



Report to: Cabinet Meeting – 7 June 2022

Portfolio Holder: Councillor Rhona Holloway, Economic Development & Visitors

Director Lead: Matt Lamb, Planning & Growth

Lead Officer: Neil Cuttell, Business Manager – Economic Growth & Visitor Economy

Report Summary	
<b>Type of Report</b>	Part Exempt Key Decision
<b>Report Title</b>	Levelling Up Submission and UK Shared Prosperity Fund
<b>Purpose of Report</b>	To update on and seek approval for the Council submitting bids for projects and programs as part of the Sherwood Parliamentary Constituency Levelling Up Fund (SLUF) and UK Shared Prosperity Fund (UKSPF) for spend in 2022/23, 2023/24 and 2024/25.
<b>Recommendations</b>	<p>That the Director - Planning &amp; Growth, in consultation with the Council's s151 Officer, the Sherwood Steering Board and Portfolio holders for Strategy, Performance &amp; Finance and Economic Development &amp; Visitors, be authorised to submit to Government a Sherwood Constituency Levelling Up Fund Round 2 bid for up to 3 projects for a total grant of up to £20m.</p> <p>That the Director - Planning &amp; Growth, in consultation with the Portfolio holders for Strategy, Performance &amp; Finance and Economic Development &amp; Visitors, be authorised to prepare and submit an Investment Plan to the UK Shared Prosperity Fund, including the development of a Newark &amp; Sherwood Leaders Board through which the proposals will be presented for approval.</p> <p>That the Business Manager - Corporate Property be authorised to submit a Maximum Offer and terms as detailed in the exempt <b>Appendix</b> to the report, for the freehold purchase of the Clipstone Holdings site, and add the relevant budget into the Capital Programme funded by borrowing.</p>

	<p>That subject to a successful Levelling Up Fund round 2, to amend the Council’s capital programme to include a capital development match contribution as detailed in the exempt <b>Appendix</b>.</p> <p>That the Business Manager - Corporate Property, in consultation with the Portfolio holders for Strategy, Performance &amp; Finance and Economic Development &amp; Visitors, be authorised to confirm acceptance to renting space in the proposed Ollerton Hub, subject to confirmation of a successful Levelling Up Fund Round 2 bid.</p> <p>That £30,000 be released from the Change Management Reserve in order to fund the commission to create the Investment Plan for the Shared Prosperity Fund. Where the £20,000 capacity funding is then received, this to be replaced into the Change Management Reserve.</p>
--	---

## **1.0 Background**

- 1.1 Members will be aware of the raft of funding opportunities the Council has successfully secured including the Towns Fund, Brownfield Land Release Fund, Community Renewal Fund, and Levelling Up Fund Round 1. This has collectively secured over £47m of additional grant investment, unlocking multiple times that amount to provide new facilities and opportunities for residents, businesses, and communities.
- 1.2 Following the publication of the [Levelling Up White Paper](#) in February new funding opportunities have arisen, including the Levelling Up Fund Round 2 (launched 23 March) and the UK Shared Prosperity Fund (launched 13 April).

### **Levelling Up Fund**

- 2.0 Members will recall that the LUF is a £4.86 billion capital fund to invite proposals from local authority areas for individual projects or a wider package. District Councils within two-tier areas are eligible to submit bids for each constituency area (up to £20m per area) which lies wholly or partly within their boundary. – in our case ‘Newark’ and ‘Sherwood’. County Councils with transport powers are eligible additionally to submit one transport bid (up to £50m). All bids should have the approval of the relevant authority responsible for delivering them. For example, transport bids submitted by District Councils should have the approval of their relevant transport authority.

### **Round 1 – NSDC Newark Parliamentary Constituency LUF bid**

- 2.1 Round 1 bids were invited in July 2021 for projects that were “well advanced” and “capable of delivery and spend starting this [2021/22] financial year”. NSDC successfully submitted a maximum £20m ask for the Newark Southern Link Road (SLR). NSDC have subsequently signed Memorandum of Understanding with the Department for Transport to draw down the grant, one of only 13 authorities nationally to do so. We

are the only District Council in the country to have done so, with the initial tranche of grant being received.

#### Round 2 – NSDC Sherwood Parliamentary Constituency Levelling Up Fund

- 2.2 The guidance for the Round 2 LUF was published in March, with additional information being released in April and May. NSDC remains a priority 1 area. It remains that funding proposals can continue to be across the original themes of transport, regeneration/town centres and culture. Guidance does differ from Round 1 in that any ‘package bids’ of no more than 3 projects combined are permitted but shall not include multiple unrelated investments. In addition the LUF bids will be a pass or fail when assessed. In other word, if an up to 3 project submission includes a project not considered appropriate to fund the entirety of the bid will be disqualified. There is no intention to run another LUF round.
- 2.3 LUF bids will be assessed on strategic fit, value for money, and deliverability including a requirement for spend to commence in 2022/23 and conclude in 2024/25 or exceptionally in 2025/26. Match funding of at least 10% is required. Final bids must be submitted by the relevant authority (in this case ourselves) by noon on the 6<sup>th</sup> July 2022.

