

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

7 APRIL 2022

Report Title	Levelling Up Bid – Use of Business Rates Pilot Funding			
Purpose of Report	To propose the use of Business Rates Pilot funding to support project development costs relating to the forthcoming Levelling Up Fund (LUF) bid.			
Decision(s)	The Committee RESOLVES to approve the allocation of up to £275k from Business Rates Pilot funding, to support project development costs related to the forthcoming Levelling Up Fund (LUF) bid.			
Consultation and Feedback	Consultation and discussions have taken place with members of the Strategic Leadership Team, Regeneration and Investment Board and the partners' Levelling Up Task Force			
Report Author	Brendan Cleere, Strategic Director of Place Email: Brendan.cleere@stroud.gov.uk			
Options	An alternative option to that set out in this report would be to do nothing. This is not recommended, as it would restrict the development of projects for the benefit of the district and reduce the prospect of securing external funding to deliver priorities in the Council Plan.			
Background Papers	None			
Appendices	Appendix 1 – Overview of emerging Levelling Up Fund bid			
Implications (Further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	Yes	Yes

1. BACKGROUND

- 1.1 The Levelling Up Fund (LUF) was launched in March 2021 as a key policy initiative of Government, comprising £4.8 billion to invest in high value local infrastructure across the UK.
- 1.2 The premise of the LUF is summarised in the introduction to the accompanying 'Round 2' prospectus, published on 23 March 2022:

“Investing in infrastructure has the potential to improve lives by: giving people pride in their local communities; bringing more places across the UK closer to opportunity; and demonstrating that government can visibly deliver against the diverse needs of all places and all geographies. Our local communities and the links between them across the UK are fundamental parts of our shared economy, culture, and society.”

1.3 The LUF Round 2 Prospectus can be accessed through the following link: <https://www.gov.uk/government/publications/levelling-up-fund-round-2-prospectus/levelling-up-fund-round-2-prospectus>

1.4 Key features of the LUF remain largely unchanged from Round 1 and include the following:

- The Fund will run until 2024/25 in a series of annual ‘rounds’. The bidding deadline for round 2 will be 6 July 2022
- As for the first round the Fund will focus on investment in smaller scale, local projects that require less than £20m of funding although there is scope for investing in higher value projects, by exception.
- Bids can be for a single project or a package of three connected projects across the three themes of transport, regeneration and town centre investment and culture.
- Package bids must clearly explain how their component elements are aligned with each other and represent a coherent set of interventions.
- Investment proposals should focus on supporting high priority and high impact projects that will make a visible positive difference to local areas.
- Bids must align with ‘net zero’ and wider environmental goals.
- Bids are to be led by local authorities and must demonstrate strong stakeholder engagement and support.
- The formal support of the local MP for any bid submission is essential. MPs can provide formal priority support to one bid per constituency.
- Preference will be given to areas of greatest social and economic need, category one representing the greatest need and category 3 being the least. Stroud constituency is identified as category two.
- Bid assessment will focus on four criteria: characteristics of places, deliverability, strategic fit with local and Fund priorities, and the economic case in line with the published assessment framework.

1.4 Having carefully reviewed the LUF round 1 criteria, SDC decided to prepare and submit a bid in round 2 of the scheme. This report outlines the work being done with partners to prepare and submit a round 2 bid.

2. THE EMERGING LEVELLING UP FUND (LUF) BID

2.1 A summary of the Council’s emerging LUF bid is attached as Appendix 1. Entitled *Gateways, Landmarks and Access for All*, it is heartening to see that the emerging bid closely reflects the ‘round 2’ criteria outlined in the LUF Prospectus. The bid will focus on Stroud town centre and gateway locations, and an important principle has been to bring forward investments for inclusion in the bid that will generate benefits for residents, communities and visitors and businesses across the whole district and beyond.

- 2.2 The support of key partners for the emerging bid has been strong and a multi partner Task Force has been established to oversee its development and submission. Chaired by SDC, other partners represented on the Task Force include Siobhan Baillie MP, Stroud Town Council, GFirst Local Enterprise Partnership, Network Rail, Great Western Railway, Gloucestershire County Council and Stroud and District Chamber of Commerce.
- 2.3 As work on the LUF bid continues, it has become evident that significant spend is required in several key areas to bring schemes to a more 'bid ready' stage of development, thereby increasing the chance of a successful outcome. Business rates pilot funding is held by the Council to support such spend and the remainder of this report describes the pilot funding (section 3) and the proposals for spend in support of the LUF bid (section 4).

