE CABINET
Date:	28 April 2021
Executive Member:	Councillor Oliver Ryan – Executive Member (Finance and Economic Growth)
Reporting Officer:	Jayne Traverse – Director of Growth Gregg Stott – Assistant Director, Investment, Development & Housing
Subject:	LEVELLING UP BIDS
Report Summary:	<p>This report provides an update on the recently announced national Levelling Up Fund (the Fund). There is an expectation that all bidding authorities consult local Members of Parliament (MP's) and that an MP will back one bid which they see as a priority. There is also an expectation that local authorities submitting multiple bids spread these fairly and equitably within the authority boundary and across their full range of constituencies targeting pockets of deprivation.</p> <p>The report outlines a list of potential focus for bids across the three constituencies that has been discussed and agreed with the local MP's. This also considers the Round of bidding and process.</p> <p>The report outlines the proposed process for the appointment of specialist external consultancy to support submission of competitive bids to the Fund by Tameside MBC.</p>
Recommendations:	<p>That Executive Cabinet be recommended to :</p> <ul style="list-style-type: none"> (i) Agree that bids for Ashton Town Centre and Stalybridge Town Centre are prepared for submission and referred back for consideration prior to bid submission date of 18 June 2021. (ii) Agree on the procurement and appointment of Specialist external support through STAR to assist in the preparation and submission of two bids for submission into the Levelling Up Fund. (iii) Approve a budget of up to £0.100m to appoint the aforementioned external support and this budget is approved for all professional fees and costs associated with the preparation and submission of two bids to the Levelling Up Fund. It is proposed that this budget is financed via the residual balance of Covid grant funding received by the Council from the Government in 2020/21 that will be carried forward to 2021/22. (iv) Agree to enter into a Memorandum of Understanding (MOU) and associated Terms of Reference with the owners of the Arcades and Ladysmith Shopping Centres in Ashton Town Centre and establish a Working Group with them to progress proposals for a Levelling Up Fund bid.
Corporate Plan:	Key aims of the Corporate Plan are to provide opportunities for people to fulfil their potential through work, skills and enterprise and to ensure modern infrastructure and a sustainable environment that works for all generations and future generations. The proposed bids

to the Fund will support these aims in the areas of job creation, modern infrastructure and a sustainable environment.

Policy Implications:

The proposed bids to the Fund will support the policy aims of the Council's emerging Inclusive Growth Strategy, the Council's growth priorities agreed at Council February 2020 and the emerging draft Greater Manchester Places for Everyone joint development strategy.

The final bids for submission will set out in detail how they align with the Council's policy objectives as part of their detailed strategic case.

Financial Implications:

**(Authorised by the statutory
Section 151 Officer & Chief
Finance Officer)**

The report requests approval for a sum of £ 0.100m to support the submission of two phase one investment bids to the Levelling Up Fund.

The sum requested is to finance two Parliamentary constituency bids for capital grant funding of up to £20m per constituency i.e. a potential sum of up to £40m for the borough. If the phase one bids are successful there will be a phase two process that will receive £ 0.125m Government Capacity grant funding to support the costs of developing robust business cases to the Fund. Related submissions will require projects that are ready to commence in 2021/22. Funding awarded for successful bids will need to be expended by 31 March 2024.

The high level project plan and key milestones that will be delivered via the procurement of the external support are provided in section 3.13 of the report. It is essential that value for money is clearly evidenced as part of the evaluation of external support submissions received.

There is no existing revenue budget available within the Growth Directorate to finance this proposed commission. The £ 0.100m requested will therefore need to be financed from the residual balance of Covid grant funding received by the Council from the Government in 2020/21 that will be carried forward to 2021/22. This funding was provided to support the Council to recover from the impact of the Covid pandemic on the borough (i.e. to build back better) via durable and resilient initiatives that will bolster the borough's future economy. Clearly, it is envisaged that these bids will bring such benefits to the borough if they are ultimately approved.

However, Members should note the risk that the £ 0.100m will be a sunk cost for the Council if the phase one bids are not successful.

Legal Implications:

**(Authorised by the Borough
Solicitor)**

These projects will have major and long term impact on the authority and a great deal of due diligence and development of master plans, strategies and policies will be required prior to the bid submission and so officers and Members need to be confident that there has sufficient consideration and due diligence at this time or consider waiting to submit the bid at a later phase when it is understood that funding for the preparation of the bid will also be available.

