



Cabinet

16 June 2022

Report of: Councillor Rob Bindloss - Portfolio Holder for Growth and Prosperity

Approval to submit a Levelling Up Funding bid

Corporate Priority:	Delivering sustainable and inclusive growth in Melton
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/a
Exempt Information:	No
Key Decision:	Yes
Subject to call-in:	Yes

1 Summary

- 1.1 The UK Government has launched the second round of the £4.8bn Levelling Up Fund, inviting applications for funding from Local Government bodies by midday on 6 July 2022.
- 1.2 The purpose of this report is to summarise the key projects for which funding is sought, and to seek approval to submit a bid prior to the deadline.
- 1.3 This report outlines the Council's approach to work jointly with the partners and prepare the information that maximises the chances of a successful bid.

2 Recommendations

That Cabinet:

- 2.1 **Notes the criteria and requirements for submitting a Levelling Up Fund bid.**
- 2.2 **Approves the submission of a joint bid with Rutland County Council to maximise the chances of success; noting the shared emphasis on innovation and regenerating rural market towns.**
- 2.3 **Notes that Melton's intended bid submission contains three town centre projects, one overseen by the Council, to develop the Stockyard at the Cattle Market, and two other town centre projects due to be delivered by partner agencies.**

- 2.4 Approves incorporation of all three projects within the bid submission, subject to them demonstrating they meet all requirements and maintain comparable confidence of delivery.
- 2.5 Delegates Authority to the Chief Executive, in consultation with the Portfolio Holder for Growth and Prosperity, to finalise the configuration of the bid, ensuring the strongest possible submission. Where individual projects do not meet the requirements set out in 2.4, to remove them from the submission.
- 2.6 Notes that should the Levelling Up Fund bid be successful, the Council will be required to include match funding of up to c. £1m which will need to either be met through capital receipts or borrowing. Confirmation of this funding will be through a subsequent decision and consideration of more detailed business case(s) setting out the financial and other implications.
- 2.7 Delegates Authority to the Chief Executive, in consultation with the Portfolio Holder for Growth and Prosperity to agree, with Rutland Council, who the accountable body on behalf of both councils will be. Notes that appropriate joint governance, resource requirements and legal agreements will be developed to support this arrangement.

3 Reason for Recommendations

- 3.1 Priority 3 of the Council's Corporate Strategy 2020-24 'Delivering sustainable and inclusive growth in Melton' identifies the following priority focus areas:
- Work with our partners to promote Melton and deliver the promise of the 'Rural Capital of Food'.
 - Regenerate our town centre, encourage inward investment and create jobs.
 - Deliver inclusive growth by improving access to higher paid jobs, improving skills and tackling low wage economy.
- 3.2 Melton Mowbray town centre is the engine of the borough's economy and a key visitor destination. The Council has recently worked with the partners to create a long-term vision to steer the development of the town centre over the next ten years. The Levelling Up Fund bid supports the aspirations set out in the town centre vision, being considered within a separate report on this Cabinet agenda.
- 3.3 The Government has recently published the Levelling Up White Paper and the Levelling Up and Regeneration Bill. The announcement of the Levelling Up Fund (LUF) Round 2 presents a good opportunity to seek funding to deliver some of the key priority projects that would contribute towards achieving the vision.

4 Background

- 4.1 The Levelling Up Fund (Round 2) was announced in the spending review in March 2022 for investment in genuine local priorities, and capital projects prepared in collaboration with local stakeholders that can be delivered in the next 2 to 3 years.
- 4.2 Melton had submitted a bid for £9.7m for Round 1 that was unsuccessful. The bid included a package of three complementary projects contributing towards enhancing the 'Rural Capital of Food' offer and creating destinations for a wide range of audiences to visit.
- 4.3 The Council has continued to work with partners to develop and refine the town centre regeneration projects and has utilised the positive and constructive feedback from the first

round bid, received from the Government Department for Business Energy and Industrial Strategy (BEIS), to help shape the second round submission

- 4.4 Alongside this the Council is in the process of adopting a refreshed Town Centre vision which will underpin the LUF bid.
- 4.5 Recognising that the MP for Rutland and Melton is only able to provide formal support to one bid within her constituency, the Council has worked closely with Rutland County Council to ensure a joint bid can be submitted with a strong, unified focus on the sustainability and innovation of our rural market towns.
- 4.6 The deadline for the submission of the Round 2 bid is 6th July 2022.

