

COUNCIL
22 APRIL 2021

Report of the Director of Regeneration and Policy

DERBYSHIRE DALES ECONOMIC RECOVERY PLAN – LEVELLING UP FUND, COMMUNITY RENEWAL FUND, WELCOME BACK FUND

PURPOSE OF REPORT

In the context of the approved Economic Recovery Plan for the Derbyshire Dales, to consider the timing and potential content of a bid to the Government's *Levelling Up Fund*. To consider the *UK Community Renewal Fund* and the *Welcome Back Fund*, also recently introduced by the Government. To update Members on key Economic Recovery Projects. To update Members on the ongoing mobilisation of Council staff in paying out COVID-19 business support and recovery grants.

RECOMMENDATION

1. The Government's *Levelling Up Fund*, *Community Renewal Fund*, and *Welcome Back Fund* are noted; including the Derbyshire Dales' "Priority 1" status for Levelling Up and Community Renewal
2. Approval is given to prepare a District Council bid to Round 2 of the *Levelling Up Fund* for a coherent, strategic package of capital schemes to regenerate Derbyshire Dales market towns
3. It be noted that to prepare Green Book compliant business cases for the *Levelling Up Fund*, work must be undertaken to develop bid-ready schemes with officer time, technical consultancy and other costs expended 'at risk'
4. If timely capacity funding is not provided by the Government, the Council shall meet the costs referred to in Recommendation 3 from the General Reserve
5. The District Council shall explore opportunities with partners to put forward rurally-distinctive measures to the *UK Community Renewal Fund 2021/22* including potentially:
 - A new 'LEADER' scheme (locally-determined small business grants, based on the existing Local Action Group)
 - Regenerating Matlock's former market hall / bus station site
 - DE-Carbonise grants for businesses in the Derbyshire Dales seeking to reduce their carbon emissions
 - Digital advice and grant support for smaller businesses
 - Town centre Retail Advisor specialist support
6. The District Council shall explore opportunities with partners to effectively and efficiently spend *Welcome Back* funding, including where practicable support for the visitor economy
7. The ongoing payment of COVID-19 business support grants and recovery grants is noted
8. Progress with Ashbourne Business Park, the Bakewell Road regeneration scheme (Matlock), and other elements of the Economic Recovery Plan is noted

UPDATING REPORT

To note, meetings with partner organisations are continuing after agenda publication. An updating report may therefore be published prior to the meeting.

WARDS AFFECTED

All

STRATEGIC LINK

'Prosperity' is highlighted in the Corporate Plan 2020-24 as a District Council priority due to low local wages and high local house prices. With regard to the recommendations in this report, the District Council specifically aims to: *Support businesses to encourage productivity, growth, and higher wage jobs in rural and urban locations*; and to *Promote investment to stimulate the economy of our market towns*.

1 APPROVED ECONOMIC RECOVERY PLAN

- 1.1 Council on 9 November 2020 approved an Economic Recovery Plan, updating the Economic Plan for post-lockdown revival. It notes that the Derbyshire Dales is better positioned to push for economic recovery than many other districts by building on our stronger sectors (higher-value manufacturing and engineering).
- 1.2 The Economic Recovery Plan aims to grow small manufacturing and green engineering firms to help lift employees into higher wage, higher skilled jobs. This requires the provision of suitable sites for businesses to expand, so site provision is the focus of the Recovery Plan. Town centre regeneration is also a focus, with the Bakewell Road site (Matlock) being this year's project. Other towns will follow in future years, as resources and capacity allow.
- 1.3 The priorities in the Economic Recovery Plan are:

PRIORITIES

- 1. Invest resources in regenerating housing and employment sites**
 - Ashbourne Business Park is the immediate priority
- 2. Re-invest in the Bakewell Road Matlock site**
- 3. Re-shape Regeneration Services to drive investment in brownfield and other key housing/employment sites**

Focus on three sectors:

- **Manufacturing (esp. advanced activities and Food & Drink)**
- **Knowledge based/Creative and Digital Industries (CDI)**
- **Green and environmental engineering**

1.4 Strategic growth sites and infrastructure are the top priority. The six sites for focus are:

- Ashbourne Airfield
- Middleton Road, Wirksworth
- Cawdor Quarry, Matlock
- Halldale Quarry, Matlock
- Riverside Business Park, Bakewell
- Bakewell Road, Matlock Town Centre

1.5 Other elements of the Economic Recovery Plan include 'place branding' and supporting local retailers in our market towns and villages. Members also approved a Rural Economy Position Statement, which sets out the Council's stance when engaging with other councils, the National Park Authority, Local Enterprise Partnership and Government.

