

Levelling Up Fund 2 and Shared Prosperity Fund**Report by Kevin Anderson, Executive Director - Place****Report for Decision****1 Recommendations**

Council is recommended to

1. Agree applications for proposed projects as detailed within the report as the council's bids into the respective funds;
2. Delegates the Executive Director – Place to complete and submit applications by the respective deadlines and;
3. Delegates the Executive Director – Place to consider any external applications following the external applications process and ensure applicants are informed of the outcome.

2 Purpose of Report/Executive Summary

The purpose of this report is to seek Council's agreement for projects to be progressed as applications to the UK Government's Levelling Up Fund 2 and the Shared Prosperity Fund. The application deadline for the Levelling Up Fund 2 is on the 6th of July 2022. The application for the Shared Prosperity Fund is on 1st August, 2022 and a final outcome response from UKG for each of these funds is expected by Autumn 2022.

15th June 2022

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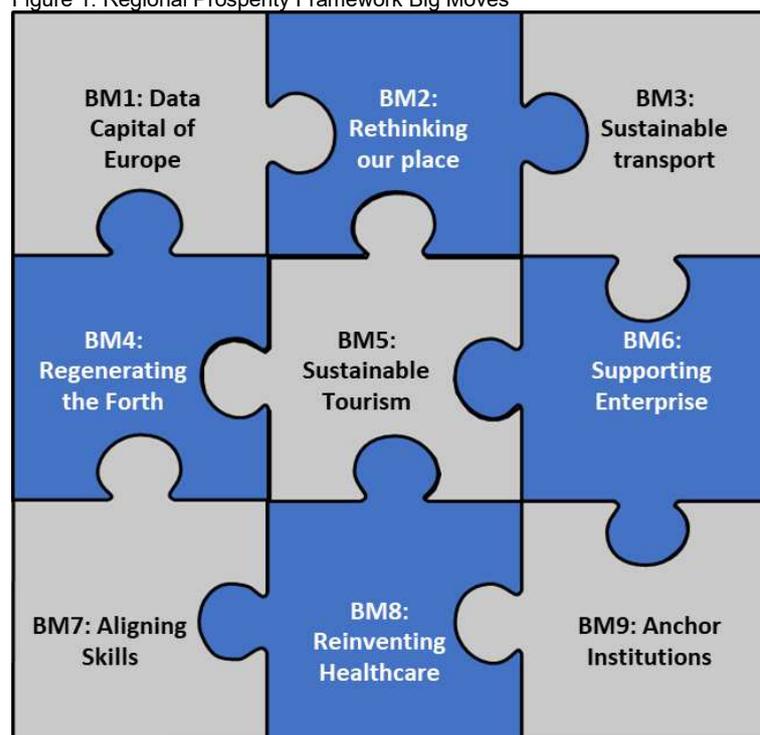
3 Background/Main Body of Report

The first round of the UK Government's (UKG) Levelling Up Fund was announced at the 2020 Spending Review with a focus on capital investment in local infrastructure, building on and consolidating prior programmes such as the Local Growth Fund and the Towns Fund. The first round of the Levelling Up Fund supported £1.7 billion of projects in over 100 local areas across all corners of the UK, delivering over £170 million of funding in Scotland.

Levelling up is described as being at the heart of the UK Government's agenda to build back better after the pandemic and to deliver for citizens in every part of the UK. Levelling up requires a multi-faceted approach and the fund is delivered as part of a broad package of complementary UK-wide interventions including: The UK Community Renewal Fund, The UK Community Ownership Fund, the Plan for Jobs, the Freeports programme, the UK Infrastructure Bank, the Towns Fund, and the UK Shared Prosperity Fund (UKSPF).

The wider context for these projects are at a regional level. The Edinburgh and South East Scotland City Region Deal (ESESCRD) has adopted a Regional Prosperity Framework, setting out the 9 Big Moves this regional collective will be working to deliver. ESESCRD regional partners have collaborated successfully on the Edinburgh and South East Scotland City Region Deal as a mechanism for delivering transformational change and accelerating economic and inclusive growth in the City Region. Regional partners, working with UK and Scottish Governments, have developed a Regional Prosperity Framework which identifies key priorities where investment would make the best contribution to drive the region forward in a sustainable and inclusive manner.

