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COMMUNITY AND ENVIRONMENT COMMITTEE
29 JUNE 2022

Report of the Director of Regeneration and Policy

LEVELLING UP FUND ROUND 2 BID SUBMISSION

PURPOSE OF REPORT

In the context of the approved Economic Recovery Plan for the Derbyshire Dales, to approve for submission the District Council's bid to Round 2 of the Government's *Levelling Up Fund* by the closing date of 6 July.

RECOMMENDATION

1. The *Levelling Up Fund* Round 2 bid is approved for submission
2. Authority is delegated to the Director of Regeneration and Policy to make detailed changes prior to bid submission
3. Authority is delegated to the Director of Corporate and Customer Services to agree Heads of Terms or a Memorandum of Understanding with Ashbourne Methodist Church prior to bid submission
4. The project pipeline is noted.

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 BACKGROUND

- 1.1 At its meeting on 6 April 2022, the Community and Environment Committee resolved that the District Council should make a *Levelling Up Fund* bid based on projects in Ashbourne town centre: public realm and highway improvements, and a new community and cultural hub.
- 1.2 Members will recall that the *Levelling Up Fund* is for infrastructure (capital) projects that have a visible impact, and that the Derbyshire Dales has been designated a Tier 1 priority area for the Fund. Nevertheless, the Fund is competitive and grants are subject to a bidding process. Bids close on 6 July

and only those that score highest on the Government's criteria will have a chance of success. Successful bids are expected to be announced in the Autumn.

1.3 A chronology to date:

- April 2021 – Council approved preparation of a District Council bid to the *Levelling Up Fund* (LUF) round 2, for a “coherent, strategic package of capital schemes to regenerate Derbyshire Dales market towns”
- November 2021 – sought project proposals from all market towns across the district which met anticipated Fund criteria and might be ‘bid ready’ within anticipated timescales. Initial sift showed potential projects in Ashbourne and Matlock
- January/February 2022 – additional resources appointed to explore the potential of these projects. Site visits, workshop and analysis were undertaken
- February 2022 – Community and Environment Committee agreed a recommendation to undertake further work before making a decision on which projects to select
- March 2022 – Member Workshop held
- April 2022 – Community and Environment Committee selected Ashbourne town centre projects as the bid focus in order to create the strongest possible *Levelling Up Fund* bid from the District Council
- April/May 2022 – Ashbourne projects refined with the aim of strengthening the bid
- June 2022 – second Member Workshop held.

1.4 Good progress has been made in defining projects and finalising designs so that they can be costed for the bid. Continued positive stakeholder engagement has continued, including Ashbourne Town Team, AshCom and Ashbourne Town Council. Sarah Dines MP has also been regularly updated and remains supportive. Liaison with Derbyshire County Council is ongoing, with their Place department being part of the bid team. Additional letters of support are being sought, following helpful suggestions at the recent Members Workshop.

1.5 Technical aspects of bid preparation have taken place in the background, including a value for money framework, business case, and subsidy assessment.

1.6 As a result, a draft bid has been completed and is submitted to Members for approval. Whilst final details will need to be added before 6 July, the bid is largely as presented at the Member Workshop. Sections of the bid template yet to be completed are all in hand, and will continue to be refined as the projects themselves undergo continual refinement with partners, which has been an ongoing process.

1.7 The bid from Derbyshire Dales District Council for round two of the *Levelling Up Fund* is centred on a package of projects in Ashbourne town centre. Together they are aimed at reversing decline, creating vibrancy and reasons to visit within a safe and well-connected environment, and restoring pride in place. The projects are summarised in the following sections, with details in Appendix 1.

2 *LEVELLING UP FUND BID*

Public realm and highways transformation

- 2.1 This project will deliver a series of transformed public spaces including the Market Place, Victoria Square, Millennium Square and Shrovetide Walk. Connections between these spaces will also be improved. This project is led by Derbyshire Dales District Council. It has been costed at £5.04 million.
- 2.2 A comprehensive set of highways improvements along Compton, Dig Street and St John Street will create a far better pedestrian experience, reducing the impact of vehicles and improving safety. This project is led by Derbyshire County Council. It has been costed at £4.38 million.
- 2.3 Together, these changes will celebrate the town's heritage whilst enabling a wide variety of future events to bring vibrancy to the centre of the town. They will create an environment where businesses will want to locate and invest, and residents and visitors spend time, whilst supporting the local economy.

A new community hub

- 2.4 This project will transform the Methodist Church into a multi-purpose community space, providing a wide range of event and meeting spaces, a performance venue and flexible work areas with high quality digital provision. This project is led by Ashbourne Methodist Church. It has been costed at £6.00 million.
- 2.5 The hub will also link to a range of sustainable transport options to improve connectivity, including charging for e-bikes and scooters and connections to the Tissington Trail. The venue will offer a fresh, modern range of accommodation options for groups and families, and a new outdoor riverside garden event space.
- 2.6 The new community hub will greatly enhance the town centre offer, providing a venue that will drive greater footfall in the town whilst improving links to wider destinations.

