

# **BRIDGEND COUNTY BOROUGH COUNCIL**

## **REPORT TO CABINET**

**16 NOVEMBER 2021**

### **REPORT OF THE CORPORATE DIRECTOR COMMUNITIES**

#### **LEVELLING UP FUND PRIORITY PROJECTS**

#### **1. Purpose of report**

The purpose of the report is to provide background and context on the UK Government Levelling Up Fund (LUF), and to seek Cabinet's endorsement on the proposed package of projects being developed for Bridgend constituencies for submission to a future application round of the LUF programme and to utilise Bridgend County Borough Council (BCBC) and UK Government resources to do so.

#### **2. Connection to corporate well-being objectives/other corporate priorities**

2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:-

- **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions for all people in the county borough.
- **Helping people to be more healthy and resilient** – taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
- **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

#### **3. Background**

3.1 The LUF was announced by the UK Government at the 2020 Spending Review. In March 2021, the Government set aside an initial £4 billion for the LUF for England over the next four years (up to 2024-25) and a minimum of £800 million for Scotland, Wales and Northern Ireland. As such, up to £4.8 billion until 2024-25 will be available in the LUF across the UK.

3.2 The UK Government will use the new financial assistance powers in the United Kingdom Internal Market Act 2020 (UKIM Act) to make the LUF available to the whole of the UK, with financial support provided directly to Local Authorities in Wales from Whitehall.



- 3.3 The LUF is jointly managed by HM Treasury (HMT), the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT). A Department for Wales has been set up to engage with and provide support directly to Welsh Local Authorities.
- 3.4 The LUF will invest in local infrastructure and capital projects that have a visible impact on people and their communities. This includes a range of high value local investment priorities, including local transport schemes, urban and economic regeneration projects and supporting cultural assets.
- 3.5 A prospectus has been published on guidance and priorities relating to the LUF. Alongside the prospectus UK Government published a 'priority area' ranking, with each local area ranking between 1 and 3. As part of this ranking Bridgend was given a priority category 1, which represents the highest need for the LUF.
- 3.6 Capacity funding was also allocated in March 2021 to all priority category 1 areas in England, and to all local authorities in Scotland and Wales, to support a transition to UK funding streams and help shape projects in preparation for funding. All Local Authorities including BCBC received capacity funding of £125,000, regardless of their ranking, in October 2021.
- 3.7 The LUF programme is competitive, despite a ranking system for priority. There are no set allocations for each area and each application will be reviewed on merit.
- 3.8 It is important to note that Local Authorities can only receive funding for one bid for every Member of Parliament (MP) whose constituency lies wholly within their boundary. The UK Government would also like to see MP's express support for one bid that they see as a priority, but it is not a requirement of the bidding process for MP's to have expressed their support. Each Local Authority is also eligible to make one additional bid for potential transport projects in the area. This enables BCBC to make 3 bids in total - one for each constituency, Bridgend and Ogmore, and a third for a strategic transport project.
- 3.9 Each constituency bid can be up to the value of £20m. However, there is also scope for investing in larger, high-value transport projects, allowing for bids of up to £50m, with each bid being encouraged to contribute a minimum of 10% funding from local and third-party contributions.
- 3.10 The deadline for the first round of LUF funding was the 6th June 2021. At that time BCBC was not in a position to be able to submit an application as part of the first round, primarily due to the quick turnaround between the publication of the prospectus and the closing date for applications. At that point BCBC had not received the capacity funding to support bid development and did not want to submit underdeveloped bids, as each constituency is only able to receive 1 approval per constituency area over the life of the funding programme.

#### **4. Current situation/proposal**

- 4.1 Since the launch of the funding prospectus in March 2021, officers have had the opportunity to consider which opportunities across the County Borough meet the requirements of the LUF criteria outlined in the Levelling-Up prospectus, which priority projects are already being developed to a stage which will meet the



assessment criteria and which key projects will be able to be delivered within the timeframe of the programme.

