

Report to	Cabinet
Date of meeting	30 July 2024
Lead Member / Officer	Cllr Jason McLellan, Lead member for Economic Growth and Tackling Deprivation/ Tony Ward, Corporate Director: Environment and Economy
Head of Service	Emlyn Jones, Head of Planning, Public Protection and Countryside Services
Report author	Kim Waller, Programme Manager
Title	UK Government Levelling Up Funding Award (Round 3) – Vale of Clwyd Constituency

1. What is the report about?

- 1.1. The UK Government's Levelling Up Fund Round 3 funding award for the Vale of Clwyd constituency.

2. What is the reason for making this report?

- 2.1 In line with the provisions within the Council's constitution, this report is to inform Cabinet of the urgent decision taken by the Corporate Director: Environment and Economy in consultation with the Leader /Lead member and Deputy Leader to accept the Grant award offer from UK Government of £19,973,282 under Round 3 of the Levelling Up Fund. (Appendix1)

3. What are the Recommendations?

That Cabinet

- 3.1. Endorse the urgent decision taken by the Corporate Director: Environment and Economy in consultation with the Leader /Lead member and Deputy Leader to

accept the Grant award offer from UK Government of £19,973,282 under Round 3 of the Levelling Up Fund.

3.2. Confirms that it has understood the report and the changes that have been made to the Vale of Clwyd Levelling Up Fund application as a part of the UK Government's Round 3 funding award process and accepts the Round 3 Grant Award for the Vale of Clwyd constituency.

3.3. Confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 2) as part of its consideration.

4. Report details

Background

4.1. United Kingdom (UK) Government launched the Levelling Up Fund (LUF) in 2021. The fund is 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. UK Government have run 2 competitive biddings rounds for Local Authorities to bid for LUF funding to support projects under the 3 themes of Regeneration, Heritage and Transport.

4.2. Local authorities (LAs) were invited to submit one bid per constituency that lies within their boundary. Each constituency area bid could be a maximum of £20 million (M) of capital funds and include a 10% match funding contribution.

4.3. In December 2021, Cabinet resolved to submit an application for the Vale of Clwyd constituency into Round 2 of the LUF process (Appendix 3). The proposal included a 10% match funding contribution from Denbighshire County Council which equated to a sum of £1.9M.

Outcome of LUF Bidding Rounds 1 and 2

4.4. Denbighshire have submitted bids for each of the 3 constituency areas in Denbighshire: Clwyd South, Clwyd West and Vale of Clwyd.

4.5. An application for the Clwyd South constituency was submitted jointly with Wrexham County Borough Council (lead applicant) in Round 1 and was

approved in October 2021. Applications for both for the Clwyd West and Vale of Clwyd constituencies were submitted in Round 2 in August 2022. In January 2023, UK Government announced that the LUF bid for the Clwyd West had been approved but the Vale of Clwyd constituency bid was not successful.

LUF Round 3

- 4.6. In November 2023, UK Government informed Denbighshire County Council (DCC) that the Vale of Clwyd Constituency was to be offered a provisional LUF award under Round 3 of the fund of just under £20M of LUF. This was based on previous appraisal of applications submitted in August 2022 under Round 2.
- 4.7. Denbighshire County Council were invited to review and revise the application to take into account any changes. UK Government were not inviting LAs to submit any new/additional projects but recognised that time had passed and this may need to be reflected in a revised application.
- 4.8. 3 amendments have been made to reflect the changes in circumstance since submission in August 2022. Appendix 4 sets out the revised package.
- 3 projects that have secured alternative funding have been removed from the application (Coed y Brain, Buttermarket, Bodelwyddan projects).
 - The minimum 10% match funding allocation required by the application is met by the Growth Deal funding secured for the Former North Wales Hospital project. The original Council commitment of £1.9M of DCC match funding has been withdrawn from the Round 3 application.
 - LUF funding between the 3 Project areas of Rhyl, Inner Denbighshire and Prestatyn has been adjusted to reflect impact of inflation.
- 4.9. The value of Levelling Up Funds secured for the area remains the same. Project cost estimates have increased since the application was submitted in 2022. Prioritising projects within the original application that have not yet secured any alternative funding, means that it has been possible to realign the LUF funding to ensure that transformational change can still be delivered.
- 4.10. As is usual practice with construction projects, there will be an amount of 2.5% of construction costs and associated fees to be paid to the contractors 12

months after completion which falls beyond the end of the LUF funding period. Current indicative value based on construction fees for DCC projects within the application is £331k. It is expected that these will be met from the LUF or other external funds but if this is not possible the Council would be required to meet these costs. Regular stage reviews will take place and activities can be stopped if necessary.

Next Steps

4.11 At end of May 2024, and days before the announcement of the general election and the pre-election period, UK Government confirmed approval of the award and issued a Memorandum of Understanding (MoU) for the Council to sign and return in order to accept the award.

4.12 As timescales to deliver is challenging it is essential that the Council progress the acceptance process swiftly. Final ministerial approval of the MoU is expected to progress after the general elections on 4 July 24. Accepting and returning the MoU promptly will allow the formal approval process to progress.

5. How does the decision contribute to the Corporate Plan 2022 to 2027: The Denbighshire We Want?

5.1. The projects in the bid seek to have a visible impact in local areas, particularly those areas most in need. The bid therefore contributes to the Corporate plan themes around a Prosperous Denbighshire and A greener Denbighshire.

5.2. Projects will be reviewed to ensure a neutral or positive contribution to the goals to become Net Carbon Zero and Ecologically Positive by 2030.

6. What will it cost and how will it affect other services?

6.1. This application secures just under £20M for projects within the Vale of Clwyd constituency at no cost to the Council. There is no longer a match funding contribution requested from the Council (£1.9M). A programme management allocation of 5% has been included within the application which will cover programme costs. All options will be explored to meet the expected retention costs to minimise any future costs to the Council.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1. The main conclusions highlight positive impacts from the bid expected, but individual projects will also undertake well-being impact assessments.

8. What consultations have been carried out with Scrutiny and others?

8.1. Consultation was undertaken with the Member Area Groups, Town Councils, individual Members and the MP as a part of the Round 2 process. Recent discussion has taken place with the Lead member, local Members and the MP and informal discussion with Cabinet in April 2024.

9. Chief Finance Officer Statement

9.1. Levelling Up Funding is an important source of capital funding to regenerate our communities. Given the Council's current financial situation greater reliance will need to be placed on external funding to fund our capital plan in the future. It is positive that it has been possible to use the growth deal funding as the 10% match funding allocation required. It is important to note the position with regards to retention costs outlined in 4.10.

10. What risks are there and is there anything we can do to reduce them?

10.1. The timescales for delivery for Round 3 projects are challenging with a deadline for delivery of March 2026. Work is underway to mobilise as soon as possible.

10.2. There is a risk that there may be a need for the Council to meet retention costs. Work will be on-going to identify solutions to manage this.

11. Power to make the decision

11.1. Section 111, Local Government Act 1972. Section 2, Local Government 2000.
The power to undertake activity for the promotion of the social, economic or environmental well-being of the area.

11.2. Appendix 3 to Section 13, Council Constitution