



**Subject:** Levelling Up Fund Programme: GY Riverside Gateway

**Report to:** Policy & Resources Committee, 12 July 2022

Council, 21<sup>st</sup> July 2022

**Report by:** Simon Best, Head of Inward Investment  
Karen Sly, Finance Director

## SUBJECT MATTER

This report provides a summary of the current position in respect of the emerging Levelling Up Fund (LUF) bid for up to £20 million to extend, amplify and build upon capital projects already developed through the Borough's Town Deal programme; enhancement of the Rail Station site as a key gateway and strategic regeneration of North Quay. In order to leverage LUF funding, there is an expectation of a 10% local contribution to overall costs.

## RECOMMENDATION

That Committee:

(1) review the Report's content

(2) recommend to Council approval of the underwriting/co-investment of £2.2 million (to be included in the capital programme) – representing 10% local contribution to overall costs – on the basis of future return-on-investment in order to meet Government expectations and maximise the competitiveness of the bid.

## 1. Introduction

- 1.1 The competitive, capital-only Levelling Up Fund (LUF) was announced at the 2020 Spending Review, with an initial £4 billion committed for England up to 2024-25.
- 1.2 Applications to the first LUF funding round closed on the 18 June 2021, with the Government appraising 300+ submissions. The Government announced successful bids in 105 areas at the time of the Autumn Statement that year.
- 1.3 A March 2022 prospectus set out the approach for the second round of the Fund, for single bids and *package bids* (of up to 3 complementary projects representing a coherent set of interventions) for 'shovel-ready' capital projects with at least some LUF expenditure in 2022-23 and completing by the end of March 2025 (or, exceptionally, into 2025-26 for larger schemes) under three themes:
  - I. town centre and high street regeneration, including remediation and repurposing of vacant and brownfield sites;

- II. improving local transport connectivity and infrastructure, including upgrades to local bus, road and cycle infrastructure (including all £20m+ transport bids); and
  - III. maintaining and regenerating cultural, heritage and civic assets.
- 1.4 Whilst the Fund is open to every local area, it is intended to support investment in places ‘where it can make the biggest difference to everyday life’, including ex-industrial areas, deprived towns and – critically – coastal communities.
  - 1.5 District councils, unitary authorities and London boroughs can submit at least one bid worth up to £20 million with an intervention rate of up to 90% (i.e. bids must include a local financial contribution representing at least 10% of total costs; this funding cannot be in-kind and any co-investment must be in the form of an actual financial contribution).
  - 1.6 The Government also published an index of priority places for the Fund, assessed thematically by economic recovery and growth, improved transport connectivity and regeneration Great Yarmouth and King’s Lynn & West Norfolk are the only two Category 1 (highest priority) places in Norfolk.
  - 1.7 Like both Future High Streets and Town Deal programmes, bids must apply Treasury Green Book methodologies on the presentation and appraisal of policies, programmes and projects and use of monitoring and evaluation before, during and after implementation.
  - 1.8 The submission deadline was originally midday on Wednesday 6 July, via an online portal. Following legal and technical issues, the Government has since extended this deadline until two weeks from the point at which a functioning portal actually goes live.

## **2. Work to Date**

- 2.1. It is noted that the bidding and Treasury ‘Green Book’ timelines are very compressed in comparison to both the Future High Streets and Town Deals programmes. This means that project development, consultation, Treasury Green Book analyses and bid-writing must all happen concurrently.
- 2.2. There is also every expectation of significant competition for funding with a binary outcome – i.e. no post-award negotiation – with most local authorities not proposing to wait until Round 3.
- 2.3. *Package bids* are defined as thematically and spatially coherent proposals of up to three elements. Bids will, therefore, be only as ‘strong’ as their ‘weakest’ element in terms of deliverability, impact, value-for-money etc.
- 2.4. Given these timeframes, the need for relatively-well developed schemes, the associated evidence and intervention logic and the absolute requirement for spatial and strategic coherence within *package bids*, the focus has been on crafting a

compelling proposal around extending, amplifying and building upon capital projects already developed through the Borough's Town Deals programme:

- enhancement of the Rail Station site and environs as a key gateway
- strategic regeneration of North Quay