- 4.2 Officers have also had the ability to review those projects successful in the first round of funding, which has enabled thoughts to be galvanized on the most appropriate projects to focus development, finance and time on in preparation for the second round of funding.
- 4.3 Despite not having received confirmation of the details and timings for a second round, or any potential changes being made to the guidance, submission and assessment processes, we can assume that the previous indication of a May 2022 application deadline would be realistic to work towards.
- 4.4 Over the last few months officers have discussed the position in relation to the LUF with the local MP's for both the Ogmore and Bridgend constituencies, and will further seek their endorsement as the detail of the bids progress.
- 4.5 In October 2021, BCBC received a LUF Capacity Grant of £125,000. This grant is to support expenditure incurred in developing projects proposals to be submitted to the LUF.
- 4.6 Officers consider the best use of this finance is to procure support to assist with the development and drafting of the three individual bids. Capacity to do this within current financial and officer resource is limited and would be best utilised in securing dedicated and experienced support to draft the bids.
- 4.7 Outlined below are those projects which officers are proposing to concentrate on developing further over the next six months to ensure comprehensive applications can be made in the next round of funding.
- 4.8 These projects will be developed in partnership with relevant partner organisations and advisors.

**Bridgend Constituency proposed project : Porthcawl Pavilion Redevelopment.**

- 4.9 The LUF prospectus sets out a clear agenda to support cultural investment. To maintain, regenerate, or creatively repurpose 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.
- 4.10 A report on this project was presented to Cabinet/Corporate Management Board (CCMB) in September 2021 outlining details of the development work so far and the proposed next steps towards the Grand Pavilion redevelopment.
- 4.11 The project has been in development since 2016 when Awen Cultural Trust (Awen) in partnership with BCBC commissioned a study on the options for enhancing and re-developing the Grade II Listed building. The study considered the physical, artistic and social significance of the Grand Pavilion; provided a high level appraisal of its condition; considered the possible treatment of the historic building for renovation and concept designs that could unlock new social and commercially sustainable benefits.



- 4.12 The principal objectives of the renewal of the Grand Pavilion have been to address the issues of risk to the building fabric that exist in the condition of the concrete structure whilst also meeting the needs and aspirations of local people for extended and improved arts, heritage and library services.
- 4.13 Further feasibility work has produced a sound evidence base on the case for investment and included a review of the facility mix aligned to further developing the usage of the venue. Work to date has also produced RIBA Stage 2+ designs, providing a preferred and realistic design option for the future re-development of the Grand Pavilion. Local public consultation has fed into the study.
- 4.14 The new facilities proposed within the most recent feasibility work on the Grand Pavilion include:
- New function spaces at first floor (Esplanade) level,
  - New rooftop function and cafe spaces offering elevated sea-views across the Bristol Channel,
  - New Studio theatre and ancillary facilities,
  - Increased and improved welfare facilities including new changing places facility,
  - Business incubation or workshop spaces to street level,
  - New office facilities.
- 4.15 BCBC has already committed a sum of £100,000 to the next stage of development for this project from BCBC's Feasibility Funding budget. The RIBA Stage 3 design work will be tendered and commissioned by Awen in partnership with the Council as per previous stages to date.
- 4.16 It is acknowledged that the delivery of this project will require significant financial and grant investment. In addition to the LUF application is a need to submit an expression of interest to the National Heritage Lottery Fund to secure further development and capital funding. There has already been positive early discussions with the National Heritage Lottery Fund.
- 4.17 The re-development of the Grand Pavilion clearly represents an opportunity for a flagship and legacy capital scheme. It is also a key component of the wider Porthcawl Regeneration Programme being pursued.
- 4.18 The level of work completed on the project to date, coupled with completing the next phase of design and business planning work over the next 6 months will provide this project with every chance of a successful submission with good prospects of delivery within the period that LUF currently allows.
- 4.19 The details of the previous reports on the pavilion highlight that there are a range of works that will be required going forward if the integrity of the building fabric at the Grand Pavilion is to be sustained, regardless of whether a larger re-development is progressed or not.