2 COVID-19 LOCKDOWN

2.1 National lockdown was re-imposed on 5 November in response to rapidly increasing COVID-19 cases. Including a slightly-eased period of Tier 3 restrictions from 2-30 December, lockdown has still not fully ended. Lockdown required most businesses to close, as a result of which business support grant payments were mandated to keep businesses afloat during this extended period when trade has been drastically curtailed.

2.2 For six months since early November, the resources of the economic development team, along with many other colleagues across the Council, have again been almost entirely devoted to COVID-19 business support grant payments. This continues today with the payment of Restart Grants.

2.3 Business support grants have required some 25 employees to be involved in designing, building, administering and managing systems to pay more than 15 different mandatory and discretionary grant schemes. This has required substantial cross-council mobilisation, involving the Transformation team, Economic Development, Finance, Internal Audit, BSU, Revenues, Sports Development, Planning and Housing. Members have recognised the impact this *One Team* effort has had upon performance of other council services, but it is also understood to be necessary that the Council has diverted staff onto business grants as part of the pandemic response.

3 PROGRESS SINCE NOVEMBER 2020

- 3.1 It is obvious that with all available resources being put to paying business grants, the Economic Recovery Plan has not had the attention envisaged back in November. Nevertheless, significant progress has been achieved.

Business Grants

- 3.2 At the time of writing, the Council has paid out more than 8,400 business grants to a combined value of almost £24 million since November 2020. The cross-council team is paying grants quickly and efficiently. To encourage maximum take-up of grants, the team wrote to 1,000 businesses urging them to apply. In addition they telephoned 750 businesses. This has generated further applications and grant payments, which is a positive outcome. Most grant schemes closed for applications on 31 March.
- 3.3 Restart Grants, to assist business recovery, have been paid since 1 April. These are intended to be the final COVID-19 business grant payments for those approximately 1,700 businesses eligible. There are two types of Restart Grant for businesses on the rating list, with level of grant dependent on rateable value:
- Non-essential retail - £2,667; £4,000; or £6,000
 - Hospitality, accommodation, leisure, gyms, personal care - £8,000; £12,000; or £18,000.
- 3.4 Additional Restrictions Grant (ARG) is the discretionary business support fund. The majority has been spent on support grants for non-rated businesses, and the remainder is intended for Restart Grants for non-rated and other eligible businesses (the criteria are in development). Whilst the Government has announced provisional top-up allocations for ARG, it has not yet made clear on what basis these top-ups will be awarded to local authorities.

Ashbourne Business Park

- 3.5 Construction of the new A52 roundabout, which commenced on 26 October 2020, is progressing to schedule. The contractor to build the access road for the development site has now been appointed by Derbyshire County Council following conclusion of legal negotiations between the parties, and the contractor started on site on 12 April 2021. As part of the link road construction, the District Council will fund remedial works to its stretch of Blenheim Road (funded in the Capital Programme) to enable the remaining highway to be adopted. The link road works contract is for a period of 30 weeks.

Bakewell Road regeneration, Matlock Town Centre

- 3.6 An initial design has been prepared for the regeneration of the market hall and former bus station at Bakewell Road, Matlock. This has been shared with stakeholders including Ward Members and the Matlock Community Vision Steering Group (officers have kept both updated on the progress of the scheme) with useful feedback. Following feedback received, Lathams Architects have reviewed the current scheme design and, through a design review process, will prepare revised elevations and sketch designs for the building. A full planning

application is being prepared for submission, and will be supported by a Flood Risk Assessment prepared by external consultants.

