

Executive Board 24th May 2021

Subject: UK Government Funding

Purpose:

- to provide an update on UK Government funding opportunities which will impact on Carmarthenshire.

Recommendations / key decisions required:

- To retrospectively approve the process established for the Community Renewal Fund in Carmarthenshire (detailed report attached)
- To consider and endorse the submission of applications under the Levelling Up Fund (detailed report attached)

Reasons:

As part of the UK Chancellor's Budget announcement on Wednesday 3rd of March 2021, the UK Government announced a number of new funding programmes and initiatives. This paper and the attached detailed report set out information on two of these new programmes i.e. Levelling Up Fund and the Community Renewal Fund and the potential opportunities for Carmarthenshire.

Relevant scrutiny committee to be consulted NO

Exec. Board Decision Required YES

Council Decision Required NO

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr Emlyn Dole, Leader

Directorate: Regeneration

Name of Head of Service:
Jason Jones

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EXECUTIVE SUMMARY

24th MAY 2021

1. **BRIEF SUMMARY OF PURPOSE OF REPORT.**

As part of the UK Chancellor's Budget announcement on Wednesday 3rd of March 2021, the UK Government announced a number of new funding programmes and initiatives. This paper relates to two of these new programmes, the Levelling Up Fund and the Community Renewal Fund.

Levelling Up Fund

£800m is being made available to Wales, Scotland and Northern Ireland over four years from 2021/2022 to 2024/2025 via the Levelling Up Fund. The Fund will invest in a range of local investment priorities including local transport schemes, regeneration projects and cultural assets. Applicants are encouraged to include a local financial contribution representing at least 10% of total costs.

The Levelling Up Fund is a **capital only fund**, administered by HM Treasury (HMT), the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT).

Funding will be delivered directly through Local Authorities with Welsh Government being consulted in the assessment of relevant bids.

The Levelling Up Fund is a competitive fund, with funding distributed to places across the UK on the basis of successful project selection. The number of bids that a local authority can make will relate to the number of MPs in their area. With Carmarthenshire falling within 3 different parliamentary constituencies there is an opportunity to submit up to 3 applications covering the County (2 in respect of constituencies wholly within Carmarthenshire and 1 on a shared basis where the constituency is cross border). In respect of Carmarthen West, which is a joint constituency with South Pembrokeshire, there is a need to engage with Pembrokeshire County Council on a joint submission.

In addition to the above, Local Authorities can submit one transport bid. Transport-only bids are allocated independently of constituency boundaries and will be subject to a more detailed business case process.

Applications for the first round of funding must be submitted to UK Government by the 18th June 2021. It is estimated that between £30-£50m will be released for the first round of funding for Wales.

Community Renewal Fund (CRF)

The £220m Community Renewal Fund will support communities to pilot projects and new approaches ahead of the UK Shared Prosperity Fund which will be launched in 2022. The CRF will be 90% revenue funding with all projects required to be financially completed (i.e. all delivery activity concluded) by 31st March 2022. The Fund will be a competitive process with no pre-set eligibility.

To ensure the UK Community Renewal Fund funding reaches those areas most in need, the UK Government has identified 100 priority places. Carmarthenshire has been identified within the top 100 places. A lead authority has been assigned for each place which includes Local Authorities in Wales, meaning that Carmarthenshire is a lead authority.

Lead authorities are expected to invite project proposals from a range of local applicants and to appraise and prioritise a shortlist of projects up to a maximum of £3 million per place. A shortlist of projects must be submitted to the Ministry of Housing, Communities and Local Government by Friday 18 June 2021. Only bids received through a lead authority will be considered.

UK Government will announce successful projects from late July 2021 onwards. Lead Authorities will enter into an agreement with UK Government for an agreed package of projects. Lead Authorities will be responsible for issuing grant agreements to successful bidders once funding has been agreed by UK government, as well as undertaking monitoring and assurance activity.

Recommendations:

Levelling Up Fund

It is recommended that:

1. The Authority proceeds with the development of the following applications (detailed report attached) for submission as part of the Levelling Up Fund by the 18th June:
 - *Carmarthen West* – Joint application with Pembrokeshire County Council for acquisition of a town centre property in Carmarthen and its re-purposing as a multi-agency and multi-use development. Pembrokeshire's element of the bid is also focused on a town centre hub development offer
 - *Carmarthen East and Dinefwr* – Standalone application to support delivery and implementation of the Tywi Valley shared access route
2. The Authority pursues the earliest future opportunity under the Levelling Up Fund for the proposed Llanelli constituency project when the proposal is further developed.