Figure 1: Regional Prosperity Framework Big Moves



4 Investment themes

This 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. In particular, the Fund will look to support:

4.1 Transport investments including (but not limited to) public transport, active travel, bridge repairs, bus priority, local road improvements and major structural maintenance, and accessibility improvements. UKG are requesting proposals for high-impact small, medium and, by exception, large local transport schemes to reduce carbon emissions, improve air quality, cut congestion, support economic growth, and improve the safety, security and overall experience of transport users.

Investment in local transport networks can revitalise local economies by boosting growth, improving connectivity, and making places healthier, greener, safer, and more attractive places to live and work. Almost all local journeys start and finish on local transport networks, so investment can make a real, tangible difference to local residents, businesses and communities. Local transport projects can play a pivotal role in enhancing local places and efforts to level up. This could be upgrading and improving the safety and security of bus and cycling infrastructure to improve access to jobs whilst supporting cleaner air and greener, healthier travel; targeting local road enhancements at congestion pinch points; and repairing bridges to ensure that communities are not isolated from key services.

UKG expect that any local road projects will also deliver or improve cycling and walking infrastructure and include bus priority measures, unless it can be shown that there is little or no need to do so. Proposals for investment in new and upgraded cycling infrastructure must meet the standards outlined in [local transport note 1/20: cycle infrastructure design](#).

The first round of the Fund saw over £450 million invested in transport across the UK. From renewing links to isolated communities to reducing congestion in our cities, and from connecting residential areas with employment centres to widespread upgrades to electric vehicle charging networks, places will soon see these benefits realised.

4.2 Regeneration and town centre investment, building on the Towns Fund framework to upgrade eyesore buildings and dated infrastructure; acquire and regenerate brownfield sites; invest in secure community infrastructure and crime reduction; and bring public services and safe, accessible community spaces into town and city centres.

Town centres are a crucial part of our communities and local economies, providing both a focal point for retail and hospitality trade and a meaningful

centre of gravity for local communities. The UK government recognises that in recent years, changing consumer behaviour has made things tougher for retailers in our town centres and high streets, an issue made even more apparent by the impact of the COVID-19 pandemic. In addition, while some local areas have benefited from programmes such as the Towns Fund, others, such as smaller towns have not been able to access this investment and the purpose is to help communities transform derelict, vacant or poorly used sites into vibrant commercial and community hubs that local people can be proud of.

4.3 Cultural investment maintaining, regenerating, or creatively repurposing existing cultural, creative, heritage and sporting assets, or creating new assets that serve those purposes including theatres, museums, galleries, production facilities, libraries, visitor attractions (and associated green spaces), sports and athletics facilities, heritage buildings and sites, and assets that support the visitor economy.

Investment in cultural assets can rejuvenate places, leading to positive economic and social outcomes at a local level. It can help to retain and grow a highly skilled workforce, attract visitors to bolster local businesses and institutions, and provide opportunities to grow people and communities' connections with and pride in places. Additionally, supporting the development of a more positive relationship between people and place can have a positive impact on both mental and physical health. In short, culture and heritage are things that up and down the country bring people together and strengthen communities. So far, the Fund is supporting 31 places to achieve those goals.

Perception of place is an important 'pull' factor in investment and business location decisions and can affect a place's capacity to attract talent – especially young people – and retain workers. Many towns already have a strong cultural heritage and sense of place. These towns benefit from their cultural and civic assets both directly, from tourism and visitor revenue, and indirectly, by inspiring a sense of local pride and boosting community cohesion, making places more attractive to live and work in. Alongside towns, rural areas also often possess their own equally rich tapestry of local cultural and heritage assets.

Preserving heritage is not limited to simply attracting visitors; many town and city centres across the UK are historic and beautiful in their own right. Maintaining these assets, and protecting them from crime and anti-social behaviour, can be crucial for local business and supporting residents' pride in the places they live. The first round of the Fund exemplified this through investment in the creation of arts centres and cinemas, alongside upgrades to unique coastal attractions and improvements to valued historic sites.