The report as currently drafted also includes a resolution to enter into MoUs with 2 of the local land owners. It is not clear as to why these are needed at this time or to achieve what and in any event in relation to one property may require the MoU to be entered into with

Administrators. More to the point it must be understood that MOUs are not legally binding – their purpose is just to set out principles on which the parties intend to work with each other.

Advice should be continually sought from STAR in relation to the most appropriate procurement route (which should ensure the Council obtains value for money and this can be evidenced) and the Council's Contract and Financial Procedure Rules are complied with. In relation to the project as a whole legal services has not yet been involved in providing advice and assistance but it is likely that advice will be required on a wide variety of matters including but not limited to the terms of any grant, partnering arrangements, property, planning, procurement and state aid.

Risk Management:

- a) Potential for loss of external funding opportunity to support future growth and diversification of the Tameside Economy, improved infrastructure, housing growth and the securing of investment in the Borough and act as a catalyst for further investment and regeneration.
- b) The work recommended in this report will minimise the risk of unsuccessful bids to the Fund by ensuring the timely preparation of robust business cases for submission utilising expert advice and additional capacity.

Background Information:

The background papers relating to this report can be inspected by contacting Mike Reed – Head of Major Programmes



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1. INTRODUCTION

- 1.1 As part of the March 2021 budget, the Government has announced £4.8 billion of 'Levelling Up Funding' ('The Fund') over four years (up to 2024-25), committed to a holistic, place-based approach to funding projects and programmes across the country. The 'Fund' is a joint venture between the Department for Transport (DfT), the Ministry for Housing, Communities and Local Government (MHCLG) and the Treasury and is open to single tier Councils and District Councils in two tier areas, Counties and Combined Authorities.

2. THE LEVELLING UP FUND

- 2.1 The Fund will provide investment in projects that require up to £20m of funding. However, there is scope for the Fund to invest (between £20m and £50m) in larger high value transport projects, by exception.
- 2.2 The prospectus sets out the approach to the first round of the Fund which will prioritise bids that can demonstrate investment or begin delivery on the ground in the coming financial year. The approach for future rounds will be kept under review with further detail on how the Fund will operate from 2022-23 will be set out later this year. The amount of funding received will be determined on a competitive basis to ensure value for money.
- 2.3 The first round will prioritise projects which can demonstrate investment or begin delivery in 2021-22. Across the life of the Fund monies will need to be spent by 31 March 2024 (exceptionally, into 2024-25 for larger schemes).
- 2.4 It is important to note that whilst the Levelling Up Fund is to be welcomed and with a focus on capital investment in local infrastructure, the Fund specifically builds on and consolidates prior programmes such as the Local Growth Fund, Towns Fund and supersedes programmes such as the Local Pinch Point programme. Therefore the funding within the Fund is not all new funding and indeed large elements of the Fund will already have been ring-fenced and/or designated to areas. Further information and guidance is expected on the more detailed breakdown of the Fund.
- 2.5 Members of Parliament are expected to back one bid that they see as priority for their constituency. For Tameside this means there is scope for the submission of three bids to the Fund in the constituencies of Ashton Under Lyne (Angela Rayner MP), Denton & Reddish (Andrew Gwynne MP), and Stalybridge & Hyde (Jonathon Reynolds MP).
- 2.6 Following initial discussions with the relevant MPs it has been agreed that for the constituency of Ashton Under Lyne a bid to the Fund should be progressed focused on Ashton Town Centre, and for the constituency of Stalybridge & Hyde a bid to the Fund will be progressed for Stalybridge Town Centre. For the constituency Denton & Reddish it is understood that the focus of the bid will be Reddish, promoted by Stockport MBC.
- 2.7 The Fund will focus on three themes:
1. **Transport Investments:** including public transport, active travel, bridge repairs, bus priority lanes, local road improvements and major structural maintenance, and accessibility improvements. Request for proposals for small, medium and by exception larger transport schemes that improve the environment, support economic growth and experience of transport users.
 2. **Regeneration and Town Centre Investment** to enhance buildings and infrastructure, acquire and regenerate brownfield sites, invest in secure community infrastructure and crime reduction, and encourage public services and safe community spaces into towns.

3. **Cultural Investment:** maintaining, regenerating, or creatively repurposing museums, galleries, visitor attractions, and heritage assets as well as creating new community owned spaces to support the arts and serve as cultural spaces.

