

**Report to:** Cabinet

**Date:** 1 December 2021

**Title:** Levelling Up Fund

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

**Cabinet member:** Councillor David Tutt, Leader of the Council

**Ward(s):** All 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 recommendations to the Cabinet:**

(1) To note the successful bid to the Levelling Up Fund, which has secured £19,847,287 towards the regeneration of Eastbourne.

(2) To approve an allocation of up to £19.9m 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, Leader of the Council and Portfolio Holder for Finance, in conjunction with any Project Oversight Board, to carry out all necessary actions to facilitate the recommendations and deliver the programme of works including 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.

**Recommendations to the Scrutiny Committee**

1) To note the report and

2) respond to the Cabinet with any recommendations it wishes to be considered.

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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 Eastbourne 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 Eastbourne's most deprived wards.

1.4 To support Officers, a Stakeholder Group was set up. Members of the Group including selected Councillors, Caroline Ansell MP, Chamber of Commerce, Eastbourne Hospitality Association, the Your Eastbourne Business Improvement District and the East Sussex College Group.

1.5 Following extensive discussions of in excess of 45 project suggestions, a bid was identified that sought to regenerate a key part of Eastbourne town centre and link more closely to the seafront and the South Downs National Park.

## **2 Linking Town Centre Regeneration with a Strengthened Visitor Economy**

2.1 With the support of the Stakeholder Group, the Council submitted a bid for £19,847,287. This bid was focused on three core interventions:

- **Victoria Place:** to create a new year-round 'destination' for residents and visitors, incorporating the refurbishment of commercial units, pedestrianisation and creation of a 'Las Ramblas'-style centre for Eastbourne's night-time economy.

- **Black Robin Farm:** to create a world-class cultural, education and visitor centre that will firmly establish Eastbourne as the eastern gateway to the National Park, creating in excess of 5,000 learning opportunities per year.
- **Towner 2023:** to link with the centenary celebrations of the Towner Gallery, a programme of public art and visitor trails to celebrate the history and culture of Eastbourne. This combines with some small-scale investments in the gallery itself to enhance learning and visitor facilities.

More information on the bid is provided within the Bid Summary included as a Background Paper to this report.

2.2 On 27 October 2021, the Council's submission was announced as one of the successful bids. This is a notable achievement and the award of £19.8million is one of the higher awards announced. Eastbourne 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 have mobilised 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, using the core concepts to form a detailed programme of capital works. This will include the development of project briefs, feasibility and survey work, legal/financial/commercial due diligence, and engagement with key stakeholders as well as the South Downs National Park.

3.2 It will also be important to establish appropriate governance in the delivery of the project, specifically to ensure that the programme of works continues to align with and meet the objectives of the funding criteria and outputs. As such, a Stakeholder Oversight Board will be established, and Terms of Reference developed, to ensure that the proper governance is in place.

3.3 In order to ensure the project progresses at pace it is necessary to establish clear lines of delegation and authority, as reflected within the recommendations. However, in addition to this, future reports will be presented to the Council's Cabinet to provide updates on the project specifically at key milestones including:

- Planning approval
- Business case sign-off
- Contract award
- Practical Completion / pre-occupation.

This will also include any evolving risks and new areas of concern that will need further decisions outside of the delegations granted.

### 4 Consultation

4.1 Extensive consultation has been undertaken as part of bid development. This includes detailed discussions with the Stakeholder Group as well as wider engagement undertaken by the Council and key partners, including:

- Surveys of, and presentations to, affected traders at Victoria Place by the Business Improvement District and Chamber of Commerce.
- Ongoing business and community engagement led by East Sussex County Council as part of the Eastbourne Town Centre Movement & Access Package.
- Initial discussions with the South Downs National Park Authority, Team East Sussex and the Arts Council.

4.2 This consultation culminated in securing a wide range of letters of support for the successful submission from Caroline Ansell MP, Eastbourne Hospitality Association, Eastbourne Chamber of Commerce, Your Eastbourne BID, Eden Project, Victoria Place Traders, SELEP, East Sussex College Group, Eastbourne Schools Partnership and many others.