***Ogmore Constituency proposed project : Bridgend Enterprise Development Project***

- 4.20 The UK LUF technical note refers to the following output to support economic regeneration: Delivery of quality residential or commercial space in key locations (town centres, gateway areas, employment sites).
- 4.21 The Bridgend Enterprise Development Project (EDP) will increase employment through investments in prioritised sites and infrastructure, supporting the Council's strategic approach towards economic development. The EDP project is required due to a lack of available modern buildings, obsolescence and a decrease of available floor space impacting on a variety of economic sectors. In Bridgend County Borough there is currently a high demand for small/micro enterprise space which is not currently being fulfilled.
- 4.22 Bridgend County Borough has a similar spread of businesses across each industrial sector to that seen in Wales as a whole. However, Bridgend has a higher proportion of enterprises in the manufacturing sector compared to Wales as a whole. In recent years the levels and variety of business accommodation has not kept pace with the levels of business births. A significant proportion of industrial property that is available in the County Borough is second hand, at least 20 years old and in need of refurbishment. As highlighted in recent research with local businesses, a lack of business premises is a barrier to growth. Work to develop the Bridgend Well-being Assessment has also highlighted that for residents of the County Borough economic well-being is a concern.
- 4.23 BCBC has responded to this challenge in recent years, but efforts to support the economies of the Valleys has required external grant funding. The work to deliver the Green Shoots project, developing incubator centres with companies such as Sony, was supported through the Rural Development Programme and work to progress the Enterprise Hub at Pyle Industrial estate received financial support through European Regional Development Funding (ERDF).
- 4.24 The project therefore has the opportunity to build on experience gained by BCBC to target external funding and work with the local population, in particular Valleys communities, to provide support to a range of economic sectors through the provision of:
- Support to new business start-ups
  - Support for the development of resilience in the early years of trading
  - Access to new markets and supply chains locally, regionally and nationally
  - Provision of business premises for start-up and new businesses
- 4.25 The project has been designed to respond to what is considered as market failure, locally identified need and growth opportunities for enterprise. Focus will be on meeting local investment and development needs whilst delivering in a co-ordinated way at a regional level in partnership with the Cardiff Capital Region City Deal. The operation provides a framework for the development of a limited number of locally prioritised investment opportunities. It will create hot-spots of enterprise that will develop strong geographic clusters of businesses, stimulate shared working and have a multiplier effect on the economy in relation to new products, improved



supply chains, applying improved techniques and adding value. This will enhance BCBC's existing commercial portfolio and create jobs and growth opportunities.

- 4.26 The project will enable a number of permanent and temporary new jobs to be created across a range of priority sectors that demonstrate opportunities for growth and alignment with local supply chains. The areas currently proposed for investment are situated in or near to wards of multiple deprivation and as such will open up opportunities for business start-ups and re-locations for the communities of the Llynfi, Garw and Ogmore Valleys.
- 4.27 Without the funding to undertake the development phase and the potential LUF funding to undertake the delivery stage, it would be unlikely that the project would proceed or if it was to proceed, scale and quality would be compromised and the impact of any spend would be insignificant and would not have the desired effect on the economy.

### ***Bridgend Transport Proposal : Penprysg Railway Bridge***

- 4.28 The LUF prospectus states that transport investments can include (but are not limited to) public transport, active travel, bridge repairs, bus priority lanes, local road improvements and major structural maintenance, and accessibility improvements. It also states that projects can be high-impact, small, medium and by exception larger local transport schemes which reduce carbon emissions, improve air quality, cut congestion, support economic growth and improve the experience of transport users are suggested.
- 4.29 This project will result in the rebuilding of the Penprysg road bridge so that it can accommodate two-way traffic leading to the eventual closure of Pencoed's level railway crossing, and an all-new active travel bridge for pedestrians and cyclists.
- 4.30 The project is being developed in conjunction with Network Rail and through a working group comprising the MP, Member of the Senedd (MS), BCBC Members (including the Leader and Cabinet Members), Town Council representatives, technical officers, Office of the Secretary of State for Wales, Network Rail and Transport for Wales.
- 4.31 The proposal has been a long-standing infrastructure project for Bridgend and is included in the current and replacement Local Development Plan (LDP) as well as predecessor land use plans.
- 4.32 The Pencoed level crossing is on the South Wales mainline railway as well as local Metro routes. When in operation there is a resultant build up of road traffic leading to significant congestion in the town centre. The current alternative road bridge on Penprysg Road is a substandard single lane with limited pedestrian/active travel provision.
- 4.33 Due to these constraints, there is a longstanding moratorium on development west of the level crossing. The plans will also unlock potential development land located to the west of the current level crossing, and enable fresh investment and facilities to be introduced.



4.34 Once the level crossing is closed, the proposal also provides opportunity to enhance the public realm in and around the commercial area at the level crossing and to enhance the local environment.