- 2.5. At its meeting at the Drill House on 1 June, the Great Yarmouth Town Board received a presentation on a proposed LUF *package bid* in Round 2 – *Great Yarmouth Riverside Gateway* – and endorsed this approach. Brandon Lewis MP has subsequently signalled his support for the proposals.
- 2.6. Since that meeting, a number of officer meetings have been held with the Project Sponsors, the appointed Treasury Green Book consultancy (AMION) and the various specialist consultants working to both them and for the Council – alongside intensive bid development work.
- 2.7. The prospectus states that *“a local contribution of 10% or higher of bid costs is encouraged”*. The Government has subsequently confirmed that *“the local financial contribution can come from another government grant as long as it is part of delivering the LUF project. Applicants are required to confirm the status of funding, when funding is expected to be secured, and any conditions that might be applied to the funding”* and *“land or building assets that can be monetised will be considered as part of [the minimum 10%] match”*.
- 2.8. A failure to provide this 10% match funding would not mean automatic rejection of the bid at Government gateway appraisal, but it would undoubtedly affect the bid's competitiveness relative to bids from other places.
- 2.9. In order to meet the local match funding expectation, a £20 million LUF ask would need to be accompanied by a local contribution of £2.2 million (i.e. £20,000,000 LUF + £2,200,000 match = 90%:10%).
- 2.10. A number of alternative co-investment options have been explored and discounted, including mechanisms by which the £2.5 million already committed by the Council to the regeneration of North Quay – already attached to the Town Deal-funded project could be utilised.
- 2.11. Abellio Greater Anglia is a key strategic stakeholder in the Rail Station but is unable to provide any specific financial commitments within the timeframe conferred by the submission deadline – or a clear timeline/routemap to potential Department for Transport (DfT) funding.
- 2.12. It is proposed that any subsequent investment in the site through Abellio/DfT monies could be focused on actual redevelopment of the actual Rail Station buildings, leveraging any funding secured by GYBC from LUF. That would be additional to any LUF-funded project.

### 3. Next Steps

3.1. The current proposal is to submit a *package bid* at the upper LUF threshold of around £20 million, comprising:

- £3 million LUF will be sought against £3 million expenditure allocated to enhance routes/spaces to, from and around the Rail Station, to provide a real *sense of arrival*, address wayfinding, amenity and connectivity to centres of population and employment, including the Town Centre.

Abellio Greater Anglia has invested in upgraded rolling stock and signalling between Great Yarmouth and Norwich. Recent enhancements have also been made to the Station forecourt and onward links to the Town Centre but there is a long-standing need for improvements to the station, itself, to improve accessibility, attractiveness and perceptions as set out in the Norfolk Strategic Infrastructure Delivery Plan (2019).

- £17 million LUF will be sought against £19.2 million expenditure allocated to unlock the further regeneration of North Quay as a vibrant new mixed-use waterfront quarter, capitalising on recent improvements to rail services to improve a key commuter/visitor point of arrival, enhance physical connectivity and green transport and unlock and de-risk private sector-led investment.

Land value is a persistent barrier to effecting change and the Council struggles to de-risk the development of both residential and commercial projects to create a context in which developers have sufficient confidence to invest. Market testing has found that sites require land assembly (acquisition, preparation, possible remediation, utilities upgrades) and intervention to de-risk investment by developers

3.1 In order to leverage £20m, it is proposed that GYBC underwrites or co-invests £2.2 million on the basis of future return-on-investment, realised through capital receipts and retained business rates in relation, specifically, to the North Quay element.

### 4. Financial Implications

4.1 The Council's match funding contribution would be a capital contribution to the wider capital project and would be funded from borrowing or capital receipts, if these were available. It is anticipated that the revenue costs of financing the Council's match funding would be mitigated by future revenue streams following redevelopment of the site, for example from business rates, rentals or council tax.

4.2 The overall deliverability of the project would be dependant upon the level of funding awarded, if successful and once the outcome of the bid is confirmed. Once this is confirmed, the overall project budget and financing will be reviewed. At this time, Council is being asked to approved the underwriting of the £2.2million match funding.

## 5. Risk Implications

- 5.1 There are clear deliverability risks in respect of the wider ambitions for North Quay in the event of an unsuccessful LUF bid. Submitting a bid with either a) no 10% local contribution or b) a residual funding gap would adversely affect its competitiveness during Government appraisal.
- 5.2 This facility would only be activated in the event of a successful LUF funding outcome. It is anticipated that the Government will announce successful bids from October 2022, possibly attached to a fiscal event such as the Autumn Statement.
- 5.3 Any LUF funding award resulting from a successful LUF bid would be presented to the Council as a formal offer or Heads of Terms – potentially including specific conditions – that the Council would need to formally agree to.

## 6. Legal Implications

- 6.1 None identified.

## 7. Conclusion

- 7.1 This report provides a summary of the current position in respect of the emerging Levelling Up Fund (LUF) bid for up to £20 million to extend, amplify and build upon capital projects already developed through the Borough's Town Deals programme; enhancement of the Rail Station site as a key gateway and strategic regeneration of North Quay.
- 7.2 In order to leverage LUF funding, there is an expectation of a 10% local contribution to overall costs.
- 7.3 Members are asked to approve the underwriting/co-investment of £2.2 million – representing 10% local contribution to overall costs – on the basis of future return-on-investment, realised through capital receipts and retained business rates in relation, specifically, to the North Quay element in order to meet Government expectations and maximise the competitiveness of the bid.

## 8. Background Papers

- 8.1 None.

*Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?*

Area for consideration	Comment
Monitoring Officer Consultation:	As part of the ELT process
Section 151 Officer Consultation:	As part of the ELT process
Existing Council Policies:	Not applicable

Financial Implications (including VAT and tax):	As outlined in the Report
Legal Implications (including human rights):	None
Risk Implications:	As identified in the Report
Equality Issues/EQIA assessment:	None
Crime & Disorder:	None
Every Child Matters:	Not applicable