2.8 Projects should also be aligned to and support the Government's Net Zero Carbon goals.

2.9 The assessment process will focus on the following key criteria:

- **Characteristics of the Place:** Places have been put into priority categories 1, 2 or 3 based on their alignment with the objectives of the Fund. Tameside is part of Category 1 and within the highest level of prioritisation.
- **Deliverability:** bids should be able to demonstrate they are able to start on site in 2021-22 (for round 1) supported by a robust finance, management and commercial case. To ensure projects are delivered to programme and budget, bids are encouraged to include a local financial contribution representing at least 10% of total costs. A contribution will be expected from private sector stakeholders if they stand to benefit from a specific project.
- **Strategic Fit with Local and Fund Priorities:** including how the proposed investment supports relevant local strategies and their objectives as part of the strategic case for improving infrastructure, promoting growth, enhancing the natural environment and making their areas more attractive places to live and work. The investments should represent the highest value local priorities.
- **Value for Money:** a range of benefits will be assessed as part of the economic appraisal of projects including potential to boost local economic growth, environmental benefits, greater employment opportunities, reduced travel times, increased footfall in town and city centres, crime reduction and social value to local communities.

2.10 The first round of the Fund will be open for bids until Friday 18 June 2021 and these will need to be submitted to MHCLG by this date. Decisions on projects supported by the Fund are expected by autumn 2021. Further guidance from MHCLG will be published shortly; the implication from the prospectus is that the first round will be targeted at 'shovel ready' schemes able to spend in 2021/22, with later rounds available to support schemes that will start on site beyond March 2022.

2.11 A fixed sum of £0.125m of capacity funding will be allocated to all eligible local authorities. This capacity funding has a primary intention of helping authorities to develop their bids for later rounds of the Fund. It is expected that authorities will not be able to use the capacity funding in time to support bids for the first round and that it will be instead support the development of proposals for later bidding rounds. Further guidance is to be issued including when the funding will be allocated and what it can be used for. Costs associated with the preparation and submission of bids under the first round will not be eligible for capacity funds and will be a direct cost to the local authority to cover.

2.12 It is estimated the Council would need a budget of up to a maximum sum of £0.100m to support robust bids for Ashton Town Centre and Stalybridge Town Centre. The budget will be used to support bid preparation and associated due diligence required to prepare robust bids for submission to the Fund by 18 June. This sum will be financed from the residual balance of Covid grant funding received by the Council from the Government in 2020/21 that will be carried forward to 2021/22. This funding was provided to support the Council to recover from the impact of the Covid pandemic on the borough (i.e. to build back better) via durable and resilient initiatives that will bolster the borough's future economy. Clearly, it is envisaged that these bids will bring such benefits to the borough if they are ultimately approved.

2.13 Funding is requested to cover external/professional/Due diligence (DD) costs associated with preparing two greenbook submissions. The costs are associated with that of putting together detailed comprehensive bids and that of further due diligence costs that will be required in

parallel to the submission itself and for purposes of the bid and other requirements as needed such as independent assessment of costs, valuations, and detailed cash-flow and financial profiling, investment structure advice and other aspects around delivery and compliance. Whilst there are two proposed submissions under the Levelling Up Fund programme, the split of these costs per bid will be different and it is anticipated that more costs will be associated with the Ashton Town Centre bid due to its complexity but also in that Stalybridge has previous and associated studies and investigations undertaken. All costs will be directly related to type of professional and external support as required

3. NEXT STEPS

- 3.1 The focus for a bid to the Fund has been discussed with local Members and the relevant MP for each Parliamentary constituency. In the preparation of any detailed bid it will be necessary to consult with a range of local stakeholders to support the strategic case for investment.