3. 100% BUSINESS RATES PILOT FUNDING

- 3.1 In the 2018/19 financial year, Gloucestershire was part of a pilot scheme relating to 100% of Business Rates being retained in a local area. As a result of this scheme the District Council received an additional £897k of funding. This was over and above the sums received from the usual business rates arrangements.
- 3.2 In March 2019 the Strategy and Resources Committee agreed a set of principles for the distribution of this funding. This sets out that the funding was to be placed in a reserve for use on future priority schemes, and that allocations from the reserve must be the subject of a report to Committee. It was also agreed that allocations from the reserve must meet at least one of the following criteria;
- Supporting local businesses
 - Improving the Council's long-term financial position
 - Local Wealth Building
 - Supporting a zero Carbon District
 - Reducing inequality and poverty
- 3.3 The proposals contained within this report can be regarded to meet the criteria of both supporting local businesses and reducing inequality and poverty and supporting a zero carbon district.
- 3.4 The current unallocated balance within the Reserve is £565k meaning that there are sufficient sums available for the funding requests in this report.

4. PROPOSAL FOR PROJECT DEVELOPMENT FUNDING

- 4.1 In addition to the general sum of £50k already approved in the 2022/23 budget, there are four main areas in support of the LUF bid where it is proposed to allocate £275k Business Rates Pilot Funding, shown overleaf:
- (i) **Highways feasibility and business case works – 100k.** For the Levelling Up Fund, GCC has appointed Atkins to carry out a feasibility/scoping exercise to identify improved pedestrian and cycle routes in the locations around the town that are to be covered in the Council's bid, (e.g. Wallbridge, the station, Sub Rooms).

These will be reviewed and preferred options selected to take through to the next stage, which is the concept design development. This will progress the preferred options at each of the locations and develop a cohesive 'transport scheme' that would meet the objectives for the Levelling Up Fund alongside an Economics Case that would support strong justification for delivering these works.

Funding is required for this next stage and an estimate of up to £100k has been provided. Once the first stage has been completed, and it is clear which proposals will be taken forward, then a detailed brief and fee proposal will be provided.

These pedestrian and cycle routes are an intrinsic part of the master-planning of the gateways into the town centre from Wallbridge and the station and the connection to the improvements proposed at The Sub Rooms Forecourt.

- (ii) **Rail Station Lifts – 100k.** This would be spent with GWR/Network Rail to enable an options appraisal to be carried out to identify the best solution to create an obstacle free accessible access between the platforms at the station, either by lifts or a ramp, for submission through either the LUF or through a DfT Access for All bid.
- (iii) **Bid consultancy (50k).** This would be for specialist consultants to work alongside us in preparing a treasury 'green book' compliant bid.
- (iv) **Communications Support (£25k).** This would provide for essential support on communication and engagement activity, relating to the projects and the bid.

4.2 It should be noted that the above sums are indicative, and it may be necessary, within the proposed overall £275k allocation, to vary the sums allocated to each of the four areas listed.

4.3 Members may have concerns about committing to this level of expenditure from the Business Rates Pool, without any guarantee of a successful outcome in the forthcoming Levelling Up bid. Officers' advice is that the work outlined above (in section 4.1) is important and will stand us in good stead for *any* relevant future bidding opportunities. Certainly, the Levelling Up Fund represents an imminent opportunity to secure funding for much needed infrastructure improvements that will benefit Stroud and the whole district, but there may well be other funding opportunities in future too. Examples include the National Lottery Heritage Fund, One Public Estate and the forthcoming Shared Prosperity Fund (announced in the recent Levelling Up White Paper). Significant investment is needed in project development to increase the prospect of a successful outcome in any major funding bids.

5. NEXT STEPS

- 5.1 Should the Committee approve the recommendation in this report, work will continue on the project development activities outlined in section 4.1 of this report.
- 5.2 A further report will come to this Committee on 9 June 2022, containing more detailed information on the Levelling Up Fund bid and seeking approval for its submission to Government.
- 5.3 The Regeneration and Investment Board and Levelling Up Task Force will continue to meet and provide advice and input, which will be reported to this Committee at the above meeting.

6. IMPLICATIONS

6.1 Financial Implications

The funding requested above is available in the Business Rates Pilot Reserve and the requested uses are in line with the principles agreed by Strategy and Resources Committee in March 2019.

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6.2 Legal Implications

There are no significant implications within this category.

One Legal

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6.3 Equality Implications

The LUF bid has not yet been prepared and, as mentioned earlier in this report, a paper will come to S&R Committee on 9 June seeking approval of the emerging bid prior to its submission. The key projects to be included within the bid will be assessed at the appropriate time, where it is determined they have the potential to impact on communities on the grounds of protected characteristics.

6.4 Environmental Implications

Environmental sustainability and carbon neutrality are key considerations within the emerging bid and the further report to S&R Committee (9 June 2022) and the final bid itself will provide further details on these matters.