Economic benefits

- 2.7 The Ashbourne LUF package will generate a range of outputs and outcomes, as shown in Table 1:

Table 1: Levelling Up Fund Outputs and Outcomes		
	Highways and Public Realm Improvements	Community Hub
Outputs	New / improved pedestrian paths Resurfaced / improved roads New / improved parking spaces Public realm created or improved New trees planted New public WiFi hotspots installed	Community centre space created or improved Office space created or improved Retail space created or improved Cultural space created or improved Heritage buildings renovated / restored Volunteering opportunities supported
Outcomes	Change in pedestrian flow Change in number of cyclists Mode shift	Change in number of cultural events Change in audience numbers for cultural events

Change in traveller experience Change in footfall Change in perceptions of place Change in consumer spending Change in business investment	Change in footfall Change in perceptions of place
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2.8 Some of these outputs and outcomes can be converted to ‘monetisable economic benefits’, which are used by the Government to assess the value for money of public sector investment. As the Ashbourne bid is a package bid, the bid as a whole and each individual project need to demonstrate Value for Money. The ‘monetisable economic benefits’ which apply to the Ashbourne projects are shown in Table 2:

Table 2: Monetisable economic benefit categories and application to Ashbourne projects			
Benefit	Description	Highways and Public Realm	Community Hub
Wider land value uplift	‘Place-making’ effects, where investment has an impact on property values in the surrounding area	✓	
Amenity benefits	Benefits experienced by residents as a result of provision of new / improved public space	✓	✓
Active mode benefits	Benefits arising from increased walking / cycling (health benefits, reduced congestion, improved journey environment etc.)	✓	✓
Wellbeing benefits from culture	Wellbeing experienced by those attending cultural events / participating in cultural activities	✓	✓
Entry to employment	Improvement in wellbeing experienced by those moving into employment		✓
Social value of heritage	Benefits generated through investment in heritage buildings / environments		✓
Health & community benefits	Wellbeing benefits experienced by people participating in a range of different activities related to health and wellbeing		✓
Volunteering	The benefits experienced by individuals who offer their time as volunteers		✓

3 IMPLICATIONS FOR THE DISTRICT COUNCIL

3.1 Should the *Levelling Up Fund* bid succeed, the District Council would be the accountable body for some £15.4 million public funding. More than £10m of this would be for projects delivered by a body other than the District Council (i.e. Derbyshire County Council and Ashbourne Methodist Church). The latter is not a public authority.

3.2 As a result, it is planned that the funding conditions that the Government imposes will be reflected in a back-to-back grant funding agreement with the Methodist Church. Heads of Terms including clawback and cost overrun provisions are being drafted, and it is recommended that officers are given delegated authority to agree these (or a simpler Memorandum of Understanding) prior to bid submission. A similar agreement will be required with the County Council for highways works. Based on LUF round one, the Government’s funding conditions

may be less onerous in terms of financial risk than other similar funding streams have been. Nevertheless the District Council should take seriously the undertakings made in submitting a bid.

- 3.3 Legal advice has been obtained on Subsidy Control matters (formerly State Aid), in particular in relation to the Methodist Church, which is to be incorporated in the above agreement.
- 3.4 With regard to public realm works on District Council land, officers are mindful of not creating unfunded costs for the District Council. Therefore project management costs for delivering the works are costed into the bid, as are an increase in ongoing repair and maintenance costs for improved assets. The bid also accounts for inflation, fees, project monitoring and includes a contingency. However reliance on internal teams (including Legal, Estates and Finance) will be key.
- 3.5 Improvements to the Market Place will necessitate loss of some parking spaces (although disabled parking spaces will be retained). It is considered that there is capacity to displace parking to Shawcroft and Auction Close, and that as a consequence impact on District Council parking income will be minimal.
- 3.6 Although the bid will be submitted on 6 July, it is important that work continues 'at risk' in the period from July to expected award announcement (October/November) in order to meet the project delivery milestones for LUF. This will require continued work by the interim bid director and consultants during this period, so that when LUF grant is awarded projects are in a position to start delivery as soon as possible. This work will include detailed site investigations, detailed design, consultation on proposals, any necessary consents (such as further/modified planning permissions and listed building consents) plus preparation of tender documentation, and will continue for this period under existing arrangements as set out in the report of 23 February 2022.

