

Report to the Cabinet

Meeting to be held on Thursday, 9 June 2022

Report of the Head of Service - Planning and Environment

Part I

All Electoral Divisions in Burnley, Hyndburn, Pendle and Rossendale.

Corporate Priorities:
Supporting economic growth;
Protecting our environment.

Approval for Submission to the Government's Levelling Up Fund

(Appendix 'A' refers)

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Brief Summary

The Levelling Up Fund is a £4.8 billion competitive capital fund announced as part of the National Infrastructure Strategy in the 2020 Spending Review. This report provides an update on progress towards preparing a submission to Round 2 of the Fund by 6 July 2022, including details of the emerging submission and confirmation of the financial implications to the county council.

This is deemed to be a Key Decision and the provisions of Standing Order C19 have been complied with.

Recommendation

Cabinet is asked to:

- (i) Note the details of the emerging submission to the Fund.
- (ii) Confirm development funding of up to £400,000 (as previously approved by Cabinet in July 2021) to continue design activity following submission and in advance of the Government's formal announcement of successful applications anticipated in late 2022.
- (iii) Confirm the underwriting of a capital contribution to be made as local match funding to support a funding bid, estimated at up to £5 million (as previously approved by Cabinet in July 2021).

- (iv) Authorise the Executive Director of Growth, Environment and Transport, in consultation with the Cabinet Member for Economic Development and Growth, to submit the county council's funding application by 6 July 2022.

Detail

The Cabinet received a report in July 2021 on a proposal to submit a bid to 'Round 2' of the Government's Levelling Up Fund. At that meeting, it was explained that two factors had counted against a submission in Round 1. Firstly, the funding rules expect meaningful investment (works or land assembly) in the 2021/22 financial year which substantially limits the choice of schemes. Secondly and critically, a bid exceeding £20 million must be supported by an Outline Business Case. At that stage, the county council had no schemes with a finalised Outline Business Case and the substantial work needed to produce one precluded a bid in the short timescales given in 2021.

At its meeting in July 2021, the Cabinet agreed to a funding application to be prepared for Round 2 of this process, according to the priorities of inward investment, jobs, skills and tackling health inequalities, to be underpinned by local transport and access interventions. Cabinet also approved development funding to cover design and business case-making costs and agreed to underwrite a local funding contribution estimated at up to £5 million.

Work has continued since last summer to determine and design a transport proposal to support these priorities. More specifically, an optioneering process has drawn on nationally and locally derived economic, transport and public health evidence to identify the most effective interventions and locations for these to demonstrate a strategic fit with the Fund's objectives and value for money.

This process has also benefited from new guidance, in the form of a prospectus, issued by the Government as part of its announcement of arrangements for Round 2 of this Fund in March this year. This new prospectus confirmed the same overall national fund remains at £4.8 billion, that Round 2 funding is to be spent by March 2025, or exceptionally by March 2026, and that bids can be based on an individual project or else be a package bid of up to three related projects. The Government's intent remains that the Fund should be targeted at those places in most need, which, according to a number of nationally determined metrics, in Lancashire prioritises the east Lancashire districts of Burnley, Hyndburn, Pendle and Rossendale, together with the central Lancashire districts of Preston and, introduced in the Round 2 guidance, Chorley.

For transport bids, the new prospectus confirms that the county council as a local transport authority can make a 'transport only' bid for funding of up to £50 million. It goes on to place a strong emphasis on bus and active travel, with projects to be aligned to and support UK 'net zero' carbon goals alongside transport objectives to improve air quality, cut congestion and improve the safety, security and overall experience of transport users. In addition, the Fund's very short delivery timescale

means that major transport schemes such as a new road or bridge wouldn't be capable of being delivered in time.

An optioneering process has considered more than 600 potential transport schemes county-wide, and through an appraisal process assessing their deliverability and fit with these objectives and priorities, has concluded on three thematic interventions in the four east Lancashire districts. These interventions offer the best prospect of supporting a wide geography of communities in most need and being delivered to the very challenging timescales set by the Government. The three themes, and the Fund objectives each are designed to deliver, are:

1. Liveable Neighbourhoods – making places investable, by connecting places and communities, providing access to jobs, offering a sense of place and commercial attractiveness, and improving active travel in high streets and residential areas.
2. Public Transport Service Improvements – additional to the above, improving public transport facilities, and improving journey times to economic opportunities.
3. Active Travel – additionally, by improving sustainable access connecting existing and proposed routes for leisure purposes, increasing walking and cycling footfall, and improving health and well-being.

Ongoing work to identify, design and cost these proposals has also drawn from other plans and delivery programmes in this locality. The east Lancashire districts in question have either secured funding already under Round 1 of the Fund (Burnley, Pendle), or are in the process of developing proposals for Round 2 (Hyndburn, Rossendale) and those plans have informed these transport proposals. The vision and programme for change along the Pennine Lancashire Linear Park, comprising a 23-mile section of the Leeds-Liverpool Canal corridor and commissioned by the county council with other local and national bodies, provides a notable backdrop to these transport proposals. The transport proposals envisaged for the county council's bid to the Levelling Up Fund would complement and support the aims of the Linear Park, to transform people's quality of life and the environment along this important environmental, cultural and leisure asset and focus for educational and economic activity.