## 5 Corporate plan and council policies

5.1 The project aligns strongly with the Council's Corporate Plan 2020-24. The delivery of these interventions will build upon existing investments to help create a prosperous, thriving and sustainable economy that provides new opportunities for businesses, whilst enhancing learning, employment and skills prospects for our communities.

5.2 The project will accelerate and broaden delivery of the vision for hospitality, leisure, art, culture, and the environment to be key drivers of Eastbourne's future economic success. The project complements other major town investments, including the redevelopment of the Devonshire Quarter, the Beacon Centre, and the pedestrianisation of Terminus Road. It is a key part of a package of measures that is strengthening Eastbourne's cultural and visitor offer, restoring its status as one of England's most impressive coastal towns in the post Brexit and pandemic era.

## 6 Business case and alternative option(s) considered

6.1 As part of the development of the LUF bid, Officers considered more than 45 initial project suggestions that were submitted. These suggestions were considered through a two-stage assessment process:

- **Stage 1: Thematic Fit.** A number of project suggestions were ruled out because they did not align with the stated investment priorities for the Levelling Up Fund.
- **Stage 2: Deliverability.** This stage incorporated an assessment of the level of detail available, anticipated delivery timescale and an understanding of the broad aspirations of key stakeholders.

6.2 This resulted in the final successful submission to Government. It must be noted that all the initial projects put forward could have been supported in principle, but the criteria and timescales for the LUF are particularly challenging, which meant that some projects would not be deliverable within the timeframes identified.

## 7 Financial appraisal

- 7.1 The Government announced its plan for the LUF in March 2021 for decentralising power and working more directly with councils, local partners and communities across England. Following the announcement, Officers liaised and prioritised the bids that will have the greatest likelihood of success including ensuring that they met the expectations and strict eligibility criteria of ‘Levelling Up’ Funding. This is critical to ensure that the bids recommended to Members are those that are most likely to be successful.
- 7.2 The report highlights that the Council has been successful and the Government has provided capacity funding of £19.9m to the Council, which will be allocated into the Council General Fund Capital Programme and financed in full by the grant funding secured. Projects will be prioritised, and it is expected that all funding will be spent by 31 March 2024.
- 7.3 The full financial details of the three core interventions would continue to be monitored, and the responsibility for their delivery sits with the Council. Further contributions will not be provided, and any cost overruns will need to be managed by the Council.

## **8 Legal implications**

- 8.1 As the accountable body EBC 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 several cases.
- 8.2 There will be a need for additional agreements to be put in place in relation to the operation of certain projects, such as leases.
- 8.3 Some projects may be subject to the public procurement rules when being delivered. This may depend on the status of the grant recipient (if they are a contracting authority procuring goods, works or services when spending the funding) or if the projects fall to be considered as “subsidised contracts”. The council will ensure that any procurement obligations are clear and incorporated into any funding agreements.
- 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 the 30 June 2021 which will apply to any funding granted after it becomes law. The council has already reviewed the LUF projects in the light of the existing rules and satisfied itself that these are capable of being delivered in a compliant manner.

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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 EBC'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 Eastbourne's resident and business communities	Low	High	The LUF bid was informed by engagement undertaken through partner organisations 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	Positive initial conversations were held with SDNPA during bid development and EBC Head of Planning has also been consulted.

## 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 feasibility work has been completed and planning applications are being prepared.

## 11 Environmental sustainability implications

11.1 The project aligns with the Council's sustainability policy and ambition to meet the target of carbon neutral by 2030. A summary of this alignment is set out below:

11.2

- **Victoria Place:** A substantial allocation for green energy infrastructure has been included within the project costs. This will enable the installation of

renewable energy measures to support delivery of a new year-round night-time economy.

- **Black Robin Farm:** Work is ongoing to explore opportunities for sustainable transport connections for visitors, including e-bikes and public transport. This will be augmented by energy saving and green energy measures, as well as the delivery of enhanced learning and education in partnership with East Sussex College Group and the Towner.
- **Towner:** Delivery of a public art trail and works of art will encourage visitors to traverse Eastbourne by foot/cycle/public transport. Materials used in art installations will be carefully considered to ensure sustainability and accordance with the Council's target.

## 12 Appendices

- None

## 13 Background papers

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

- [Eastbourne Borough Council – Levelling Up Fund Bid Summary](#)