5 Main Considerations

5.1 Criteria for Levelling Up Fund (LUF) Round 2

- 5.1.1 The Levelling Up Fund Round 2 focuses on three key investment themes, similar to Round 1:
 - Regeneration and town centre investment - to upgrade eyesore buildings and dated infrastructure; acquire and regenerate brownfield sites; invest in secure community infrastructure and crime reduction; and bring public services and safe, accessible community spaces into town and city centres.
 - Cultural investment - maintaining, regenerating, or creatively repurposing existing cultural, creative, heritage and sporting assets, or creating new assets that serve those purposes including theatres, museums, galleries, production facilities, libraries, visitor attractions (and associated green spaces), sports and athletics facilities, heritage buildings and sites, and assets that support the visitor economy.
 - Transport investments - public transport, active travel, bridge repairs, bus priority, local road improvements and major structural maintenance, and accessibility improvements.
- 5.1.2 The funding is provided through a competitive process and will be targeted towards places that are most in need of the type of investment support, as measured by an Index of Priority Places that takes into account the following place characteristics:
 - need for economic recovery and growth
 - need for improved transport connectivity and
 - need for regeneration
- 5.1.3 Both Melton and Rutland Council areas are identified as Category 2 locations and therefore not eligible to receive the £125,000 of capacity funding available to category 1 locations, and which would help to support the preparation and submission of high-quality bids for this round of the Fund.
- 5.1.4 Members of Parliament (MPs) will have a formal role in the bidding process to reflect their valuable local perspective. All MPs can provide formal priority support to one bid within their constituency area.
- 5.1.5 In addition to the MP, applicants are encouraged to consult a range of local stakeholders across the full geography of a place in developing their proposed investments for the Fund.

- 5.1.6 Bids can be for an individual project or a package of up to three projects. Local Authorities can collaborate through a joint bid for a maximum of £20m, or up to a maximum of £50m for transport related schemes.
- 5.1.7 The Government will be seeking match funding representing at least 10% of total scheme costs. Also, a private sector contribution if they stand to benefit from a specific project.
- 5.1.8 There will be a three staged approach to assessment and decision-making process:
- Stage 1 Gateway: Bids that fail the gateway criteria will not be assessed and will not be eligible to be considered for funding.
 - Stage 2 Assessment and short-listing: Bids that progress from the gateway stage will be assessed on each of the criteria set out in the assessment framework - characteristics of places, deliverability, strategic fit with local and Fund priorities, and the economic case in line with the published assessment framework.
 - Stage 3 Decision making: Once bids have been assessed and moderated, and the shortlist is drawn up, Ministers will make funding decisions.
- 5.1.9 Bids must also be able to demonstrate spend from the Fund in the 2022-23 financial year.
- 5.1.10 The fund is for capital investment only.
- 5.2 Approach to submission of Levelling Up Fund (LUF) Round 2 bid**
- 5.2.1 MPs are only able to formally support one bid per constituency area and therefore Melton Borough Council and Rutland County Council have been working together to submit a joint bid that can be formally supported by the MP for Melton and Rutland.
- 5.2.2 All partners who put forward their projects for Round 1 have confirmed their willingness to incorporate their projects within the Round 2 bid. It is acknowledged that all projects proposed in the previous bid have progressed and some of the previously incorporated activities have now been delivered. The Council continues to work with the partners to assess the progress made so far and amend the proposals to meet the criteria for Round 2. Whilst it is hoped all projects can proceed into the final bid, the report includes a request for a delegation to remove one or more projects if they fail to meet the required criteria or standard.
- 5.2.3 While Melton's bid for Round 1 LUF was unsuccessful, the Council received some positive and constructive feedback from the BEIS. This information has been used in preparing the Round 2 bid.
- 5.2.4 A draft Vision for Melton Mowbray Town Centre has been prepared by working closely with a range of stakeholders in the town. This vision document has gone through extensive consultation with stakeholders, residents, businesses and community and voluntary sector organisations. The refreshed Vision underpins the projects included within the LuF bid and is due for consideration by Cabinet within the same meeting agenda.
- 5.2.5 An Equalities Impact Assessment is being undertaken for the LUF submission and will be completed prior to approval of the final submission to ensure any impacts from the project are understood and mitigated.
- 5.3 Lead Authority and ongoing Monitoring**
- 5.3.1 The bid will require a lead partner to formally submit the bid on behalf of all partners. Conversations are ongoing as to whether this will be Melton or Rutland Councils.

