

Report to: Cabinet

Date: 3 February 2022

Title: Levelling Up Fund

Report of: Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning

Cabinet member: Cllr Zoe Nicholson, Lead Member for Finance and Assets; and Cllr James MacCleary, Lead Member for Regeneration and Prosperity

Ward(s): All Newhaven Wards

Purpose of report: To provide an update on the successful bid for Levelling Up Funding and to secure the necessary delegations to enable the programme of works to commence.

Decision type: Key decision

Officer recommendation(s):

- (1) To note the successful bid to the Levelling Up Fund, which has secured £12,686,307 towards the regeneration of Newhaven.
- (2) To approve an allocation of up to £12.7m in the General Fund Capital Programme, to be financed in full by the grant funding secured as per the recommendation above.
- (3) To authorise the Director of Regeneration and Planning to enter into the Funding Agreement that will set out the commercial terms associated with the grant award, including use, access, and ongoing monitoring.
- (4) To authorise the Director of Regeneration and Planning, in consultation with the Chief Finance Officer, Lead Member for Finance and Assets and the Lead Member for Regeneration and Prosperity, to carry out all necessary actions to facilitate the recommendations and deliver the programme of works including entry into appropriate legal agreements with delivery partners, feasibility, financing, appointment of professional services, development, contract award(s), lettings, and determining the terms of, and authorising the execution of, all necessary documentation, in accordance with the funding parameters.
- (5) To authorise the Director of Regeneration and Planning, in consultation with the Chief Finance Officer, Lead Member for Finance and Assets and the Lead Member for

Regeneration and Prosperity to take all necessary steps to conclude the acquisition of Unit 7, Oak Estate, Newhaven.

Reasons for recommendations:

(1) A funding offer of £12,686,307 for Newhaven was announced on 27 October.

(2) There is a need to move at pace since the Levelling Up Fund award must be spent by March 2024 in line with Government guidance.

(3) To enable Officers to deliver in an effective and timely manner, the necessary delegations to Lead Members and Executive Officers are required to ensure that the Council can deliver the programme within the context of the timeframe.

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1 Introduction

1.1 The £4.8billion Levelling Up Fund (LUF) was announced by Government in March 2021 and was set up with a view to investing in infrastructure that improves everyday life in the UK. Each local authority was given a priority ranking according to the perceived level of need for further investment.

1.2 The focus of the LUF is on three specific areas of investment:

- Transport investments
- Regeneration and town centre investments
- Cultural investments.

Government guidance stated that bids (of up to £20million) should focus on high-profile projects that will make a visible impact in local areas.

1.3 Lewes District was identified as a Priority 1 Area for investment, offering the opportunity for the Council to put together an impactful project that would make a visible impact on our communities and help to 'level up' some of our most deprived areas.

1.4 Following consideration of at least 10-15 project options across the district, a bid was selected for Newhaven focusing on the fishing and maritime sectors. The rationale for this selection was that the project would be deliverable in a tight timeframe and would stand the best chance of success against the criteria set out in the HM Treasury's Green Book and the Government guidance for the LUF.

2 Capturing the Value of the Catch

2.1 The successful bid for £12,686,307 was focused on supporting the fishing and maritime sectors in Newhaven in a post-Covid and post-Brexit environment. This bid was focused on three core interventions:

- **Catch:** providing two new fishing landing stages at Newhaven Port to accommodate up to 16 small fishing vessels, with a view to increasing the proportion of catch landed in Newhaven.
- **Process:** purchasing Unit 7, Oak Estate, New Road and refurbishing to create a Centre for Seafood Excellence, offering a commercial fish market and training opportunities for local residents.
- **Retain:** construction of a new destination fish restaurant at West Beach, alongside new community facilities, that will draw visitors to the town and support active pursuits through new leisure provision.

2.2 On 27 October 2021, the Council's submission was announced as one of the successful bids. This is a notable achievement. Lewes was one of just 4 Councils across East and West Sussex to be successful.

2.3 The LUF funding must be spent by March 2024. As such, Officers are mobilising to ensure that the funding can be invested within the allotted timeframe.

3 Project Delivery

3.1 Following the LUF announcement, subject now only to the signing of the Funding Agreement, the interventions as set out in the bid documentation must be developed into a deliverable project.

3.2 Two parts of the project – Catch and Retain - are being delivered by external partners and Officers will ensure that appropriate legal agreements are in place prior to release of any funding. This is because the Council is the Accountable Body and is responsible for ongoing monitoring and evaluation of the impact of the funding award.

3.3 One part of the project – Process – is being delivered directly by the Council. This project is focused on purchasing Unit 7, Oak Estate, New Road and repurposing for a Centre for Seafood Processing

3.4 It is therefore recommended to delegate authority to the Director of Regeneration and Planning, in consultation with the Chief Finance Officer, Lead Member for Finance and Assets and Lead Member for Regeneration and Prosperity to acquire Unit 7, Oak Estate and enter into appropriate legal agreements with key delivery partners as set out in the original LUF funding submission.

4 Consultation

4.1 The development of the Council's LUF bid included engagement with Cabinet and Maria Caulfield MP to ensure that the most appropriate LUF bid was prepared and submitted in line with Government guidance and the level of positive impact on our communities.

