

WEST DUNBARTONSHIRE COUNCIL

Joint Report by Chief Officer - Regulatory and Regeneration and Chief Officer - Housing and Employability

Special Infrastructure, Regeneration and Economic Development Committee - 10 June 2021

Subject: Levelling Up Fund and Community Renewal Fund – Proposed Bids

1 Purpose

- 1.1** This report seeks Members' approval to submit bids to the UK Levelling Up Fund (LUF) and Community Renewal Fund (CRF) by the round 1 deadline of 18 June 2021.

2 Recommendations

- 2.1** It is recommended that Committee:
- Approves the proposed bid for Dumbarton Town Regeneration for LUF;
 - Notes the opportunity to develop a bid for a major transportation project in later rounds of the LUF Programme;
 - Approves West Dunbartonshire Council's approach to the delivery of the Community Renewal Fund and recommended list of eligible projects to be submitted to the UK Government for second stage assessment; and
 - Authorises the commencement of procurement processes relating to the projects in the Dumbarton Town Regeneration bid.

3 Background

- 3.1** In the latest Budget, the UK Chancellor announced further detail on competitive funds which are now available to local authorities in Scotland – the Levelling Up Fund and the Community Renewal Fund. Guidance on the Fund was published in March, and further clarifications issued by Government during the following weeks. As such, Councils had only weeks to work up bids, less time than would normally be taken to develop projects of this nature.
- 3.2** The Levelling Up Fund (LUF) is a capital fund to address systemic weaknesses in the economies of the UK's towns and cities. Bids are invited by 18 June 2021 for round 1 of LUF which focuses on infrastructure investment in local transport schemes, urban regeneration projects and cultural assets. The Fund is jointly managed by HM Treasury (HMT) and UK Government departments.

3.3 The Community Renewal Fund is a revenue fund. It will act as precursor to the UK's Shared Prosperity Fund which is due to be launched next year to replace EU Structural Funds. It is focused on innovative pilot projects, with the potential to be scaled up and addresses disadvantages and boost productivity. The Community Renewal Fund has four national investment priorities:

- **Skills:** including work-based training, retraining and digital skills/inclusion.
- **Local business:** including supporting entrepreneurs, innovation and de-carbonisation.
- **Communities and Place:** including feasibility studies for net zero projects, opportunities for culture-led regeneration, green spaces and rural connectivity.
- **Supporting people into employment:** including addressing barriers to employment, raising aspirations, and basic skills.

4 Main Issues

Levelling Up Fund

- 4.1** Funding of £800M is being made available to Scottish Local Authorities, with West Dunbartonshire Council being a Category 1 (highest identified need) Local Authority. Where appropriate, UK Government will seek advice from the Scottish Government at the project shortlisting stage, including their views on deliverability and alignment with existing provision. Capacity funding of £125,000, anticipated in June 2021, will be allocated to all local authorities in Scotland to support development of bids for round 2 or subsequent rounds.
- 4.2** LUF will focus on projects requiring up to £20m. One successful bid per MP area is allowed over the duration of the LUF programme to 2023/24. LUF re-submissions to subsequent rounds are acceptable following an unsuccessful bid. Having one MP aligned with our local authority boundary, the Council can only receive a maximum of one LUF award of up to £20M. Exceptionally, there is also scope to bid for larger high value transport projects and once more for a major transportation project up to a value of £50m. Again as above, having one MP, the maximum number of awards that WDC could receive would be one. The major transportation bids will be subject to a more detailed business case process and will need to score highly in the assessment process to be successful. In both cases securing the support of the local MP is advised but not essential.
- 4.3** The LUF Bids can be submitted as a package of two or three projects, as long as their component elements are aligned and represent a coherent set of interventions.
- 4.4** We have been advised that there will be at least two more funding rounds over the duration of the programme until 2023/24. The criteria and priorities

may change in subsequent rounds and early indications are that the next round could be as soon as October 2021. Bids to round 1 must demonstrate that they are partly deliverable during 2021/22 and completed by 2023/24, therefore favouring shovel ready projects that are at an advanced stage of development. Recent discussions with the Civil Service confirm that successful projects in the first round will be assessed against the criteria and will meet at least one of the three headline priorities.