#### Round 2 - Nottinghamshire County Council Levelling Up Fund

- 2.4 It remains the intention that Nottinghamshire County Council will submit a round two LUF bid which seeks to secure the reopening of the Robin Hood Line in the form of a likely Shirebrook-Ollerton hourly service, extending the current Nottingham-Mansfield Woodhouse service between Nottingham and Ollerton. Any proposals will include the reopening or provision of new stations at Warsop, Edwinstowe and Ollerton.

#### Stakeholder and Project Update

- 2.5 Members of the Economic Development and Policy & Finance Committees are aware of the Sherwood Levelling Up Steering Board which comprises over 40 of its public, private, and voluntary sector partners. The Board, in addition to Members, have agreed key challenges for the area and possible projects and programs to address such challenges. The Board are reconvening in June at which proposals for the LUF submission will be presented, including up to 3 recommended projects. Views of the board will be supplemented by an online residents survey which is currently live. The Sherwood LUF bid can then be submitted to Government.

#### LUF Projects

- 2.6 There remain a number of projects which have the potential to demonstrate sufficient maturity, deliverability, value, and vision to form part of a LUF bid. These include:

### *Ollerton Hub*

- 2.7 A partnership between NSDC, Ollerton & Boughton Town Council (OBTC), and a private landowner to develop a 3 parcel site (in the ownership of the private landowner and OBTC) in Ollerton Town centre. The project will sit at the heart of the existing town centre, connecting the main high street to the Sherwood Energy Village and Tesco to the south of the site. In addition to hosting OBTC and this Council's locality services the scheme will provide for new retail, office, and residential uses for the town centre. Negotiations also continue with Inspire and the NHS in order to seek to secure a new library and health offer respectively. The site also relates well to the proposed Ollerton rail station as part of the NCC LUF Round 2 Robin Hood line extension proposals. It is envisaged that proposals for the Hub will represent a Phase I, with a further phase linked to the ability to create a public transport hub working with Tesco and Nottinghamshire County Council. Work on a final design and costing will be finalised in the coming weeks, at which point the level of grant ask will be clear.

### *Clipstone Holdings*

- 2.8 Members will be aware of the site, which forms part of the Council's historical commercial estate. The site is held on a lease of 125 years from 2001 granted by Welbeck Estates who are the freeholders of the site. The site is back into Council control following the termination of a head lease last year due to a number of unacceptable breaches of the tenancy. Annual rent remains payable to Welbeck Estates.
- 2.9 It is proposed to redevelop the site with the addition of LUF grant support. The proposal would be to create a highly energy efficient, low carbon, renewable-energy-generating industrial park of 1000 – 4000 sq ft units (including the ability to join units as part of a tenant requirement). The units would be of such a standard as to allow low tenant energy costs, in addition to a wider wrapper of business support via the Council's Economic Growth team. The proposal will address a severe market shortage of similar sized and quality stock and help to address the market failure of the market being unable to bring developments of this size forward in a meaningful way. The latest development plan is further detailed at exempt **Appendix A**, this is subject to revision to ensure best use of the space. Commitment is sought for additional capital funding to match fund any successful LUF grant.
- 2.10 In addition to the redevelopment aspirations NSDC has been approached by Welbeck Estates to explore a willingness for the freehold purchase of the site. As detailed at exempt **Appendix A** it is considered that the freehold ownership of the site should be considered for a "Maximum Value", which would remove ongoing rental payments for the remaining terms of the lease. Irrespective of the freehold ownership the redevelopment of the site can be progressed, subject to the necessary consents of Welbeck Estates as the freeholder for the site.

- 2.11 There remain a number of projects likely to qualify for a third priority project for the LUF 2 submission. This includes a Clipstone Sports Hub (alongside the Welfare Trust) and the redevelopment of the former Rufford Colliery. The proposed LUF submission will clearly cut across all of the NSDC Community Plan objectives. Given the need to submit the bid by the 6<sup>th</sup> July, the ongoing development work on the various projects, the pending Sherwood Steering Board on 13 June, and the need to ensure that the submission is as robust and strong as possible it is recommended that the Sherwood LUF bid is reviewed and submitted to Government by the Director – Planning & Growth in consultation with the Portfolio holders Strategy, Performance & Finance and Economic Development & Visitors. Subject to pending detail a third scheme will be selected prior to the funding deadline.
- 2.12 For the avoidance of doubt, any LUF bid is recommended to be a start not a finish to providing opportunity, ambition, and aspiration for the Sherwood communities. To that end it is recommended that beyond LUF a pipeline of projects and programs is developed to allow preparedness for future opportunities, including the SPF detailed below.