4.35 A public consultation is underway on the proposal.

## **5. Effect upon policy framework and procedure rules**

5.1 There is no direct impact on the Council's policy framework and procedure rules.

## **6. Equality Act 2010 implications**

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

6.2 An initial EIA screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

7.1 The Well-being of Future Generations (Wales) Act 2015 Assessment based on the 5 ways of working has been considered and there are no significant or unacceptable impacts upon the achievement of well-being goals/objectives:

- Long Term - Investment in and redevelopment of major infrastructure is critical to developing confidence in and growing the economy, ensuring local investment while providing the ability to operate across the region and beyond. Investment in some of our major assets is also essential to secure their long term sustainability and contribution to the reduction in carbon emissions of our infrastructure and assets.
- Prevention - Investment in assets now will prevent further decline in the integrity of our structures. It will also prevent a decline in local environment and the quality of business and employment facilities within our communities.
- Integration - These projects will ensure that local cultural facilities, employment opportunities and better public transport facilities will be provided and integrated into the local communities. The public will be able to make better use of existing facilities and will be provided with greater employment and social opportunity within their communities.
- Collaboration - The success of the suite of projects will be founded on cross sector working and collaborative effort with partners and stakeholders to use creative and cultural activity to improve population well-being.
- Involvement - These are three very different projects being proposed with levels of engagement varying significantly to date. However, the success of each project will rest of the effective engagement with key public and operational stakeholders. This will be through formal channels such as Weltag and more informal conversations with critical partners.



## 8. Financial implications

- 8.1 BCBC have received £125,000 in development funding to support the LUF bids.
- 8.2 Officers are advocating the use of this grant to procure support to assist with the development and drafting of the three individual bids, to ensure that we draw on experience of previous successful applications.
- 8.3 Each of the three bids will have their own financial packages to be brought together. As the details of the development costs related to each project emerges following further feasibility and design work, each project will be seeking the support of partner organisations and other external funding sources to support the delivery of the projects.
- 8.4 The estimated financial position relating to the development work for the three individual bids is set out in the table below:-

Project	Development Finance
Porthcawl Pavilion Redevelopment	Leisure Services and Awen Cultural Trust have secured £100,000 from BCBC's Feasibility budget to support the commissioning of the next stage in the design process with accompanying business case and funding proposals.
Enterprise Development Programme	<p>Currently no funding is available for the progression of this project. It is considered at this time that a commissioning budget in the region of £250,000 will be required for architectural services and required survey work. If Cabinet are minded to authorise officers to progress this bid it is proposed that this funding be provided from in-year resources identified within the Communities Directorate budget.</p> <p>If the commissioning costs exceed the available in-year resources this would necessitate discussion with the Section 151 Officer as to how any additional costs could be funded.</p>
Penprysg Road Bridge Replacement and Pencoed Level Crossing Closure	The project is part of the Cardiff Capital Region (CCR) Metro Plus programme. Funding of £3 million has been allocated to Bridgend to develop this proposal in conjunction with another project. The current funding runs to 2023 and allows for approximately £1 million to develop the Pencoed proposal to design stage. This will include consultation, technical studies, ground investigation and detailed design.



- 8.5 In advance of the applications being submitted in May 2022, a further report will be presented to Cabinet to consider and agree any further financial commitment from the authority relating to the three individual proposals. The LUF Technical Advice Note states that local and third-party contributions (a minimum local contribution of 10%) (local authority and/or third party) of the project costs is encouraged.
- 8.6 There are no existing financial commitments within the Council's capital programme for the delivery of these three projects. Delivery costs for these projects are currently unknown, however for capital projects of the scale identified within the report to progress it is likely the Council may need to consider a capital contribution to secure these projects. As indicated in 8.5, any further financial commitment from the authority will be reported to Cabinet, and Council approval will be required for any capital contributions against each of the schemes.

## **9. Recommendations**

It is recommended that Cabinet:

- Note the overview and application process associated with the LUF.
- Endorse the projects proposed by officers to be developed in readiness for a future application round.
- Delegate authority to the Director of Communities to utilise the LUF Capacity Grant to procure external support that will be needed for the production of bid/s to the fund and to utilise existing in-year resources in the Communities Directorate to procure required architectural and survey support for the Enterprise Development Programme.
- Note that the Director of Communities to liaise with the Section 151 Officer to consider how any additional commissioning costs could be funded if costs exceed the estimated budget of £250,000 and available in-year resources within the Communities Directorate.
- Receive a future report which sets out a final package of projects to be submitted to the LUF including any further financial requirements to support those projects or bids.

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**Background documents:**

Levelling Up Fund Technical Note – UK wide