4.5 There is a three-stage approach to the competitive LUF assessment and decision making:

- **Stage 1 Gateway:** This stage is pass/fail. It requires confirmation of some LUF expenditure in 2021-22.
- **Stage 2 Assessment and Shortlisting:** Bids will be assessed against four equally weighted criteria. A short-list will be developed from the highest scoring bids and those who score at least average or above on strategic fit, value for money and deliverability:
 - **Characteristics of the place** – each local authority is categorised 1-3 based on the LUF assessment metrics, with West Dunbartonshire Council in Category 1.
 - **Deliverability** - will be gauged by the availability of supplementary finance, management and commercial cases, with bids which demonstrate investment (or start delivery) in financial year 2021-22 prioritised in the first funding round.
 - **Strategic fit with local and Fund priorities** –should be addressed in the submission strategic case and should include stakeholder support.
 - **Value for money** – an economic case is required to explain project benefits and how it represents value for money.
- **Stage 3 Decision Making:** Following bid assessment and moderation, Ministers will make funding decisions. This is expected in Autumn 2021.

5 Options Appraisal : Levelling Up Fund

5.1 With a short turnaround between being provided with the details of the Funds at the end of March and the 18 June deadline, officers produced a range of prospective bids that could potentially meet LUF eligibility criteria and assessed which would be at a sufficiently advanced stage to submit a bid in round 1. This process entailed drawing up a long list of 9 prospective bids and agreeing a scoring mechanism that reflected LUF criteria as well as Council's corporate priorities. With input from senior staff across all relevant Services, projects were then ranked 1st to 9th, with Dumbarton Town Centre

Regeneration ranked number 1 and North Clyde Riverbank including Scottish Marine Technology Park ranked number 2. The other prospective bids are outlined on the Table.

Prospective Bid	Comments
Clydebank Town Centre Connections, including transportation hub and road network improvements	Could be developed as a transportation bid if able to be delivered by 2024
Alexandria Town Centre, including transport/connectivity acquisition of Lomond Galleries and public realm	Projects emerging from the draft Masterplan, not yet fully consulted, Lomond Galleries too high risk
Queens Quay District Heating Network Expansion, to provide energy to the business park and shopping centre	Meets zero-carbon agenda but not a close fit with criteria
Green Tourism, including infrastructure to support eco-tourism utilising our green assets	At concept stage
Connecting West Dunbartonshire, an amalgam of Connecting Dumbarton, Balloch Village improvements and improvements to Argyll Road in Clydebank	Argyll Road not sufficiently developed, consultation on previously proposed Balloch Village were not positive
Connecting Balloch, including repurposing of Balloch Castle, new Leven Bridge and public realm improvements	Balloch Castle improvements likely to happen regardless; Bridge at concept stage
West Dunbartonshire Fast Broadband/Full Fibre Network	Easiest to deliver but market expected to deliver this in the short to medium term.

6 Dumbarton Town Centre Regeneration

6.1 The recommended bid for the continued regeneration of Dumbarton town centre will complement and consolidate previous investment in the town centre and advance the Council's Town Centre First objective for the town. In line with the provision to apply for a cohesive set of interventions, the bid will have three components: Repurposing of B listed Glencairn House for a library, museum and community purposes as reported to this committee on 21 August 2019; Acquisition of the partially vacant Artizan Centre followed by part-demolition and preparation of the site for redevelopment and; Completing "Connecting Dumbarton" a project that will provide active travel connections between the town centre and Dumbarton Central train station to achieve a connection to the rear of existing Artizan centre and link to connections then through to the new Waterfront Path. In the event of the application being successful, a proposed development plan for the Artizan Centre site will be reported.

- 6.2** Connecting Dumbarton has been widely consulted on during 2020 despite the constraints of the pandemic. Key elements include better definition of the route into the town centre and rerouting of the national cycle network; enhancements to underpasses; introduction of quality and durable materials; landscaping and tree planting; clear signage; seating and rest points; feature lighting and artwork. The project design has been advanced over the past year in collaboration with funding partner Sustrans who have awarded Places for Everyone funding towards the design of the project and are expected to contribute to the construction costs of the project, which will be delivered in 3 phases.
- 6.3** With the design feasibility of the repurposing of Glencairn House as a library and museum already underway and Connecting Dumbarton designs at an advanced stage, the bid to LUF is capable of demonstrating expenditure this financial year on project development costs, and in the case of Connecting Dumbarton, potentially demonstrating part-delivery. The Artizan Centre is currently being marketed for sale, and an option for the Council to buy with conditions is being progressed with the owner's agent, and this will be the basis of a future report. The three components together are considered to be deliverable by end of the LUF programme on 31 March 24.
- 6.4** The total cost of the LUF programme of works for Dumbarton is estimated at £22.1M, £2.2M of is proposed to be secured from Council and Sustrans, Glencairn House has an approved £1M from the Regeneration Fund, as reported to IRED on 21 August 2019, and the balance of £1.2M is expected to be secured through work with Sustrans leaving £19.9M to be requested from LUF. The programme is comprised of the following costs, with an optimism bias of 30% added across all three projects, which is an appropriate contingency for regeneration and development projects at this early stage of development.
- Cultural Services-led repurposing and extension of B listed Glencairn House for central education and heritage facility (£8.45M)
 - Acquisition and part demolition of the Artizan Centre, masterplanning, landscaping, preparation for redevelopment and improvements to community and cultural facilities (£10.4M)
 - Connecting Dumbarton to better integrate town centre with station and to promote active travel (£3.25M)
 - Development costs to deliver the project components, included within the cost headings.
- 6.5** The proposed package of the regeneration interventions in Dumbarton meets all three of the Government's priorities of local transportation and connectivity, town centre regeneration and cultural regeneration. The bid can demonstrate progress by the end of the financial year 2021/22, and in line with recent advice from the Civil Service that confirmed their expectation that bids for this round will be fully compliant with LUF's headline priorities, is therefore considered to have the greatest opportunity of being successful in attracting LUF funding support. As indicated in the table above, prospective bids were