- 5.3.2 If successful, and MBC is the formal lead, the Council will be the accountable body for receiving the funds. This means the Council will play a lead role in programme management for the projects being delivered with the funding and will co-ordinate activities on behalf of the partners such as monitoring of benefits, reporting to the Government and adhering to subsidy advice. In this instance relevant legal agreements will be agreed with the partners in the bid before the money is handed out to ensure they retain responsibility for their proportion of the bid and adhere to the terms of any agreements set out by government.
- 5.3.3 Should Rutland County Council act as the lead partner it is anticipated they will require Melton Borough Council to enter into an agreement to pass on these responsibilities to us. This report provides an appropriate delegate confirm the arrangements and establish the shared governance processes necessary.
- 5.4 **Joint narrative for the Melton and Rutland LUF Round 2 bid**
- 5.4.1 Work is ongoing with Rutland County Council to prepare the joint narrative and application for the combined bid. This work includes developing a joint evidence base, and construct the 'theory of change'.
- 5.4.2 Alongside this work has also been commissioned to undertake Benefit Cost Ratio (BCR), Value for Money (VFM) and gap analysis calculations to provide subsidy control advice that will all be required to write a coherent bid that pulls together projects from both local authority areas in a comprehensive way.
- 5.4.3 The bid will make the argument for Levelling Up through harnessing the potential of market towns, using innovation as the driver by building on existing key strengths/sectors and adding value to them. This involves building on place character with Melton focussing on food and related experiences and Oakham focussing on health. Growing skills and enterprise in these sectors are the key to achieving long term sustainable outcomes for both areas.
- 5.4.4 To consolidate the wider attractiveness of the two towns at the heart of the bid we are exploring a cultural component which would digitise and widen participation in the heritage offer around the Ichthyosaur and Roman mosaic in Rutland and the College based theatre in Melton to enhance this space and attract commercial shows to develop a larger pull to support the night-time and evening economy.
- 5.4.5 The bid also has a component which delivers a demand responsive transport service enabling people to access work, learning and services more fully across the two market towns and their wider hinterlands. This will maximise the joint benefits of the proposals for everyone in the two geographies.
- 5.5 **Melton proposal**
- 5.5.1 More specifically, Melton's proposals within the joint bid, focus on delivering the vision for the town centre, to strengthen its position as the 'Rural Capital of Food' and to maximise the potential of Melton Mowbray as a rural market town. To achieve this vision, it is proposed to develop a connected network of 'Centres for Excellence' connected by the High Street.
- 5.5.2 The three activities currently being considered for incorporation within the LUF bid are set out below.

5.6 The Stockyard project

- 5.6.1 Out of the three proposed activities, the Council will be responsible directly for delivering the works on the Stockyard (south cattle market site). The recently launched Stockyard concept, once delivered, will create a multifunctional space that will directly support the food production and tourism sectors in the Melton area and further afield. This will primarily be achieved by providing easy to access and easy to use space for a multitude of different activities but focussing around high quality spaces for events and food and drink production. This will support the development of a hub of business excellence focussed on food production and experiences as well as on-site support services, building upon the work done to date, which has already facilitate three existing producers to locate onto the site.
- 5.6.2 To support the bid a detailed masterplan is being developed for the entire south side of the cattle market (the Stockyard). If fully implemented this would have a total delivery value of approximately £12m.
- 5.6.3 Given the constraints on the total funding which can be bid for through Melton's £10m share of the joint LUF bid, a phased approach is required. The first phase of investment and delivery on the site would therefore represent a cost of approximately £7.5m, and having considered the potential match fund required from the Council and partners, a round 2 LUF bid of c. £6.5m would be submitted to meet the funding gap. These figures are continuing to be updated and will be finalised in accordance with the delegated authority secured through recommendation 2.5 above.
- 5.6.4 The first phase of investment at the Stockyard will focus on improving some of the public realm and access at key gateways to the site, enhancements to the main square/ car parking area to enable it to be used more efficiently for events and attract new events to the area as well as providing more production floorspace. Concept designs of the initial proposals are available at appendix A. Latter phases will focus on enhancing existing public realm in the wider stockyard area as well as refurbishment/refit of the covered market units as well as additional works to the banqueting suite and adjacent hall.

