

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO SUBJECT OVERVIEW & SCRUTINY COMMITTEE 3

26 SEPTEMBER 2022

REPORT OF THE CORPORATE DIRECTOR COMMUNITIES

LEVELLING UP FUND PRIORITY PROJECTS

1. Purpose of report

The purpose of this report is to provide the Committee with background on the UK Government Levelling Up Fund (LUF), and to provide an update on the development of projects previously endorsed by Cabinet, and submitted to the fund.

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 was 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 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.
- 3.7 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 MPs express support for one bid that they see as a priority, but it is not a requirement of the bidding process for MPs 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 Bridgend County Borough Council (BCBC) to make 3 bids in total - one for each constituency, Bridgend and Ogmore, and a third for a strategic transport project.
- 3.8 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.
- 3.9 The first round of funding, which opened for applications in June 2021, saw £1.7 billion awarded to 105 projects across the UK. Six Local Authorities in Wales made successful bids, with 10 projects in total being supported.

4. Current situation/proposal

- 4.1 Officers presented a report to Cabinet in November 2021 setting out the potential projects identified within each constituency which could be developed further to meet the objectives and criteria of the fund and would be able to be delivered within the timeframe of the programme.
- 4.2 Officers have also had the ability to take advice from successful applicants, consult with the UK Government, Cities and Local Growth Unit, Regional Team and review amendments to the round two technical advice note which has enabled thoughts to be galvanized in relation to the projects and position previously endorsed by Cabinet.
- 4.3 Officers have discussed the position in relation to the LUF with the local MPs for both the Ogmore and Bridgend constituencies, and will present further detail of the projects in advance of the funding deadline to confirm their endorsement.

- 4.4 Applications for round two of funding initially had to be submitted in full by midday on Wednesday 6 July 2022, with any information submitted after this deadline not considered as part of an application. This was subsequently postponed to Tuesday 2 August. Following a three month assessment period, decisions are anticipated to be announced in Autumn 2022.
- 4.5 Outlined below are updates on those constituency projects which officers previously reported to Cabinet, setting out the current position and proposals for the way forward.

Bridgend Constituency proposed project: Porthcawl Pavilion Redevelopment.

- 4.6 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.

Following a review of the round 2 technical guidance, officers are confident that the pavilion project continues to strongly meet the objectives of the fund and that the pace of development work will enable a robust application to be made.

- 4.7 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.
- 4.8 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.
- 4.9 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.
- 4.10 BCBC committed a sum of £210,000 to the development for this project from BCBC's Feasibility Funding budget. RIBA Stage 3 design work was completed in order to support the application, and was packaged to present a well progressed, detailed and fully costed application.

- 4.11 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, however due to the timing of bidding rounds, submitting an application has not yet been possible, and as such, at the point of submitting an application to the LUF, Council agreed to underwrite the match funding by building a sum of £1,999,800 into the capital programme at its meeting in July 2022. Any change to this requirement will be reported back to Cabinet and Council as necessary.
- 4.12 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.

Ogmore Constituency proposed project

- 4.13 Within the previous report endorsed by Cabinet, officers sought agreement to pursue a Bridgend Enterprise Development Project, which officers felt was the most advantageous project to meet local needs and achieve the aspirations of the Levelling Up programme, by delivering commercial and employment space in key locations.
- 4.14 Despite officers' views that we would be able to develop a strong bid which met local needs, UK Government Levelling Up officials have been unsupportive of this project, and in a number of meetings impressed on us that they did not believe that this project would be successful and would not find favour during the assessment process.
- 4.15 Officers have, in tandem with this process, now identified other potential funding sources which could be available to support the development of our Bridgend Enterprise Development Project, and therefore previous development work can still be capitalised on to deliver badly needed employment space within the Ogmore constituency.
- 4.16 Despite having considered other strategic opportunities within the constituency area, there has not been a mandate to develop any other projects further, to a point where officers could recommend the submission of an alternative project at this point.
- 4.17 Officers would like to take the opportunity to identify an alternative strategic project and potential partners to develop a bid for the communities of the Llynfi, Garw and Ogmore Valleys, in anticipation of a potential further bidding round.