- 3.7 With regard to the bus station area, Derbyshire County Council has confirmed that its Capital Programme does now include the proposed new bus stands and larger layby to the front of the building. Officers are currently working with County Council officers on finalising aspects of the design, and the programme for the scheme is currently being updated in consultation with the County Council and the cinema operator.
- 3.8 Following the decision of Governance and Resources Committee on 11 March, an agreement was signed by the sole market stallholder to vacate the premises on 4th May (the date was agreed in consultation with the stallholder). As part of the agreement the District Council will display a sign at the premises following vacation providing details of the stallholder's new trading address and contact details for deliveries.

Reopening High Streets Safely Fund

- 3.9 Members will recall that the District Council was allocated up to £63,808 for temporary measures associated with reopening town centres (Emergency Committee 11 June 2020). This was to be spent, in accordance with the Government's stringent rules, in Ashbourne, Bakewell, Hathersage, Matlock, Matlock Bath and Wirksworth. It was subject to consultation with Derbyshire County Council as local highway authority, and with those town and parish councils.
- 3.10 Spending to date is shown in the table below. The District Council is now reclaiming these sums from the Government from our Reopening High Streets Safely Fund (RHSSF) allocation. In summary, the County Council expenditure was on highways measures, and parish/town council expenditure was on social distancing signage.

LOCATION	County Council	Parish/Town Council
Ashbourne	£30,572	
Bakewell	£11,416	
Hathersage		£251
Matlock	£6,977	
Matlock Bath		£6,088
Wirksworth	£2,605	
TOTAL TO DATE	£51,570	£6,339

- 3.11 Further invoices from Matlock Bath Parish Council are awaited, and together with other potential invoices these take the projected total spend to between £60,000 and £62,000. Thanks go to both Matlock Bath and Hathersage Parish Councils for rising to the challenge of spending RHSSF funds, and in doing so achieving valuable interventions in their communities alongside the District Council and County Council. Their signs convey safety messages whilst being welcoming and meeting funding requirements:



Other Economic Recovery Plan projects

- 3.12 - *Place Branding*: a high quality 'Invest in the Derbyshire Dales' video has been produced. This project was commissioned and managed by members of the Economic Development Team alongside COVID work.
- *Business advice*: the Derbyshire Dales Business Advice Service continues to be an important source of support for Dales businesses.
- *Retail support for towns and villages*: the Shopappy scheme has been live in Dales / Derbyshire since before Christmas.

4 NEW POTENTIAL FUNDS ANNOUNCED

- 4.1 In the Budget on 3 March 2021, the Chancellor announced two new regeneration funds: the *Levelling Up Fund* (capital infrastructure) and the *UK Community Renewal Fund* (revenue funding). On 20 March, the Secretary of State announced a *Welcome Back Fund* (small revenue fund). Over the weeks following those announcements, Government guidance relating to these three funds was published. Key points and conclusions are summarised below.

Levelling Up Fund 2021-2025 (large capital infrastructure bids)

- 4.2 The Levelling Up Fund (LUF) is a capital fund for local infrastructure that has a visible impact. There are three infrastructure themes that will be considered:
- regeneration and town centres – including remediation/development of dilapidated sites; delivering quality commercial or residential space in key locations; delivering new public spaces
 - transport – including new/upgraded road, cycling, walking or bus infrastructure
 - culture – including new/upgraded cinemas, arts venues, sports facilities, prominent landmarks, historical buildings or parks; community hubs, spaces or assets, where this links to local inclusive growth.
- 4.3 Bids are typically up to £20 million, and the Derbyshire Dales gets one LUF bid only for the whole district. The lead authority for this area is Derbyshire Dales

District Council. The bid will need the support of the MP and County Council (especially with regard to highways elements) as well as other key stakeholders.