Community Renewal Fund

It is recommended that:

- The Authority retrospectively endorses the process (set out within the attached detailed report) established for the Community Renewal Fund in Carmarthenshire

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **Jason Jones**

Head of Regeneration

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	NONE	YES	YES	YES

1. Policy, Crime & Disorder and Equalities

The proposals contained within this report will support the County's aspirations as outlined within its draft recovery plan.

In addition, as part of the Community Renewal Fund assessment process, applicants will be required to demonstrate how their proposals align with at least one of the overarching themes of the County's Recovery Plan.: Business, People and Place.

The proposals are also aligned to the Well Being and Future Generations Act and the 5 Ways of Working.

2. Legal

As the accountable body for the Community Renewal Fund, the Authority will be responsible for establishing a funding agreement with each successful local project deliverer. It is for the Lead Authority to determine the terms of its agreement with project deliverers but Lead Authorities must ensure the agreement allows it to discharge its responsibilities under the funding agreement that will have been agreed between the Lead Authority and the Secretary of State. We shall liaise with the corporate legal team to develop the funding agreement.

3. Finance

In relation to the Community Renewal Fund, the Authority will be accountable to the UK Government for a package of projects up to value of £3m, subject to approval being granted. The Authority will undertake due diligence on private sector, charitable and voluntary organisations applicants during the assessment process to ensure that the applicant is genuine and has the financial standing and sufficient capacity to deliver the proposed activity.

UK Community Renewal Fund will be paid to Lead Authorities in two tranches – 50% on commencement, and the balance on completion. It is for Lead Authorities to decide how they wish to make payments to project deliverers e.g. in advance, in arrears or to an agreed profile. It is recommended that such processes are agreed by the Head of Regeneration in conjunction with the Director of Corporate Services.

5. Risk Management Issues

Lead Authorities will be liable for any expenditure the UK Government determines to be ineligible for UK Community Renewal Fund support. Ineligible expenditure will be recovered from the Local Authority. UK Government will have no contractual relationship with the project deliverer and will not seek to recover funds from them.

To ensure that funding is used solely for the purposes for which it was awarded and minimise risk at all stages of the grant cycle, the Authority will establish appropriate and proportionate systems and processes:

- manage payments to project deliverers
- monitor performance of project deliverers
- ensure that money has been spent in line with the funding agreement

These requirements will be set out within the funding agreement.

6. Physical Assets

In relation to the Levelling Up Fund application for Carmarthen West, the Authority would become the freehold owner of the town centre property. Acquisition costs will be covered by the grant. Occupational costs such as business rates will be covered by joint partners.

The application for Carmarthen East would involve the acquisition of land for the delivery of the Tywi Valley shared access route.

7. Staffing Implications

In order to resource the requirements placed on Lead Authorities to manage the Community Renewal Fund, an allocation of £20k will be provided to all Lead Authorities. In addition, a flat rate of 2% of the value of the UK Community Renewal Fund spent by each project may be used by Lead Authorities for the costs incurred in managing fund awards. In circumstances where there is expected to be a large volume of transactions, or complex project delivery, a flat rate of 3% may be permitted. This would provide up to £80k depending on the number of applications approved.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Jason Jones

Head of Regeneration

1. Scrutiny Committee

N/A

2. Local Member(s)

Local Members have been informed of the opportunities and the application process for the Community Renewal Fund. Local Members are being consulted on the Levelling Up proposals.

3. Community / Town Council

Town and Community councils have been informed of the opportunities and the application process for the Community Renewal Fund.

4. Relevant Partners

Partner organisations have been informed of the application process. The information has also been made publicly available via the Council website.

5. Staff Side Representatives and other Organisations

N/A

**EXECUTIVE BOARD PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

YES

Include any observations here

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
UK Government Levelling Up Prospectus	N/A	https://www.gov.uk/government/publications/levelling-up-fund-prospectus
UK Government Community Renewal Fund Prospectus	N/A	https://www.gov.uk/government/publications/uk-community-renewal-fund-prospectus/uk-community-renewal-fund-prospectus-2021-22