5.7 Partner Bids

- 5.7.1 The second project with Melton's bid seeks to support development of the SMB college group (formerly Brooksby Melton College) Site on Wilton Road/Asfordby Road for refurbishment and upgrade of the theatre to create a cultural destination in the town centre to bring more people into the town and support the wider evening economy.
- 5.7.2 The third project within Melton's bid seeks to support development of the former training centre site on King Street, currently owned by Melton Mowbray Town Estate, which is currently one of the main long-term vacant and rundown buildings in the centre. To focus on refurbishing and converting the facility into food production, training and workshop facility that will be occupied by Brockleby's Pies as their main base for operation
- 5.7.3 The total combined cost of these two partner activities identified in the Melton Portion of the bid is subject to further refinement but currently stands at £3.3m. The ask from the Government for these two activities would be approximately £2.5m. The rest of the funding would be sourced from the private and public sector partners involved.
- 5.7.4 Key partners in this bid are Melton Borough Council, SMB College Group (town centre campus), Gillstream (Livestock market and the Stockyard) and Brockleby's Pies.

5.8 Finalisation of Melton's part of the joint bid

5.8.1 These three projects being considered have been selected based on the positive impact they will bring to the town and their readiness to be delivered alongside the work undertaken by their respective owners and developers to get the projects to be ready for implementation, subject to receiving funding.

5.8.2 It must though be acknowledged that there have been some fundamental changes to the approach taken by the partner organisations from the original submission that could impact their deliverability and affordability in the context of the Council's half of the wider LUF bid.

5.8.3 Work continues with the two partners in relation to the preparation of their bids to ensure they have the best opportunity to be finalised and incorporated into the final submission. Officers will, however, continue to monitor developments closely and should any of the bids fail to meet the required criteria or standard, they will be removed from the final submission to ensure only the strongest proposition goes forward, utilising the delegation set out in recommendation 2.5. Were any of the partner bids removed, the council would re-evaluate the level of the bid submitted for the Stockyard site to ensure the maximum allocation available is applied for, whilst still demonstrating the required impact.

5.9 Match Funding requirement

5.9.1 In accordance with the fund criteria, at least 10% match funding needs to be identified. This means the assumed match funding requirement would be up to c. £1m. This could be met either through the utilisation of capital receipts or through borrowing. It should be noted that the North cattle market site is currently on the market for disposal and that the receipt generated from this site could be utilised to support this funding requirement.

5.9.2 In principle support to making this allocation is requested through this Cabinet report. The final decision to allocate funding in the capital programme, and confirm the funding source, will not be required until the outcome of the funding bid is confirmed and a final business case is formally considered.

6 Options Considered

6.1 Do not apply for the LUF Round 2

This option is not recommended for the reasons identified in section 3 of this report and the need to secure funding to deliver the aspirations set out in the Town Centre Vision.

6.2 Submit a unilateral bid, not jointly with Rutland County Council

This option is not recommended as formal support from the MP is a critical part of the bid submission and to pursue a unilateral bid would place Melton's proposal in competition with Rutland and there would be a risk the MP may be unwilling or unable to support a unilateral bid. It is also considered desirable that a joint bid would be stronger, focussing on the broader needs of rural market towns.

7 Consultation

7.1 Significant consultation has been undertaken in relation to the town centre vision which underpins the LUF bid. Consultation on the vision includes:

- a) Public consultation to inform vision development for the town and identify key projects for delivery
 - b) Consultation with the Scrutiny Committee
 - c) 2 workshops with partners to discuss key priorities for the town
 - d) 2 UKSPF workshops that discussed priorities and themes relating to town centre development, tourism and developing pride in place
 - e) Series of engagement in developing the Melton Destination management plan which all point towards delivering upon our rural capital of food 'offer'
- 7.2 Both direct and indirect consultation with partners and stakeholders regarding the bid has been supportive of the submission. There is wide ranging support for projects that look to support or that lead to generation of additional footfall into the town and enhance visitor numbers and experience. Consultees have also been supportive of projects that look to supporting business growth and entrepreneurialism in the area, especially if it helps build upon our rural capital of food offer.
- 7.3 Requests for letters of support have been sent to all partners. These will be added to the evidence for support of the bid upon submission.