Proposed investments should actively complement, rather than duplicate or compete with funding already delivering or set to deliver in a given area. Investments in cultural assets should be driven by an evidenced place-sensitive need or opportunity and have clear outcomes that align with areas'

vision for place-based economic and social development, as well as the health and wellbeing of local people.

Investment proposals should focus on supporting high priority and high impact projects that will make a visible positive difference to local areas. UKG recognise that what constitutes priority investment will vary across local authorities and geographies, including in rural areas of the UK.

The Levelling Up Fund remains a competitive fund for the second round, with funding distributed to places across the UK on the basis of successful project selection. In line with the Fund's goal to bring meaningful investment to every part of the UK, over the first and second round of the Fund at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3% for Northern Ireland, subject to a suitable number of high-quality bids coming forward, with potential for total funding to exceed this amount.

As in the first round, funding will be targeted towards places in England, Scotland, and Wales that are most in need of the type of investment the Fund provides, as measured by an Index of Priority Places that takes into account the following place characteristics:

- need for economic recovery and growth
- need for improved transport connectivity and
- need for regeneration

The second round of the Fund will continue to use the Index of Priority Places for places in Scotland with the Index itself updated to use the latest available datasets. Midlothian is placed in Category 2.

4.4 Officers have considered unfunded capital projects and are recommending a major transport category bid for the Levelling Up Fund 2 application of the A701 Relief Road, A702 Spur Road project for £33.2M as detailed separately on the Council meeting agenda.

5.0 Shared Prosperity Fund

The UK Shared Prosperity Fund (UKSPF) is new £2.6 billion allocation which succeeds prior EU structural funds. This money will go straight to local places right across England, Scotland, Wales and Northern Ireland to invest in three local priorities; communities and place, support for local businesses and people and skills.

The UK Shared Prosperity Fund (UKSPF or the Fund) is a central pillar of the UK government's Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition.

Places will be empowered to identify and build on their own strengths and needs at a local level, focused on pride in place and increasing life chances. Local places will be able to use the Fund to complement funding such as the Levelling Up Fund, and mainstream employment and skills provision to maximise impact and simplify delivery.

The Fund's interventions will be planned and delivered by councils. In Scotland it is expected to use existing strategic geographies and local authorities to draw on the insight and expertise of local partners, including businesses, the voluntary sector and Members of Parliament to target interventions where most appropriate.

The UKSPF will support the UK government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
- Spread opportunities and improve public services, especially in those places where they are weakest
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost
- Empower local leaders and communities, especially in those places lacking local agency

The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. This aligns with Levelling Up White Paper missions, particularly: 'By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.'

Alongside economic pull and push factors, people's lives are shaped by the social and physical fabric of their communities. The local mix of social and physical capital gives local areas their unique character and shapes where people choose to live, work and invest. Recognising the acute challenges town centres and communities have faced during the pandemic, this Fund will improve the places people live in, and support individuals and businesses. It will drive noticeable improvements that matter to local communities, foster local pride in place and increase life chances including health outcomes. Further information can be accessed at: [UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/92111/uk-shared-prosperity-fund-prospectus.pdf)

5.1 Following the UKG announcement of Shared Prosperity Funding allocations the figures shown below are the sum totals for all three years. The amount awarded to Midlothian is £3,558,663. The Shared Prosperity fund consists of 4 elements:

- Community and Place
- Supporting Businesses
- People and Skills (Employability)

- Multiply (Numeracy and Maths Support for adults).

There are 60 set interventions as part of the Shared Prosperity Fund which can be prioritised. <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-interventions-outputs-and-indicators>

Local Authority Totals	Core UKSPF	Multiply	Total
Midlothian	£2,944,115	£614,548	£3,558,663

5.2 Work continues on the Regional Prosperity Framework Implementation Plan with several delivery programmes, project and actions likely to feature in the final version of the plan. The UKSPF provides the opportunity to contribute funding towards the programme, projects, and actions in the plan subject to agreement by partners.

