

**STROUD DISTRICT COUNCIL**  
**STRATEGY AND RESOURCES COMMITTEE**

**9 JUNE 2022**

<b>Report Title</b>	<b>STROUD DISTRICT COUNCIL'S BID TO THE GOVERNMENT'S LEVELLING UP FUND (ROUND 2)</b>
<b>Purpose of Report</b>	To seek the Committee's approval for Stroud District Council's bid to the Government's Levelling Up Fund (Round 2)
<b>Decision(s)</b>	<p><b>The Committee RESOLVES to:</b></p> <ol style="list-style-type: none"> <li>a. Approve the final size and scope of the Council's bid to the Levelling Up Fund, as set out in Appendices A and B;</li> <li>b. Delegate authority to the Strategic Director of Place, in consultation with the Chair and Vice-Chair of this Committee, to finalise and submit the bid by the Government deadline of 6 July, 2022 and enter into the grant agreement if successful.</li> <li>c. Award grants to, and enter into legal agreements with, the delivery partners as set out in Appendix A if the bid is successful.</li> </ol>
<b>Consultation and Feedback</b>	<p>The development of the bid, and the projects which feature within it, have been subject to extensive consultation and engagement with stakeholders as follows;</p> <ul style="list-style-type: none"> <li>• Levelling Up Fund Task Force comprising Stroud District Council, Stroud MP, Stroud Town Council, Gloucestershire County Council, Network Rail, Great Western Railway, GFirst Local Enterprise Partnership and Stroud &amp; District Chamber of Trade &amp; Commerce.</li> <li>• Regeneration Investment Board</li> <li>• Ward Councillor</li> <li>• The Stroud Subscription Rooms Trust</li> <li>• Lansdown Hall and Gallery</li> <li>• Stroud Valleys Artspace</li> <li>• Cotswold Canals Trust</li> <li>• Stroud Valleys Canal Company</li> <li>• Business stakeholders</li> <li>• Individual related report and scheme-based consultation events</li> <li>• Consultation associated with strategic documents linked to the bid including the Local Plan, the Local Transport Plan and the Stroud Neighbourhood Development Plan</li> </ul>
<b>Report Authors</b>	<p>Brendan Cleere, Strategic Director of Place  Email: <a href="mailto:Brendan.cleere@stroud.gov.uk">Brendan.cleere@stroud.gov.uk</a>  Leonie Lockwood, Regeneration Delivery Lead  Email: <a href="mailto:leonie.lockwood@stroud.gov.uk">leonie.lockwood@stroud.gov.uk</a></p>

<b>Options</b>	There is an option to not submit the bid. This is not recommended, as to do so would block a significant opportunity to bring much needed external funding to support the delivery of major social, economic and environmental benefits to the area. There is an option to remove or add alternative projects to the package bid, but the package must consist of no more than three projects and be a coherent set of interventions that reflect the themes of the LUF.			
<b>Appendices</b>	Appendix A – Package Bid details Appendix B - Strategic Fit, Outputs and Outcomes			
<b>Implications (further details at the end of the report)</b>	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.”*

*“The second round of the Fund will focus on the same three investment themes as the first round: local transport projects that make a genuine difference to local areas; town centre and high street regeneration; and support for maintaining and expanding the UK’s world-leading portfolio of cultural and heritage assets.”*

- 1.3 The proposed bid for Stroud reflects this focus and the projects have been selected carefully to ensure a close alignment with the aims of the Fund.
- 1.4 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>
- 1.5 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.
- 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 and therefore the bid needs to be of high quality to be considered for support.

1.6 The prospectus sets out examples of projects that the fund will look to support under each theme which include, amongst others:

- Transport - Investment in new and existing cycling provision.
- Regeneration - The acquisition and regeneration of brownfield sites and improving the public realm including high streets, parks and green spaces and the addition and or enhancement of infrastructure to make the high street and town centre more accessible for those with disabilities.
- Culture and Heritage - Upgrading cultural and creative spaces, including arts venues, and renovating and refurbishing key cultural and heritage sites.

1.7 At the Committee meeting on the 7 April, members approved the allocation of up to £275k from Business Rates Pilot funding, to support project development costs related to the LUF bid. The table below sets out the commitments and spend to date against these budgets.

	<b>Budget</b>	<b>Committed to date</b>	<b>Paid to date</b>
LUF budget - recovery budget	50,000		
LUF April 2022 from business rates pilot funding	275,000		
Wallbridge		80,601	61,339
Brownfield site		10,370	10,370
Walking and cycling project		103,050	
The Goods Shed		3,500	
Consultancy		34,725	-
<b>Total</b>	<b>325,000</b>	<b>232,246</b>	<b>71,709</b>

- 1.8 This report will outline the bid for which approval is now being sought and the work being done in the lead up to the submission deadline.