- 4.2 The Newhaven Town Deal Board was also consulted on the proposals and signalled their support prior to submission.
- 4.3 A wide range of letters of support for the submission were also received, including from the South Downs National Park Authority, Greater Brighton Economic Board, Newhaven Town Council, East Sussex County Council, South East Local Enterprise Partnership, Sussex Community Development Association, Wave Leisure and East Sussex College Group.

5 Corporate plan and council policies

- 5.1 The Council's Corporate Plan 'Re-imagining Lewes District Corporate Plan 2020-2024' sets out some key areas that will be addressed by the LUF bid:

Building Community Wealth

- 5.2 'Capturing the Value of the Catch' focuses new investment on our local economy, supporting the existing inshore fishing fleet through provision of updated, modern landing stages. It is also likely to increase training and employment opportunities for local residents.

Sustainability and Climate Change

- 5.3 Currently, the catch landed at Newhaven is transported by HGV up to six times per week to processing facilities outside of the immediate local area. By retaining processing and market facilities in Newhaven, HGV traffic movements are likely to be reduced and CO2 emissions reduced. This directly addresses community concerns over the traffic impacts of new development in the town.

6 Business case and alternative option(s) considered

- 6.1 As per Section 1, a range of other bidding options were considered for the LUF. These were ruled out on the grounds of deliverability by March 2024 and / or their fit with the criteria set out in the Green Book and the Government's LUF guidance.
- 6.2 The LUF funding has now been awarded to the Council by the Government. It is therefore considered that there are no appropriate alternative options to be considered.

7 Financial appraisal

- 7.1 The Levelling Up Fund is central to Government's ambition to level up the country – investing in high value local infrastructure and building stronger and more resilient local economies and communities. It is especially intended to support investment in places where it can make the biggest difference to everyday life, including ex-industrial areas, deprived towns and coastal communities.
- 7.1 As set out in the report, the Council bid to the Levelling Up Fund was successful by securing £12,686,307 towards the regeneration of Newhaven. The allocation of up to £12.7m in the General Fund Capital Programme will be fully financed by the grant funding secured through the Levelling Up Fund (LUF).

8 Legal implications

- 8.1 As the Accountable Body, the Council will be expected to enter into a funding agreement with Central Government that will set out the detailed terms. The Council will in turn need to enter agreements with each funding recipient to ensure that any funding conditions are met and the Council protected from any clawback. The nature of those agreements will depend on the project being funded and the conditions attached by Central Government. The Council will be the direct recipient of the funding in relation to one project.
- 8.2 There will be a need for additional agreements to be put in place in relation to the operation of certain projects.
- 8.3 The projects carried out by the Council will be subject to the public procurement rules when being delivered when, as the grant recipient, it is procuring goods, works or services when spending the funding.
- 8.4 The Council will need to consider the application of any applicable subsidy rules before passing on any funding to ensure that any funding given is lawful. Under the Subsidy Control regime applicable from 1 January 2021, the UK has committed to introducing its own domestic subsidy control regime which includes the requirements set out in the UK-EU Trade and Cooperation Agreement (TCA) and other trade agreements. The Government introduced the Subsidy Control Bill to Parliament on 30 June 2021, which will apply to any funding granted after it becomes law. The Council has already reviewed the LUF projects in light of the existing rules and satisfied itself that these are capable of being delivered in a compliant manner.
- 8.5 Legal due diligence is required to ensure that, upon completion of the purchase, the Council will obtain a good and marketable title to the property.

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9 Risk management implications

- 9.1 The following risks may arise if the recommendations are implemented. It is proposed to mitigate these risks as follows:

Risk	Likelihood	Impact	Mitigation
Failure to secure LUF funding	Low	High	A funding offer has been received, although detailed grant agreements and conditions are awaited. It is considered highly unlikely that Government will reverse their funding offer.
Failure to deliver projects within LUF programme timeframe	Low / Medium	High	Deliverability is one of the key criteria that was assessed as part of the Government's review of LDC's submission. However, there is considerable work required at

			pace and the recommendations in this report reflect the timeframe for delivery.
Funding does not meet needs of our resident and business communities	Low	High	The LUF bid was informed by engagement undertaken through the Newhaven Town Deal Board and others as set out in Section 4. An ongoing stakeholder engagement plan will be developed as part of the next stage of work.
Failure to secure appropriate planning consents	Low	High	LDC Head of Planning has been consulted on 'Retain'. It is understood that both 'Catch' and 'Process' will not need additional planning consents.

10 Equality analysis

10.1 An Equalities & Fairness Analysis was prepared in May 2021 as part of the development of the LUF submission. Further assessments will be undertaken once preparatory work has been completed and a planning application is being prepared.

11 Environmental sustainability implications

11.1 There are no significant environmental sustainability effects as a result of the recommendations in this proposal. Indeed, the project broadly aligns with the Council's sustainability ambitions.

11.2 However as the project is developed, opportunities to minimise the carbon impact of the developments will be considered in greater detail as required.

12 Appendices

- None

13 Background papers

The background papers used in compiling this report were as follows:

- [Lewes District Council – Levelling Up Fund Bid Summary](#)