Partners recognise that in certain activities and policy areas it makes greatest sense to operate on a regional basis. This is in line with government (both Scottish and UK) policy and expectations. The individual autonomy of constituent councils does, however, remain paramount and any proposals for progressing a regional approach to UK Shared Prosperity Fund allocations will be for each constituent council to determine. The Investment plan submissions window runs from 30 June 2022 to 1 August 2022.

In terms of projected spend over Years 1- 3, available funding may contribute towards the delivery of the Regional Prosperity Framework.

Midlothian Council, in keeping with ESES regional partners, has provisionally identified £285K from our Year 2 allocation and £749K from our Year 3 allocation to pool regionally to progress priority regional activities that can be delivered in the short-term. Agreed short-term regional priorities are: Net Zero Green Skills Accelerator; Regional Energy Masterplan; Regional Tourism Development Programme; Regional Innovation Programme; Regional Community Wealth Building project; and Regional Transport Masterplan.

Regional partners will work with our DLUHC (UKG Department for Levelling Up, Housing & Communities) area lead in developing specific plans for any, or all, of these initiatives which are realistic, deliverable, provide maximum value for money and which would deliver for all stakeholders. Regional partners will also agree with government the governance arrangements for overseeing the regional dimension. Regional partners have written to UK ministers seeking agreement to finalise these plans for regional activity in Years 2 and 3 by November 2022.

5.3 Locally in Midlothian, officers established a SPF working group which has Third Sector Initiative and cross council services membership, to consider proposals informed by communities and other stakeholders. The SPF covers 4 themes, Business Support, Community and Place, People and Skills and the Multiply element.

The multiply element is specific to developing numeracy skills in the current and future workforce with a 3 year allocation that is not included in the core allocation and is therefore not subject to a regional contribution.

	<u>22/23</u>	<u>23/24</u>	<u>24/25</u>
Revenue	£320,136.32	£625,267.13	£1,537,099.19
Capital	£37,158.68	£89,323.88	£335,128.81
	<u>£357,295.00</u>	<u>£714,591.00</u>	<u>£1,872,228.00</u>

Separate Multiply funds:

Year 1 - £185,794

Year 2 - £214,377

Year 3 – £214,377

It is intended that Midlothian will be retaining the full allocation of the year one Shared Prosperity Fund with a contribution to the regional activity in years 2 & 3.

The SPF group has developed a prospective Midlothian Community Wealth Building Programme:

Business Support:

Recruit 2 members of staff

- Procurement Officer and an
- Economic Development Officer

Estimated salary costs in year one of £93,347 equates to 29.16% of the total year one allocation.

Council services scoping 2022-23 with projects commencing internally 2022/23 and preparatory engagement with local anchor organisations in preparation for year 2 activity.

2023/24 continuation of council Community Wealth Building (CWB) activities and joint activity with partner organisation to adapt and embed the CWB pillars into their strategic objectives and operational delivery in the way we deliver our services across Midlothian.

Tourism support:

Economic development is working with a social enterprise with a vision to create a destination based cycling project to include training and employment opportunities through the cycling and hospitality provision, attracting new visitors to the area and in the longer term supporting active travel for Midlothian residents through the development of trails across the county.

This project aligns to the Regional Tourism Destination programme of the Regional Prosperity Framework and as the facility development will take time,

we would recommend the capital element included in year one SPF allocation of £37,158.68 be allocated to this project, enabling the enterprise to launch with temporary facilities and bikes for hire to tourists as this will demonstrate a commitment from Midlothian Council to support this initiative over the longer term.

There is a need for a mapping exercise for the County to maximise the economic impact, we are working with our active travel colleagues to access Sports Development Scotland's cycling fund but there may be a shortfall that we could also support via intervention S11.

Tourism has been one of the hardest hit sectors since the pandemic and we have an opportunity in Midlothian to attract visitors from Edinburgh into the County. Working with Midlothian Tourism Forum members we would be keen to include an element of funding that would accelerate the delivery of new initiatives.