8 Next steps – Implementation and Communication

- 8.1 Following the Cabinet decision, officers will continue to work with partners to finalise the 3 Melton projects for submission. Prior to submission officers will evaluate the strength of each of the three components of the bid against the assessment criteria. Where any of the projects are unable to meet the criteria or deliverability requirements, officers will, in consultation with the portfolio holder for Growth and Prosperity, remove those projects from the final submission, ensuring only the strongest elements go forward.
- 8.2 Submission of the bid – 6th July 2022
- 8.3 Government announcement for funding – Autumn 2022

9 Financial Implications

- 9.1 There will be a requirement for a minimum of 10% of the total capital ask to be matched by Melton Borough Council up to an expected level of c. £1m
- 9.2 This match could be provided by either utilisation of capital receipts or borrowing. A decision on this would come later, alongside a financial assessment at the time. It should be noted that anticipated sale from the Northern cattle market car park site could provide an appropriate capital receipt subject to completion. The financial implications will need to be assessed as part of the detailed business case/s that will be developed for the projects included within the bid. Formal approval for the funding in line with these business cases will then be sought in line with the appropriate governance process.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 Section 1 of the localism act 2011 gives the council the power to do anything that individuals may generally do and section 111 of the local government act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- 10.2 If successful, the council will be required to enter into a grant agreement which will detail the expectations between the council and DLUHC for the use of the funding.
- 10.3 The council must use the funding in line with its proposal. The council will be expected to provide evidence to demonstrate how the funding has been spent along with complying with the monitoring and assurances process set out in the MOU.
- 10.4 Legal services should be consulted at the earliest opportunity to review any funding agreement relating to the levelling up fund round 2 to ensure that any obligations and in particular clawback provisions are passed down to third party recipients when administering grant funding.
- 10.5 If successful, works, goods and services must be procured in accordance with the Council's contract procedure rules.
- 10.6 Subsidy control advice has been sought to ensure the aspects of this bid are compliant with recent subsidy control guidelines. All relevant internal processes are being followed in terms of governance.
- 10.7 Should the bid be successful the Legal team will be engaged to ensure we are happy with any conditions placed upon the grant and ensure we are able to minimise any risk incurred depending on the considerations identified in 5.2.7 & 5.2.8

Legal Implications reviewed by: Monitoring Officer

11 Equality and Safeguarding Implications

- 11.1 An equalities impact assessment is undertaken for the Draft Vision for Melton Mowbray Town Centre. An EIA will also be completed for the LUF bid prior to finalisation and approval of the final submission.
- 11.2 Should the overall bid be successful individual EIA's would be undertaken for each of the projects during the preparatory phase.

12 Community Safety Implications

- 12.1 The government recognises that reducing crime and delivering safe and secure towns and cities where people want to live, work and visit is essential to our levelling up mission. The draft vision for Melton Mowbray town centre and the action plan proposes activities to address community safety issues. Each individual activity includes proposals for improving safety and security of the proposed locations.

13 Environmental and Climate Change Implications

- 13.1 The Government's net zero and wider environmental ambitions will represent a key part of the criteria for assessment. Projects proposed in Melton and Rutland bid support net zero

goals, including those set out in the UK government’s net zero strategy and sector-specific plans such as the Heat and Buildings Strategy where relevant.

14 Other Implications (where significant)

14.1 If successful, the proposals contained in the bid will be subject to planning approvals.

15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	MBC being the lead partner on behalf of partners for the bid. This will require MBC to take responsibility for all conditions as per the grant agreement and be ultimately accountable for and requirements relating to reporting, monitoring and evaluating on behalf of all partners.	Low	Marginal	Low Risk
2	Partner projects not being ready or up to the standard required by government by the date of submission.	Low	Critical	Medium Risk
3	Difficulty securing capital match for MBC project that is affordable.	Low	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant				
	3 Low		1	2,3	
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	Relevant terms would be agreed with partners to ensure responsibility for reporting and risk attached to lead partner role is shared
2	Conversations with partners are ongoing and clear timescales for delivery have been provided. Before final submission officers will determine suitability of the included activities and should any reduce the likelihood of bid success, they are able to be removed
3	Numerous options have been considered to secure our proportion of match funding towards this fund that range from borrowing to ring fencing any capital receipts from sale of assets to contribute towards this project. These options will continue to be explored and be submitted as part of the bid once agreed.

16 Background Papers

16.1 Consultation Draft - A Vision for Melton Mowbray Town Centre

17 Appendices

17.1 Appendix A - Southern Cattle Market – concept designs visual

Report Author:	Pranali Parikh , Director for Growth and Regeneration
Report Author Contact Details:	01664 504321 PParikh@melton.gov.uk
Chief Officer Responsible:	Pranali Parikh , Director for Growth and Regeneration
Chief Officer Contact Details:	01664 504321 PParikh@melton.gov.uk