also considered for Alexandria, Balloch and Clydebank but the scoring reflected that the proposed projects were not sufficiently developed.

- 6.6** North Clyde Riverbank, including the infrastructure required to deliver the proposed Scottish Marine Technology Park (SMTP) and connectivity projects along the Riverbank, was ranked number 2. SMTP is currently the most transformational proposed regeneration project in West Dunbartonshire. An economic impact assessment undertaken by Stantec for the Malin Group (owners of the site) concludes that the development would create 986 jobs, if fully realised, and add £125.4 million annually to West Dunbartonshire's economy. Planning permission has been secured for Phase 1 and LUF could potentially be used to fund the approved development phases including a large fabrication facility and the remediation strategy required to develop the former oil storage site. This programme of works however fits less easily into LUF's headline priorities for round 1 of transportation, town centre and cultural regeneration, and has a higher risk associated with delivery by 2024. In particular there are risks associated with resolving state aid issues, addressing extremely tight procurement and build out timescales and achieving a binding agreement with all key stakeholders. An external assessment would also be needed on the deliverability of any proposals by the 2024 deadline. These challenges are such that any decision at this time to proceed with an application based on the SMTP would require to be in the knowledge that the works may not be deliverable within the required timescale.
- 6.7** Agreement on a suitably advanced programme of work with the Malin Group has not been possible in time for the LUF June deadline. Officers will continue to work with the Malin Group on identifying shovel-ready packages of work that could overcome said difficulties for other potential funding sources, such as the low carbon Vacant and Derelict Land Investment Programme (VDLIP). Accordingly, and also given the need to properly assess any proposal to ensure it could be deliverable necessitates that were the Council's preferred option to be to proceed with a bid related to the SMTP it would be required to be submitted in round 2.
- 6.8** Further consideration will be given to projects that could be eligible for major transportation funding of up to £50M as part of the next round, and a report on the options appraisals and recommended project will be presented in advance of the round 2 stage.

7 Community Renewal Fund

- 7.1** The UK Government has designated 100 areas as 'Priority Places', with The Council included on the list. As part of the process to compete for these funds the UK Government has identified The Council as the Lead Authority. As such West Dunbartonshire Council has the responsibility for inviting,

assessing, prioritising, and submitting bids to government of up to £3 million for each local authority area.

7.2 As a lead authority, West Dunbartonshire Council is responsible for:

- issuing the invitation for proposals from external organisations
- receiving and assessing proposals
- collating the bids and compiling a proposal that will be sent to UK Government for consideration
- paying grants to successful projects and managing their performance

7.3 This is a two stage process that includes:

1. Stage 1: West Dunbartonshire Council promotes the opportunity, seeks, gathers and assesses proposals and following assessment submits eligible projects to the UK Government;
2. Stage 2: The UK Government gathers proposals from local authorities and assesses to determine which projects will be supported with Community Renewal Funding.