- 4.4 The Government has prioritised local areas for LUF. The Priority 1 areas within Derbyshire are the districts of Derbyshire Dales, High Peak, Chesterfield and Erewash. Priority 1 represents places with the highest levels of identified need. These bandings form one part of the Government's competitive criteria for assessing bids.
- 4.5 The deadline for Round 1 bid submission is Friday 18 June 2021. Round 1 bids should be 'shovel-ready', i.e. ready to start on site in 2021/22. In essence, only those bids that were already prepared prior to the announcement of LUF will have a chance of success in Round 1. To be 'shovel-ready', a bid will need 10% match funding secured, land available, contractors already procured, and all permissions in place (including planning and highways consents).
- 4.6 Bids must be based on full business cases that follow the HM Treasury 'Green Book' model. This requires technical support in formulating the five cases in the required format (strategic case, commercial case, economic case, financial case, management case). By way of example, the full business case for the £1m bid for Ashbourne Airfield was 70 pages supported by many hundreds of pages of appendices, and took officers and multiple consultants several years to prepare. It might be expected that the work required for a £50m LUF bid would be commensurably greater.
- 4.7 Whilst the District Council has no 'shovel ready' schemes fit for a meaningful Round 1 bid, the good news is that the Government has indicated that there will be future bidding rounds for the remaining years of the LUF programme: 2022/23, 2023/24, and 2024/25. The deadlines and priorities for future rounds are uncertain; however, the Government has stated it will publish FAQs in April, and further guidance later in the spring.
- 4.8 In order to help Priority 1 areas prepare bids for future LUF rounds, capacity funding of £125,000 will be provided to all Priority 1 local authorities. This revenue funding is expected to be used by bidders to assist them to build capacity. Further information on how and when this funding will be paid will be published in Government FAQs.
- 4.9 A final important consideration is that LUF bids can comprise either a single scheme or a package (which must fit together strategically, not a 'free for all'). Both individual and package bids can contain proposals within a single theme, or across multiple themes, as long as they form part of a coherent, consistent proposal. Package bids (those with two or three projects) must justify how the component elements are aligned with each other and represent a coherent set of interventions. If there are weaknesses in one of the projects, that will adversely impact on the bid overall.
- 4.10 Key learnings from the LUF criteria for Derbyshire Dales are:

- The Priority 1 status for the district – at long last the needs of a rural district with a low wage, low skill economy have been prioritised on a par with cities and larger towns. LUF is a bidding opportunity the District Council should respond to positively
- The Council gets one bid only. The three themes and range of issues and needs across the district direct us to consider a package bid, as opposed to a single project in one location – however the package must be coherent and strategic, not just a wish-list (weak elements that don't fit well will pull down the whole bid)
- The onerous requirements for bidding – the full business case necessitated will take time and money to prepare, and the district gets only one go – but capacity funding is to be provided by the Government to enable this for future bidding rounds
- A lack of large-scale shovel-ready schemes, together with the prospect of capacity funding to develop such schemes for future rounds, suggest that rather than rushing in a weak bid for Round 1, the District Council should take advantage of the promised capacity funding to develop a strong bid for Round 2

4.11 With these considerations in mind, it is proposed to develop a longlist of proposals to develop into deliverable schemes with a view to bidding in Round 2 of LUF for a coherent, strategic package of capital schemes to regenerate Derbyshire Dales market towns. Such a package might include (without prejudice) public realm improvements across our towns; later phases of Bakewell Road's regeneration in Matlock; land acquisition and remediation for commercial and residential development; and improvements that incorporate carbon reduction as part of a green recovery. Prioritisation and the overall bid approach will require further consideration by Members at a later date.

4.12 It must be noted that, in developing schemes to a Green Book compliant stage where they can form part of a meaningful coherent bid, considerable time and money will need to be spent. Officer time, technical consultancy and other costs will be expended 'at risk' – such costs may be abortive if schemes turn out not to be deliverable or if the LUF bid fails. Clearly the promised Government capacity fund is designed to support these costs, but Members should note that if capacity funding is not provided in a timely manner, the Council will need to meet some revenue costs from its own reserves. Limited existing internal capacity is also a key issue.

4.13 The need for 10% match funding must also be remembered. So, for instance, a £20m LUF bid would need to be matched with at least £2m local funding. Officers have asked the Government if this required local funding contribution could comprise the value of land and properties and in-kind contributions alongside capital funding; an answer is awaited.