## 2. STROUD DISTRICT COUNCIL'S BID

- 2.1 Our bid to the Levelling Up Fund represents a rare opportunity to rejuvenate highly visible areas in Stroud that are holding the town and the wider area back, through issues of poor access, neglect or in some cases, dereliction. The bid will boost pride in place and create a pathway for a cleaner, greener future. It will also transform spaces, support our post covid recovery and create attractive destinations to increase vitality and prosperity for residents, visitors and businesses. The bid will not only make Stroud a welcoming, attractive place to be but will also be a stronger gateway to the rest of the district by improving the connectivity to the routes along the valleys and will support the whole district economy, building on the stronger relationships that we have developed with the market towns.
- 2.2 Our package bid totals £15.9m and comprises investment in three strongly related projects, which are described in more detail in Appendix A and summarised below:
- (i) **Gateway Spaces** –The rejuvenation and transformation of key spaces into attractive destinations to increase vitality and prosperity for residents, visitors, shoppers and businesses. Places for people to spend time and feel a sense of pride in the town.
  - (ii) **Cultural Landmarks** – enhancing our heritage and making venues inclusive and accessible to all, nurturing and realising their full potential and celebrating local distinctiveness to create a vibrant arts scene that supports the visitor economy.
  - (iii) **Connections** – Making it easier, healthier and safer for pedestrians and cyclists to access all the town has to offer and to support the transition to a low carbon lifestyle, aligning with the Councils commitment to be carbon neutral by 2030. Improving the connectivity to the routes along the valleys to the wider district. Measures to improve the experience for bus users, such as Real Time Passenger Information, are also being explored and may be included in the bid, subject to affordability and deliverability.
- 2.3 A solid partnership has developed behind the bid with a strong level of community and stakeholder support across the public, private and voluntary sector organisations and crucially the support of the local MP. Whilst the district is the lead partner for the bid submission, if the bid is successful, the projects will be delivered by a range of partners and hence the importance of this enthusiasm and commitment.
- 2.4 Much stakeholder and community engagement has been undertaken as the various aspects of the bid have been developed. The various strategic plans and reports have had extensive stakeholder and community engagement as part of their approval processes. For the two areas of public realm improvements, Wallbridge and The Sub Rooms Town Square, the Commonplace platform has been used to gather feedback, which is open to all users to view, and drop-in sessions have also been held to show the plans, listen to people's views and obtain their comments to feed into the final designs. Stakeholder meetings have also been held to discuss wider plans for the areas.
- 2.5 It is important to stress that the bid is not a series of isolated individual projects but is a package of measures that is set within a wider long term place making context, building

upon the groundwork that has already been established by the Stroud District Local Plan, the Town Centre Neighbourhood Development Plan, the Local Transport Plan and other important strategies, feasibility studies and research projects that have been carried out in recent years. In particular, the emerging Canal Strategy, the Town Council's Stroud Street Spaces Report and Stroud Station Feasibility Report, all provide a strong basis for the bid and have been developed with extensive public consultation and stakeholder engagement, helping to underpin and support the bid.

2.6 The Local Plan vision for Stroud says:

*Stroud town will go from strength to strength as the beating heart of a flourishing artistic and cultural scene. It will act as both focal point and gateway for surrounding communities and visitors, with good links to the wider rural area.*

*As the principal commercial centre for the District, the town centre will capitalise on its attractive built heritage, distinctive landscape setting and unique selling points (such as the acclaimed farmers' market) to enhance its retail offer and tourist appeal.*

The bid addresses this vision head on and the LUF process has given the partnership the opportunity to develop these ideas and put those plans into practice and deliver on some of the key projects. As part of the work carried out for the bid, wider master planning work has been commissioned that looks to the longer-term vision and sets these interventions into context. The bid to the LUF is, therefore, seen as the start of the process and a catalyst for future private and public investment in the town and the wider district.

2.7 The strategic fit, outputs and outcomes for the bid is set out in Appendix B.

2.8 Whilst the district has been successful in various funding bids over recent years, it has missed out on some of the key Government town centre initiatives, such as Future High Streets Fund and the Towns Fund. The commitment of resources by all the partners to develop these projects into deliverable schemes on the ground, which have a strong basis in adopted strategies, means that none of the work will be wasted as the Council will be well positioned for future funding rounds.

2.9 The LUF requires match funding of a minimum of 10% of the total bid from the local authority and/or its partners. In excess of 10% has been secured through already approved budgets and contributions from our public and private sector partners. In addition to the direct match funding for the projects within the bid, there is complementary funding for projects that have a strong alignment with the bid, including the £8.9 million HLF funding for phase 1b of the canal, the funding received through One Public Estate for the master planning of Cheapside and Beeches Green and the emerging Shared Prosperity Fund.

2.10 In terms of the value of the bid, this has been established by only including those projects that fit the bid criteria, represent value for money and crucially can be delivered within the timescales of the fund, i.e. all funding must be spent by March 2025. This has resulted in a bid that on current costings stands at £15.9 million. This will be further reviewed over the next 6 weeks (from the time of writing the report) to the bid submission date along with our consultant advisors, in particular ensuring that sufficient contingency is included within the bid due to the current volatile construction market and general inflationary pressure.