These initiatives support the following SPF interventions:

S14 will fund the development and promotion (both trade and consumer) of the visitor economy, such as local attractions, trails, tours and tourism products more generally.

S19: Strengthening local entrepreneurial ecosystems and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks.

S22: Support for growing the local social economy, including community businesses, cooperatives and social enterprises.

S28: Support for business resilience and Covid-19 recovery.

S29: Support for new and existing businesses and start-ups aligned with local, regional and Scottish policy.

People and Skills:

Grant funds for skills development, tackling in work poverty and providing a career pathway for the economically inactive that would begin with the Maths Multiply element at SCQF Level 5 to enable progress to higher level qualifications and high value jobs.

Green skills are required by every business, supporting employers to access skills development for their staff can realise increased pay for additional duties, promotion and career opportunities in the longer term, this would complement economic development's existing work on the carbon pledge and business carbon reductions through the LACER grants.

These initiatives support the following SPF interventions:

S35: tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses.

S37: Green skills courses to ensure we have the skilled workforce to support the Just Transition to a net zero economy and climate resilience, with a particular focus on vulnerable or low-income groups who will be disproportionately affected by climate change. Retraining support for those in high carbon sectors, providing career guidance and supporting people to seek employment in other sectors.

S41: Funding to support new partnership and project-based entrepreneurial learning between business and education to develop a culture that celebrates entrepreneurship

Communities and Place:

Each of the interventions in Communities and Place link into the business support element of this proposal but further work is required to define the projects that could be delivered.

The intervention (S2) could be delivered in year 2 and 3 to allow planning time particularly in respect of the capital elements which are more substantial in years 2 & 3.

These initiatives support the following SPF interventions:

S2: Support and improvement of community assets and infrastructure projects, including those that increase communities' resilience to natural hazards, and support for decarbonisation of facilities, energy efficiency audits, and installation of energy efficiency and renewable measures in community buildings (including capital spend and running costs).

S8: Funding for impactful volunteering and/or social action projects to develop social and human capital in local places.

S9: Investment in capacity building, resilience (including climate change resilience) and infrastructure support for local civil society and community groups.

S10: Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change

S11: Funding to support relevant feasibility studies.

6 Report Implications (Resource, Digital and Risk)

6.1 Resource

There are no additional resource requirements involved in submitting bids and sections 3 & 4 of the report set out the financial implications of the proposed bids.

6.2 Digital

None

6.3 Risk

Securing formal governance for the proposed bids will strengthen these bid applications.

There is potential risk in staff recruitment prospects and availability for projects for any suitable candidates or the duration of schemes. Also a risk in the award of funding to prioritised from the 60 intervention possible in a competitive process to track the impacts against outcome measures.

7.0 Ensuring Equalities (if required a separate IIA must be completed)

No assessment required at this stage. Proposals for any successful bids will be assessed as appropriate.

7.0 Additional Report Implications (See Appendix A)

See Appendix A

Appendices

Appendix A – Additional Report Implications

Appendix B – Background information/Links

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

A.4 Delivering Best Value

Investment through the available Improvement Programmes will generate benefits for Midlothian and wider Scottish economy.

A.5 Involving Communities and Other Stakeholders

A SPF working group has TSI and cross Council membership, to determine proposals that are informed by communities and other stakeholders.

Currently the working group is liaising with partners, stakeholders, representative groups and communities anchor organisations to work towards prioritising the 60 possible interventions in a local Midlothian context.

In LUF2 a stakeholder consultation process has been carried out as part of the STAG 2 process. Further consultation will be required as part of any planning application process.

A.6 Impact on Performance and Outcomes

N/A

A.7 Adopting a Preventative Approach

N/A

A.8 Supporting Sustainable Development

The A701 Improvement Programme is part of a range of investments in transportation infrastructure in Midlothian that will allow the creation of a better and more sustainable range of transport infrastructure to improve access to local services and communities by active travel and public transport.

APPENDIX B

Background Papers/Resource Links (insert applicable papers/links)

[Levelling Up Fund Round 2: prospectus - GOV.UK \(www.gov.uk\)](#)

[UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](#)