Work on the details of the interventions for each theme are still being developed. At this stage, the interventions are envisaged to be:

- Liveable Neighbourhoods: 8 neighbourhoods offering modal filters and gateways, side road surface treatments, improved crossing points, raised table crossings, secure cycle parking, pocket parks, cycle routes and wider footways, inclusive mobility provision, lighting, seating, planting.
- Public Transport Service Improvements: a total of 115 priority bus stops to receive real-time passenger information displays and audio announcements; 20 traffic signal sites along key bus routes provided with intelligent priority; a new accessible pedestrian bridge at Accrington rail station with lifts to both platforms.
- Active Travel: 8 key cycling and walking corridors with footpath widening and shared and segregated cycle provision, surface improvements, new controlled crossing points, modal filters and new wayfinding signage; 4 mobility hubs providing a minimum of seating shelter, secure cycle storage, wayfinding, ticketing information and lighting and CCTV, with the potential for scalable

additional facilities such as delivery lockers, cycle repair, electric vehicle charging, etc.

Examples of possible interventions under consideration are set out in the images in Appendix 'A'.

Consultations

Officers engaged with district counterparts during 2021 to discuss technical matters and progress early optioneering and initial design activity. Similar discussions have been held to understand the details of any intended bids by district authorities across the county. More recently, guided by a Communications Strategy, the emerging proposals have been presented to Members of Parliament whose constituencies cover the east Lancashire districts in question, and with Leaders and senior officers of the priority district councils in the east and central parts of Lancashire.

Discussions with district authorities have sought to ensure that, where appropriate, district bids and this proposed county council bid are aligned and complementary to one another.

In late April, a public engagement exercise began which comprised an online survey, hosted by the county council's 'Have Your Say' web page, and a series of focus groups for local stakeholders and community representatives in east Lancashire. This has captured important information of people's perceptions of local transport in their area, the issues faced in their communities and potential transport interventions. The online survey attracted over 1,200 responses which are currently being analysed and, along with comments made in the focus groups and across other social media, will help to shape the final proposals submitted.

The Government has placed considerable importance on the support of local Members of Parliament to submissions to this Fund. The Cabinet Member for Economic Development and Growth has reached out to those Members of Parliament to seek their endorsement and assistance in promoting the county council's submission.

Local Contribution

Information provided as part of the Fund has confirmed that the Government encourages a minimum contribution of 10% which can come from a local authority or other third party (public or private sector) but cannot be an 'in kind' contribution. The estimated cost of the package of measures currently being drawn up is anticipated to be in the region of £55 million which would attract a local 'match' funding contribution of some £5 million.

At its meeting in July 2021, the Cabinet agreed to underwrite a local funding contribution estimated at up to £5 million. The prospect for securing local funding from other parties will be explored and stakeholders will be approached to share this local match funding requirement.

The Cabinet also agreed at the same meeting to development funding to cover design and business case-making costs, indicated at that time at between £0.5 million to £1 million. The cost to submission is anticipated to be approximately £0.6 million.

Based on the process followed under Round 1 of this Fund, it is anticipated that a formal announcement of an award from this Fund may await the Government's Budget Statement in autumn 2022. This presents a further challenge to the deliverability of a programme of transport works of this type and size by March 2025. The appraisal exercise to determine the package of interventions has already determined that schemes requiring planning permission or reliant on the acquisition of third-party land present too much of a risk to achieving this timescale. It would be preferable to be able to continue design activity in the intervening period prior to an autumn announcement, in effect working 'at risk' to maintain progress and reduce the risk of over-running the Government's spending period. At this stage, this ongoing activity would work to the same upper limit to the development funding amount already considered by the Cabinet, of £1 million. Government advice on this matter has indicated that eligible expenditure incurred from the start of 2022/23 financial year in the spend profile of successful projects can be recovered as sunk costs from the capital provision under a successful funding submission.

With work anticipated to continue up to the Government's submission deadline of 6 July 2022, there will not be the opportunity to present the details of the proposals and content of the submission to the Cabinet. This report requests that the Executive Director of Growth, Environment and Transport, in consultation with the Cabinet Member for Economic Development and Growth, be authorised to submit the county council's funding application.

Implications:

This item has the following implications, as indicated:

Risk management

There is a risk that Round 2 may represent the final opportunity in which to submit an application to this Fund and so a decision not to proceed at this time with a submission by the closing date of 6 July 2022 may risk the county council's means to secure any funding towards these interventions.

Financial

At its meeting in July 2021, Cabinet agreed to underwrite a capital contribution to be made as local match funding to support a funding bid, estimated at up to £5 million. Stakeholders would be approached to offset this cost to the county council. However, there is a risk that any local contribution may need to be funded in full by the county council either by existing grant funding or borrowing.

The Government's requirement that all Levelling Up Fund awards are spent by March 2025, and exceptionally March 2026, already represents a delivery challenge that will increase if development work is paused awaiting a Government

announcement that is expected to come in an Autumn Statement towards the end of this calendar year.

Development costs incurred to progress plans between the start of the 2022/23 financial year and the announcement of successful applications will be accepted as eligible expenditure. However, this will be conducted at the county council's own risk, and the Government will not cover incurred costs should an application be unsuccessful in bidding for funding. It is proposed to utilise the remaining £400,000 of the £1m development funding approved in July 21 to continue this work at risk until the outcome of the bid is known. This will ensure we have the best chance to meet the timescales of spend by March 2026.

The revenue implications of these costs are a potential £6m borrowing which has a revenue implication of £450,000 per year for 20 years. This will reduce if the full £5m is not required as match either by being offset by other contributions or utilising grant income to fund the match.

There is also a possibility of district councils requesting match funding towards their Levelling Up Fund bids which will need separate approval by Cabinet. At this stage the value and timings of any potential requests is unknown and each would be assessed on its merits.

List of Background Papers

Paper	Date	Contact/Tel
None		
Reason for inclusion in Part II, if appropriate		
N/A		