4.14 Partner involvement in developing LUF bid will be crucial. As an example, Derbyshire County Council will be key to any scheme with highways or transport elements. Like the District Council, their resources are already stretched. The County Council are therefore seeking to understand LUF implications, and to contribute to the design and business case process. Any

implications for Highways and other infrastructure must be factored into the plans as they could have a significant impact on deliverability and the cost of the scheme, and the County Council will need to sign these off as part of the process. Finding resource to handle multiple bids, at the same time as support to all the other initiatives they are involved in, will not be straightforward.

4.15 Discussions with partners are ongoing, and will be updated for the meeting.

UK Community Renewal Fund 2021/22 (revenue bids)

4.16 The UK Community Renewal Fund (UKCRF) is for 2021/22 only. It is predominantly revenue funding (only up to 10% capital is permitted). UKCRF is as a pilot for a future UK Shared Prosperity Fund – the keenly-awaited replacement to EU regional development funding, from which the Derbyshire Dales previously benefited and which the Government hopes to launch in 2022.

4.17 UKCRF has the following funding themes:

- local business – including job creation; decarbonisation; and innovation
- community and place – including promoting rural connectivity; feasibility studies for net-zero and local energy projects; feasibility studies for culture-led regeneration; and improving green spaces
- employment – including multiagency teams; access to work; basic skills etc.
- skills – including work-based training, re-training, and digital skills

4.18 Bids will typically be up to £3 million per place (in this context 'place' is defined as a local authority district).

4.19 The Government has prioritised local places for UKCRF, and the Priority 1 places within Derbyshire are the districts of Derbyshire Dales and High Peak. Priority 1 represents places with the highest levels of identified need. Prioritisations form one part of the competitive criteria for assessing bids, and all places are eligible to bid.

4.20 Despite places being defined as districts, the Government has made County Councils the lead authority for UKCRF. Derbyshire County Council is therefore required to submit bids for all districts in Derbyshire by 18 June 2021. In order to give themselves time to appraise potential bids, Derbyshire County Council opened applications to itself for UKCRF on 1 April and will close applications on 10 May. The County Council has been awarded funding to help it invite and appraise bids.

4.21 Bids to the County Council are permitted from local authorities as well as other organisations including universities, the Chamber of Commerce, tourist board and voluntary sector. This means that there is a two stage bidding process – if the District Council wishes to bid into UKCRF, it has to first bid to the County Council by 10 May. Then, if the County Council chooses to put the District Council's bid(s) forward to the Government, this will then be scored before any funding decision is announced by the Government in summer 2021.

- 4.22 UKCRF awards will be announced in July 2021 at the earliest, and must be spent by March 2022. So whilst it is desirable to have a coherent package of initiatives for a place, the reality may be that UKCRF is dominated by existing projects that can be extended.
- 4.23 Key learnings for the Derbyshire Dales from the UKCRF criteria include:
- The Priority 1 status for the district – however it is vital the needs of this rural district are not lost within a process governed by a County Council with multiple priorities. Rural needs must drive Derbyshire Dales UKCRF bids; spin off benefits from urban-predicated schemes will not be acceptable.
 - The very short timescale for bids (10 May being the deadline set by the County Council) – together with the restrictive delivery period of August 2021 to March 2022 – suggests that existing projects rather than entirely new initiatives are most likely to be funded. For the District Council, the Economic Development team is already committed to COVID-19 grants, recovery and existing infrastructure projects (Ashbourne Airfield and Bakewell Road) in this period.
- 4.24 Members will recall on 9 November 2020 approving their Rural Economy Position Statement, which sets out the Council's five policy 'asks' for funding schemes, i.e.
1. Adjust funding criteria to focus on smaller-scale activity
 2. Set aside a fund for rural economic growth that is determined by, and managed in, rural areas (akin to LEADER)
 3. When assessing grant funding for rural land/property developments, give more account to local strategic importance and take less account of value-for-money
 4. Ultrafast broadband installation in the most isolated rural areas to be prioritised
 5. Any investment in rural tourism should seek to raise the quality of the offer (hence its value): the need is for better quality hotels and better quality visitor attractions.
- 4.25 In this regard, a LEADER-type locally-determined small business grant scheme, based on the existing Local Action Group, should be the top priority for the Derbyshire Dales. It would re-start a previous scheme, utilise existing local governance, and focus on growing small and micro enterprises in rural areas. It is a prime pilot for a future UK Shared Prosperity Fund, so fits the purpose of UKCRF. Initial discussions have begun with partners involved in the previous programme, including the accountable body Derbyshire County Council, and are continuing.
- 4.26 It is therefore proposed that The District Council explores opportunities with partners to put forward rurally-distinctive measures to the UK Community Renewal Fund 2021/22 including potentially:-
- A new 'LEADER' scheme (locally-determined small business grants, based on the existing Local Action Group)
 - Regenerating Matlock's former market hall / bus station site