Because of tight timescales and deadlines the first stage, initiated by West Dunbartonshire Council, began with publication of the invitation for eligible organisations to submit proposals. The invitation was published on the 19th of April 2021. Details of the requirements can be found at: <https://www.west-dunbarton.gov.uk/business/grantand-loan/uk-community-renewal-fund/>

7.4 The two stage process timeline is as follows:

Key Milestones	Key Dates
Stage 1	
West Dunbartonshire Council Issue Calls for Community Renewal Proposals	19/04/2021
Deadline for Return of Proposals	17th May
West Dunbartonshire Council completes appraisal and establishes a shortlist	24th May
Applicants notified of decision to include or reject from the West Dunbartonshire shortlist	31st May
Stage 2	
West Dunbartonshire Community Renewal Submission to UK Government	18th June
Notification of Decision from UK Government	August 2021*
West Dunbartonshire Council issues Funding and Service Agreement to successful Proposals	Mid August*
Commence Delivery	Late August*

Key Milestones	Key Dates
Project Complete	31/03/2022

please note dates are indicative and subject to the UK Government making timely decisions about the projects to be funded and issuing further guidance and decision documentation in a timely manner

- 7.5** To ensure transparency and scrutiny in West Dunbartonshire we established a group consisting of the Finance Chief Officer and Housing and Employability Chief Officer. The application process was led by the Working 4U manager and a team of four people who would not be involved in bid writing was established to assess the first stage proposals. The team consisted of the Working 4U manager; W4U Quality/Compliance Team Leader; Business Support service representation and a representative from Skills Development Scotland (SDS).
- 7.6** Each proposal was assessed on 'Gateway' criteria based around eligibility of both, organisation and activity. Further assessment was based on strategic fit; local need and fit with existing provision. The proposals were also assessed on value for money and risk; capability to deliver on budget, in time and achieve proposed outcomes. The general capability to deliver was assessed and we established a scoring matrix to establish priority options should the eligible proposals costs exceed the UK Government's limits of £3m worth of proposals. Guidelines state that eligible projects that meet the assessment criteria can be submitted(as proposed) or submitted with conditions.
- 7.7** As a result of the assessment process we have identified 14 projects with a total value of £2.68m that we intend to include in the West Dunbartonshire Council submission to the UK Government. To ensure that West Dunbartonshire's proposal is clear and of sufficient quality some bids will be subject to conditions that the team will attempt to resolve prior to, and after, submission. This may reduce the number and/or value submitted.
- 7.8** The eligible bids, applicants, the theme they will address and value are summarised in the Table below.

Summary of West Dunbartonshire Eligible Proposals			
ORG/Project	Theme	Submit (S) Submit with Conditions (SWC)	Value
W4U - Moving Forward II	supporting people into employment	S	707,591
W4U - Moving Forward I	supporting people into employment	SWC	254,541
SCVO	supporting people into employment	SWC	114,142

Summary of West Dunbartonshire Eligible Proposals			
ORG/Project	Theme	Submit (S) Submit with Conditions (SWC)	Value
The Lennox Partnership	supporting people into employment	SWC	148,074
Street League	supporting people into employment	SWC	55,565
Alternatives	Investment in Skills	SWC	101,474
West College Scotland	Investment in Skills	SWC	287,764
Community Links	Investment in Skills	SWC	29,380
GTS Solutions CIC	investment in skills	SWC	144,000
Primed Talent	investment in skills	SWC	225,000
WDC Business Support	investment in local business	S	442,485
WD Chamber of Commerce	investment in local business	SWC	80,200
WDC Communities Team	investment in communities and place	S	31,200
Vale of Leven Trust	Investment in communities and place	S	62,534
		Total Potential Value	2,683,952

7.9 These proposals will be summarised along with description of the process and rationale for support in an application, along with the original applications from each organisation to the UK Government for assessment and potential funding. The outcome of this second assessment will be announced in late July/August 2021. All project activity must be initiated and complete by March 2022.

8 People Implications

8.1 LUF: Existing staff resources across several Services will be required to develop and submit the application for funding. Should the LUF application be successful, additional development resources will be required to deliver the project in the required timescale. Development costs can be capitalised and will be costed for the lifetime of the project and included in the LUF application.

8.2 Community Renewal Funds: Staff resources will be required to manage the two stage application; grant management and monitoring process. In Stage 1 this will be achieved through the re-allocation of duties among Working 4U staff. However, Stage 2, should West Dunbartonshire successfully navigate the UK Government assessment, this will be much more onerous. At Stage 2 we will require staff to establish and maintain the relationships with external service providers; and maintain the monitoring, reporting and evaluation framework.

9 Financial and Procurement Implications

9.1 LUF requires at least a 10% funding contribution from the applicant. With the total cost of the Dumbarton Regeneration bid estimated at £22.1M, The Council has already committed £1M from the Regeneration Fund for Glencairn House, and a further £1.2M will be secured from Sustrans for Connecting Dumbarton. Positive discussions on Sustrans' support are already underway. The Procurement timescales, though challenging are considered achievable within the programme timeframe, and approval is sought to commence procurement processes to deliver the projects.