Elements of the bid may need to be withdrawn should any questions regarding the delivery of the project be identified as the details are finalised.

- 2.11 Advice has been given from our MP that, due to the high success rate of bids in round 1 for Gloucestershire for authorities in category 1 priority areas, that bidding under the £20 million may be a prudent approach.
- 2.12 The Committee's approval is now sought for the size and scope of the bid as summarised in Appendix A. The Committee is also recommended to delegate authority to the Strategic Director of Place, in consultation with the Chair and Vice-Chair of this Committee, to finalise the bid, including the final bid amount once contingencies and project costs have been finalised, and to submit the bid by the Government deadline of 6 July 2022.

### **3. NEXT STEPS AND INDICATIVE TIMELINE**

- 3.1 The Council has appointed Stantec, who have significant expertise in developing successful funding cases for the LUF, securing £120 million in round 1, equivalent to 7% of the Government's total expenditure on the programme to date. They are developing the economic case and carrying out the Benefit Cost Ratio calculations required for the bid and advising generally on all aspects of the bid application form ready for submission.
- 3.2 The Task Force has developed a communications and social marketing campaign to generate support for the bid and promotional materials and a video are in preparation, to be released shortly. In addition, letters of support from a wide range of organisations will be secured prior to bid submission.
- 3.3 Once submitted the bid assessment will focus on four criteria, as set out in the LUF prospectus: characteristics of places, deliverability, strategic fit with local and Fund priorities, and the economic case in line with the published assessment framework.
- 3.4 The announcement of the outcome of the bid process is due to be made in the Autumn of 2022.

### **4. IMPLICATIONS**

#### **4.1 Financial Implications**

By approving the levelling up fund bid the Committee creates an opportunity for a sizeable amount of grant funding to be received for the included projects. Much of the funding will be passed on to the delivery partners with SDC as the accountable body.

As a Category 2 area this Council received no Central Government funding to develop a bid, unlike areas in Category 2. Paragraph 1.7 shows the amounts allocated and spent to date in developing the bid.

The LUF includes match funding requirements and paragraph 2.9 sets out how these requirements have been met.

Andrew Cummings, Strategic Director of Resources

Tel: 01453 754115 Email: [andrew.cummings@stroud.gov.uk](mailto:andrew.cummings@stroud.gov.uk)

#### **4.2 Legal Implications**

Once any grant conditions from the DHLUC are available, these should be sent to One Legal for review.

Should the bid be successful, the Council intends to give a proportion of the grant to outside bodies, including the private sector. The Council needs to ensure it complies with the new subsidy control regime that has replaced “state aid” following the UK’s withdrawal from the European Union. The Subsidy Control Act 2022 has received Royal Assent and partially came into force on 28<sup>th</sup> April 2022.

Officers have received advice from One Legal about the requirements of the new regime and external advisors have assisted with the evidence to demonstrate that the onward payments will be lawful subsidies.

Agreements setting out the terms of the grant payments should be entered into with the grant recipients including clauses related to the use of the funding, monitoring requirements and repayment provisions should there be a breach of the agreement.

The Council has powers under Section 1 of the Localism Act 2011 to make the onward grant payments.

Specific legal advice should be sought in relation to each of the proposed projects to be delivered by the Council. For example, development of council owned land will require title checks to ensure that there are no restrictions or third party rights that any affect the proposals. There are numerous powers that permit the Council to undertake the proposals, such as;

Section 1 Localism Act 2011 (General Power of Competence)

Section 2 Local Authorities (Land) Act 1963 (permits councils to carry out works for the benefit or improvement of their area)

Section 144 Local Government Act 1972 (powers related to promoting tourism)

Section 145 Local Government Act 1972 (provision of entertainment and support of the arts).

One Legal

Tel: 01684 272691 Email: [legal.services@onelegal.gov.uk](mailto:legal.services@onelegal.gov.uk)

### **4.3 Equality Implications**

An EqlA has been carried out by Officers in relation to the decision made in this report and due regard will be given to any implications identified in it. The EqlA identifies potential positive impacts for protected groups in the categories of age, disability, pregnancy & maternity and sex, as well as groups affected by rural considerations.

### **4.4 Environmental Implications**

The projects listed for the bid cut across three of the themes set out in the Carbon 2030 Strategy as follows:

- Built Environment: the efficient use of water and power  
The incubator units will be built with solar panels and air source heat pumps to deliver energy efficient office accommodation in the town centre.
- Natural Environment: positive outcomes for all species  
The public realm improvements address the climate change agenda with extensive tree planting to promote clean air, wildflower meadows to improve local

biodiversity and the implementation of sustainable drainage systems to cleanse water and reduce flooding.

- Mobility: low carbon movement of people and goods

The transport project is focusing on active travel and encouraging more people to access the town on foot and on bike by making it safer and more accessible to do so enabling that mode shift from car to active travel and improving air quality in the town. The LUF will be the catalyst for wider master planning of the station which supports the goal to increase the potential for rail travel through better connectivity and station improvements