- DE-Carbonise grants for businesses in the Derbyshire Dales seeking to reduce their carbon emissions (extending the existing scheme)
- Digital advice and if possible grant support for smaller businesses
- Town centre Retail Advisor specialist support

4.27 The aim would be to develop a package of support over the coming weeks which adds value to existing/recent schemes with a distinct focus on the Derbyshire Dales, i.e. rurally-based and smaller-scale. Discussions with partners are ongoing, and will be updated for the meeting. It should be noted that given timescales and internal resource limits, external partners will be crucial to delivering UKCRF.

Welcome Back Fund 2021/22 (small revenue allocation)

4.28 The Welcome Back Fund (WBF) is a small revenue allocation to Derbyshire Dales District Council. The fund is for 2021/22 only, and totals £63,808. It does not need to be bid for – just claimed after spending has been incurred – but the spending criteria are restrictive and the claims bureaucracy is burdensome in proportion to the scale of the fund (it follows former EU funding rules).

4.29 WBF is a repeat of the Reopening High Streets Safely Fund, so would typically be used to fund welcome/safety signage and publicity campaigns. However there are two new themes for WBF, which extend its utility somewhat:

- promote safe public environment for the visitor economy
- develop plans for COVID recovery, including trialling new ideas particularly where these relate to the High Street

4.30 The main constraint of WBF is that it can fund temporary measures only – no permanent structures are permitted under WBF rules. A further feature is that individual procurements below £2,500 can be directly awarded without seeking quotations or tenders. Any allocation left from the Reopening High Streets Safely Fund is automatically available for WBF, so for the Derbyshire Dales our usable WBF allocation might be in the region of £65,000.

4.31 As with RHSSF, consultation with partners – including town and parish councils in areas of high footfall – is necessary. Given the visitor economy theme, consultation with Marketing Peak District and Derbyshire is also required. Both these are underway. To date, one town council has indicated it would not have any local requests to the WBF.

4.32 Suggestions to date from partners include local events, perhaps with Town Councils (an outdoor cinema in a park might be one such example); temporary outdoor seating for ‘cluster eating’; and a marketing campaign to extend the tourist season into the Autumn/Winter to help post-COVID recovery in the visitor economy. Support from the Institute of Place Management might be proposed for one or more town centres.

4.33 The Council’s Community Development Team have made helpful initial suggestions themselves, including outdoor cinema events, outdoor seating with

planters, 'fun runs' to promote family health and wellbeing, and an explorer app to entertain visitors of all ages.

- 4.34 It is proposed that District Council continues to explore opportunities with partners to effectively and efficiently spend *Welcome Back* funding, including where practicable support for the visitor economy.

5 RISK ASSESSMENT

5.1 Legal.

This report does not specifically raise any legal issues, nevertheless compliance with the various deadlines noted within the report will need to be adhered to. Taking that into account however legal risk at this time is considered to be low

5.2 Financial.

Financial implications have been included in the report, with particular risks being identified in paragraphs 4.12 and 4.13. Should it be necessary for the Council to meet revenue costs from its own reserves, the forecast balances are currently £738,000 for the General Reserve and £192,000 for the Economic Development Reserve. The financial risk is assessed as medium.

6 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

CONTACT INFORMATION

Steve Capes, Director of Regeneration and Policy
01629 761371, email steve.capes@derbyshiredales.gov.uk

ATTACHMENTS

None