9.2 Community Renewal Fund is a grant based opportunity with funds secured on the basis of grant proposals to the UK Government. Investment in proposals will be based on funds received from the UK Government and governed by existing grant award and associated conditions of fund processes.

10 Risk Analysis

10.1 For LUF the principal risk would be the failure to deliver the programme of projects by end 2023/24, leading to consequent withdrawal of LUF and leaving the Council with financial exposure. Delivery of the programme relies on several factors, including but not limited to:

- Reaching a suitable design solution for Glencairn House that is acceptable to Planning, the community and other stakeholders, and the delivery programme remaining on time and on budget.
- Agreement of suitable terms representing best value for acquisition with the owner of the Artizan centre, and subsequent delivery times for part-demolition and preparing the site for redevelopment.
- Demolishing and clearing the site of the Artizan centre without significant adverse conditions or costs being encountered
- Attracting investment and/or securing funding for suitable uses for the Artizan site post-demolition.
- Delivery timescales for Connecting Dumbarton. The design of this project is already advanced with some land within Network Rail's ownership to be resolved, however unlike other shortlisted projects this is almost completely within the control of the Council.

10.2 Risk will be mitigated by availability of a suitable level of resource to progress the project components, taking a project management approach to design and delivery and early agreement of Heads of Terms with the owner of the Artizan Centre.

10.3 Community Renewal Fund – The process has a number of inherent risks emerging as a result of:

- the timescales for the application process;
- the scale of resources (up to £3million) and timescales for use the funds (all projects to be complete by March 2022);
- the capability of external organisations to respond to the opportunity and deliver good quality, eligible projects;
- the competitive nature of the process at both stages; and
- the need for staff resources to manage the process and external service delivery relationship, particularly at stage 2.

10.4 Risk Mitigation: We have established a project management approach that will assess and address staff resource requirements. We have also built in risk mitigation to the assessment processes and approach to project monitoring . This includes assessment of the capability of external organisations to deliver proposals in full and within timescales.

11 Equalities Impact Assessment

11.1 Screening and impact assessments will be carried out on specific projects elements as they are further developed.

12 Environmental Sustainability

12.1 We anticipate that there will be ‘zero carbon’ proposals emerging from the LUF and Community Renewal Fund processes that will make a positive contribution to environmental sustainability.

13 Consultation

13.1 Two of the three components of the Dumbarton Regeneration bid, namely Glencairn House and Connecting Dumbarton, have been subject to previous community and wider stakeholder consultation and have been shaped by that engagement. Because of the commercial nature of the proposed acquisition and part-redevelopment of the Artizan, there have not yet been wider community and stakeholder consultations. This is an important regeneration opportunity for our Town Centre and community consultation will be factored in to the development programme.

- 13.2** In arriving at the recommended bid for LUF, early engagement and recent consultation has taken place with Martin Docherty-Hughes MP.
- 13.3** Officers across Legal, Finance, Cultural Services, Planning, Regeneration, Housing, Sustainability and Roads and Transportation have had an input to the scoring process for the selection of LUF bid.
- 13.4** The Community Renewal Fund: Key stakeholders have been notified of the opportunity through, for example, the Community Planning West Dunbartonshire structure (Delivery Improvement Groups) and associated partner groups such as the Strategic Employability Group, Adult Learning Partnership and Youth Alliance. In addition key Council Staff responsible for the delivery of key policy priorities have been notified – Housing; Communities, Employability, Business services. Providing an opportunity to comment on the process and to promote the opportunity.
- 13.5** In addition for the CRF we have delivered an information event for potential applicants to raise awareness of the opportunity and clarify aspects of the process. This was attended by representatives from local and regional organisations who expressed an interest in participating by submitting proposals.

14 Strategic Assessment

- 14.1** The Council has agreed its five main strategic priorities for 2017 – 2022. Both the Levelling Up Opportunity and the Community Renewal Fund activity is consistent with the objectives of Developing a Strong local economy and improved employment opportunities by:
- Delivering a key regeneration objective with associated job creation and business development objectives;
 - Supporting businesses to develop their workforce, products and services;
 - Supporting communities to develop asset management opportunities;

Strategic Leads: Peter Hessett, Peter Barry
Service Areas: Regulatory and Regeneration and Working 4 U
Date: 03 June 2021

Person to Contact: Michael McGuinness/Stephen Brooks

Appendices: None

Background Papers: Report on Regeneration of Glencairn House, Dumbarton,
and the creation of a Publicly Accessible Collections
Store and Archive – 21 August 2019

Wards Affected: All