Bridgend Transport Proposal : Penprysg Railway Bridge

- 4.18 The Penprysg railway bridge 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.

- 4.19 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 railway level crossing, and an all-new active travel bridge for pedestrians and cyclists.
- 4.20 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.
- 4.21 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.
- 4.22 Once the level crossing is closed, the proposal also provides the opportunity to enhance the public realm in and around the commercial area at the level crossing and to enhance the local environment.
- 4.23 Only 23 transport specific projects were successful across the UK in the first round, the majority of which are large projects. The process for larger scale projects requires a significant amount of additional detail to support the application.
- 4.24 This is a highly complex and challenging project to deliver, however, there is confidence that this project which 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, will present a well considered and supported project. A public consultation exercise took place in the Autumn of 2021.
- 4.25 The timeframe for the completion of this project will go beyond that of the LUF's current programme for projects to be completed by March 2025. The guidance notes state that in exceptional circumstances a project would need to demonstrate completion by March 2026. This has been made explicit within the application form.
- 4.26 An internal project management and governance structure is being set up to lead the project and will further progress the design and development work in tandem with the submission of the LUF bid.
- 4.27 Post application this project will require significant detailed design work to continue, and until such a time as the design is complete a definitive cost cannot be established. Work to date puts the cost close to £25m, which is the value requested in the LUF bid. The value of match funding currently set aside within the capital programme for this scheme is £2,500,000, which Council approved in July 2022. This amount will be reviewed and confirmed prior to acceptance of any successful award of LUF funding. Should the figure change then subsequent reports will be presented to Cabinet and Council as required.
- 4.28 The value of the project would place it into the 'large transport scheme' category and therefore there will be a need for a more substantial financial and economic case. This additional information is currently being procured using external

consultants to provide more detailed financial information and set up a project scope, funded from existing approved capital budgets, as outlined in paragraph 8.7.

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.

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, 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 two 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 Two bids have been submitted for funding in round two of the LUF programme.

- 8.2 Early design work was completed and fully costed in order to submit the applications.
- 8.3 The LUF application encourages a minimum 10% match funding requirement for each project. As the details of the delivery costs related to each project emerges following further detailed design work, both projects will be seeking the support of partner organisations and other external funding sources to support the total cost of the delivery of the projects. However, at this point match funding from external sources has not been secured.
- 8.4 This report sets out the anticipated value of the match funding requirements, until such a point as officers have been able to identify and apply for additional funding from alternative partners and funding sources.
- 8.5 The total project costs submitted for these projects as part of the LUF applications, are as follows:

<i>Porthcawl Grand Pavilion redevelopment</i>	
Total Project Cost	£19,998m
Match funding requirement	£1,999,800

<i>Penprysg Road Bridgend Replacement and Pencoed Level Crossing Closure</i>	
Total Project Cost	£25m
Match funding requirement	£2,500,000

- 8.6 The match funding requirement for the two projects is £4,499,800, for which funding has been set aside in the capital programme, and demonstration of a commitment to match fund the schemes is a requirement of the funding bids.
- 8.7 It was approved at Council on 15 June 2022 as part of the Capital Programme Update report to include a financial allocation of £500,000 towards the Penprysg Road Bridge Scheme, for continuing the design of the bridge with Network Rail and to undertake additional engineering solutions as a result of the recent public consultation.

9. Recommendations

- 9.1 It is recommended that Subject Overview and Scrutiny Committee 3 Note the overview and update on the application process associated with the LUF.

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Background documents:

Levelling Up Fund Technical Note – UK wide

Levelling Up Fund Priority Projects Cabinet Report dated 16th November 2021