Tameside Approach / Bidding Rounds

- 3.2 The Government has announced there will be several bidding rounds of the Fund with the first round submission deadline of 18 June 2021 for 'shovel ready' schemes. All bids irrespective of bidding round will be part of a competitive process and only those bids that score highly, including on deliverability, will be successful.
- 3.3 There will be significant competition for the Fund across England and funding requests will be far in excess of funding availability. It is imperative that any bids that are submitted are the strongest they can be, including on delivery certainty. Bids will be assessed as part of Green Book process/appraisal criteria.
- 3.4 Local Authorities can only have one successful bid for each of their allocated number of bids over the lifecycle of the Fund. Local authorities are therefore encouraged to consider whether bids that they wish to submit for the first round of the Fund reflect local priorities and are the strongest bids possible (including shovel ready and deliverable) or if they should wait until later rounds so that they have more time to consider and develop their proposals.
- 3.5 In order to hit the deadline of 18 June submission, it is necessary to bring in additional resource and capacity and that of independent and professional advice/input. This will also give the bids further weight and justification of having sought external advice and as a normal course of any major bid preparation. TMBC proposes to utilise its own internal capacity and will facilitate and drive the bids but it will be necessary to ensure the internal team have access to skills, expertise and independence as required to ensure both a robust bid is put together but also one that can address all technical and compliance requirements. The sums of money presented is based on experience of officers that have been engaged with this type of activity for a long time and one which is commensurate with the market. Subject to investment and delivery structure will also determine further professional costs as required moving forwards and the costs associated with this report relate to the initial phase and professional costs to the bid process and early stages of DD.
- 3.6 An internal Council cross service working group will be established to focus on the coordination and development of the bids and to be chaired by Growth Directorate.
- 3.7 Following assessment of the positives and negatives of submitting first round bid applications it is considered that Tameside has strong proposals for Ashton Town Centre and Stalybridge that will be in a position to commence delivery by March 2022 if they are supported by the Fund. This will help ensure that momentum is not lost in the progression of these proposals and that the opportunity to secure external grant funding to unlock growth potential is not lost.
- 3.8 The process for securing investment via the Fund will be highly competitive and determined by bids that which will be assessed against Government appraisal standards, including value

for money. It is therefore proposed that a total budget of up to £0.100m will be financed from the residual balance of Covid grant funding received by the Council from the Government in 2020/21 that will be carried forward to 2021/22. This funding will be used to provide specialist external support in the preparation and submission of the two bids proposed for Tameside and will be a direct cost to the Council.

- 3.9 The procurement pathway has been confirmed with STAR procurement who have advised that the most appropriate route in this instance is to run a mini completion via The Chest seeking three bids over a two-three week period to ensure value for money. Given the competitive nature of the Fund and the number of Local Authorities that will be seeking external support this work is being commenced as early as possible to provide the maximum time available for the development, preparation and submission of the two bids.
- 3.10 The £0.100m requested for the procurement of specialist support will enable the Council to prepare and submit robust business cases to the Fund. This will support an investment bid in Ashton Town Centre and Stalybridge Town Centre with an ask for capital grant funding of up to £20m per project (£40m in total). The guidance released for the Fund has confirmed that support will be required to fully articulate the strategic case for investment and provide an appraisal of options and robust assessment of the predicted costs/ benefits of the projects. It will then be necessary to demonstrate through a detailed financial profile how the preferred option for each project can be delivered successfully with investment from the Fund as part of a viable scheme, and through appropriate due diligence demonstrate a commercial case for their effective delivery. The Council will ensure value for money is secured at all stages in the procurement process through its engagement with STAR.
- 3.11 Based on two successful bids, there could be £40m investment secured under the Levelling Up programme. This amount will reduce according to success and it may also be that the bid doesn't secure the full amount as requested. As this is a national bidding programme that will be significantly oversubscribed, there is considerable risk that none of the bids will be successful and that risks applies to any competitive bidding round. Costs associated with such bid(s) will therefore be abortive and a direct net cost to the Council.

Proposed Timescales

- 3.12 The resource and capacity required to undertake two bids is extensive both in terms of internal and external resource required. This will need to be considered and agreed in terms of prioritisation and delivery with the relevant capacity and focus to do including across all key services areas.
- 3.13 A high level project plan and key milestones are set out in the table below:

Issue brief for consultancy support	14 April 2021
Return of tenders for consultancy support	23 April 2021
Appointment and inception meeting	29 April 2021
Preparation of bids and supporting material	29 April to 4 June 2021
Draft report	4 June 2021
Final draft report for internal approval	11 June 2021
Submission of bids	18 June 2021

- 3.14 The Council will need to work with the two retail owners (and major landowners) as part of any Levelling Up Fund bid for Ashton Town Centre and particularly round any earlier phases of redevelopment and investment. In order to do this there will need to be a Memorandum of Understanding (MOU) and associated Terms of Reference established and entered into at the outset. As part of any public/private working group this is good practice and sets out the clear scope, coverage and parameters of working. It will also establish a work programme, timeframe and deliverables.

- 3.15 The Council will now commence the work required to support the development of robust and deliverable bids to the Fund for Ashton Town Centre and Stalybridge Town Centre by 18 June 2021. Further updates will be provided as the bids to the Fund are prepared. The Council will also prepare a further update on its approach to the regeneration and development of its other town centres.

4. RECOMMENDATIONS

- 4.1 As set out at the front of the report.