### **UK Shared Prosperity Fund (SPF)**

- 3.0 The SPF is a £2.6 billion largely revenue fund which replaces the former European Structural Investment Funds. SPF is a non-competitive process with all eligible authorities (Districts outside of Mayoral Combined Areas) being provisionally allocated funding for the years 2022-23, 2023-24 and 2024-25 which can be drawn down subject to the successful submission to Government of an SPF Investment Plan (IP). The SPF is also supplemented by Multiply, an adult numeracy and literacy revenue program the spend for which is required to be submitted by upper tier areas (Nottinghamshire County Council) via an investment template document by 30 June 2022.
- 3.1 The SPF IP must be submitted by 1 August and must cover one or all of the following areas:
- Communities and Place – active travel, high streets, sports,
  - Supporting Local Business - open markets, visitor economy
  - People and Skills (from year 3 only 2024-25 given Multiply)
- 3.2 The IP can offer support District wide and beyond subject to areas of focus being representative of the full local labour market or business base. It is expected that the IP will be developed by the lead local authority (NSDC) by conveying a representative ‘Local Partnership’ of key leaders who will be designated for this Fund’s purposes. This is not dissimilar to the Towns Fund approach for Newark.
- 3.3 NSDC’s total in principle allocation across the 3 year program is £3,290,726, of which an additional £20,000 will be provided for capacity funding. As this funding is anticipated to be received post the submission of the Investment Plan, it will be necessary to commission a consultant to create the plan in line with existing strategies such as the Economic Growth Strategy 2021-2026, the Evening Economy Strategy 2022, The Newark Town Investment Plan 2020, The Community Plan 2019-2023, and other developing

plans including the LUF Sherwood Bid. This is anticipated to cost £30,000. Subject to Investment Plan approval an Authority can utilise up to 4% of allocations (average across the period) to undertake necessary Fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement. It is envisaged that the revenue/capital split will be as follows:

Year	Core UKSPF: revenue	Core UKSPF: capital
2022-23	90%	10%
2023-24	87%	13%
2024-25	80%	20%

- 3.4 Since the SPF announcement the Economic Growth team has been working with relevant partners within industry, academia, skills, and business support sectors to assess potential projects and programs to address challenges across the 3 thematic priority areas. Consultancy support has been activated with a view to engaging with Members and external partners to present emerging proposals. It is likely any final SPF will contain a blended mix of competitions for grant funding, procurement, and commissioning activity in project design and selection.
- 3.5 The Investment Plan will be developed seeking to address the challenges and opportunities highlighted within the Economic Growth Strategy 2020-2026, this will include a focus on diversifying town centres, improving local skills, focusing on key areas of deprivation, improving infrastructure, and accelerating economic growth. The Investment Plan will also consider the opportunities and challenges raised by other local plans and strategies including the Community Plan, Economic Recovery Plan, Night Time Economy Strategy and Regional Skills Strategy, NSDC has the opportunity to create a plan with different delivery models, which includes direct delivery, partnership and commissioning. This will enable the Authority to secure the best outcomes and most beneficial impacts of the available resource provided.
- 3.6 In developing the scope of the Investment Plan, existing, operating and successful projects will be considered alongside new and innovative schemes, this could include:
- The continuation or enhancement of the Kickstart Skills Programme
  - New programme of Business Growth & Resilience
  - Business Information Advice & Guidance Programmes
  - Improvements to public realm
  - Enhanced Tourism Promotion
  - New events in Town Centres
  - Creation of bespoke skills and learning programmes

- 3.7 Following the IP submission in August the Government have confirmed a likely approval in October, meaning the need to immediate mobilisation for any identified spend in 2022/23. Given the pace of required development it is recommended that the final SPF submission be delegated to the Director – Planning & Growth in consultation with the newly formed Newark & Sherwood Leaders Board, Portfolio holder for Strategy, Performance & Finance and Portfolio holder for Economic Development & Visitors.

#### **4.0 Implications**

##### **Financial Implications (FIN22-23/4108)**

- 4.1 The implications arising from the purchase and development of the asset at Clipstone are all contained within the exempt report elsewhere on this agenda.
- 4.2 In respect of any LUF submission regarding the Ollerton Hub, a decision on the letting of any floor space by the District Council will be considered by the Portfolio Holder for Strategy, Performance and Finance together with the Portfolio for Economic Development and Visitors in accordance with their delegated authority limits as per the Constitution. Where the value exceeds their delegated limits, this will be brought back to Cabinet for consideration.
- 4.3 In respect of the Shared Prosperity Fund, the Council is expecting to receive £20,000 in capacity funding in order to assist with the production of the Investment Plan, albeit this will be received after the submission. As per paragraph 3.3 it is necessary to commission a consultant to assist with the production of the plan. This is anticipated to cost £30,000 albeit where the £20,000 is received the net impact will be £10,000. This can be accommodated within from within the Change Management Reserve.

#### **Background Papers and Published Documents**

Levelling Up White Paper, 2022

Levelling Up Fund Prospectus and Guidance, 2022

UK Shared Prosperity Fund Prospectus, 2022