4 PROJECT RISK MANAGEMENT

- 4.1 It is a requirement of LUF that all project-related risks that may impact on the scheme costs should be identified and quantified. This has been undertaken for this scheme. The table in the appendix highlights the high and moderate risks on the project, most of which relate to the construction phase.
- 4.2 Risks have been assessed using a workshop attended by consultants, key project stakeholders (including Derbyshire County Council) and Derbyshire Dales District Council. This workshop was used to develop a Quantified Risk Assessment, ensuring that risks were not only identified and mitigated, but ownership was assured.
- 4.3 This process identified areas of more significant risk and their associated mitigation opportunities. Having identified scheme risks, responsibilities will be allocated to the most appropriate party and response plans developed. The risk register will undergo periodic review and will be continually updated as the scheme develops to incorporate any new, mitigated, or revised risks.

5 COMMUNICATIONS

- 5.1 A joint approach to communications and engagement is being developed to ensure effective coordination between partners and consistent messages. Involving the District Council, Ashbourne Town Team, Ashbourne Town Council, AshCom and Derbyshire County Council, this will build on the strong partnership working that has gone into the bid development process.
- 5.2 Coordinated communication prior to and during the construction phase will be essential to mitigate the impact of any disruption on the town centre.

6 DEVELOPING A PROJECT PIPELINE

- 6.1 As agreed at the April meeting of this Committee, work continues on a pipeline of capital projects which, whilst not able to be included in this LUF bid, are being progressed so that when future funding opportunities arise they are better placed to submit bids.
- 6.2 In Ashbourne, these initially comprise feasibility work to consider better connectivity between the town centre and Waterside retail park (along Henmore Brook) and between the town centre and the airfield. Both projects link well with the themes of the LUF bid.
- 6.3 In Matlock, initial pipeline projects relate to the Bakewell Road cinema scheme and comprise public realm enhancement on footways around the cinema and north side of Bakewell Road; and work with Matlock Community Vision to progress the community room to the detailed design stage and support MCV's business planning.

7 RISK ASSESSMENT

7.1 Legal.

This report set outs in section 3 the legal issues associated with delivering a successful *Levelling Up Fund* bid. External legal advice has been obtained to clarify and mitigate legal risks in relation to the District Council's possible accountable body status and subsidy control. Heads of Terms are being developed with Ashbourne Methodist Church and it is anticipated these will be signed before bid submission; a full Agreement is being drafted and would be signed prior to grant acceptance. A similar grant funding agreement will be required with Derbyshire County Council.

External solicitors have been instructed to:

- a) Commence preparation of the text to support the assessment of the Community Hub project against the Subsidy Control Principles
- b) Prepare Heads of Terms for the required Grant Funding Agreement with Ashbourne Methodist Church with regard to potential LUF funding to deliver the Community Hub element of the bid package

- c) Subject to agreement of Heads of Terms, prepare the Grant Funding Agreement for consideration by 1 August 2022.

At present, this has the status of a bid, not a contracted scheme. Future legal risks have already been identified and work is underway to mitigate them prior to contracting. Therefore the legal risk at this time is assessed as medium.

7.2 Financial.

The bid includes £40,000 for “match funding” from the District Council in respect of public realm improvements at Shrovetide Walk. This is already included in the approved capital programme.

Should the LUF2 bid be successful, it will be necessary to seek approval from full Council for the other projects to be included in the capital programme. Financial risks will be further assessed at that time.

Potential financial risks, including those associated with Accountable Body status as well as those associated with direct project delivery, are highlighted in section 3 of the report. Work is in progress to ensure those risks are properly assigned and mitigated. The financial risk of this report’ is assessed as medium.

7.3 Corporate.

Corporate Plan priority actions for 2022/23 include “Prepare a *Levelling Up Fund* bid for submission to Government”.

7.4 Climate Change.

Theme	Impacts
Energy	<p>Public realm works – the works include provision of new lighting as part of the improved street scene. The lighting used will replace some current energy inefficient lighting with low energy LEDs.</p> <p>Community Hub – the transformation of the Methodist Church into a multi-purpose community space will include works to improve the thermal fabric of the building, improving energy efficiency. The works have been subject to a planning application which will have considered in detail the energy use of the building in accordance with current Building Regulations.</p>
Influence - communication & engagement	<p>Whilst this project is primarily focussed on economic regeneration and the improvement of place, it does support a shift in the private car being ‘king’ in Ashbourne to a town centre that residents feel safe and comfortable to access on foot. The tree planting and planters will create a more ‘natural’ feel to the built environment encouraging residents and visitors to engage with nature. The new open/green space (part of the community hub) and planters could be developed to include ‘pollinator’ friendly species?</p> <p>The project is also seeking to make sure that people moving into the future new housing growth at the airfield site look to Ashbourne town</p>

	<p>centre as providing a strong offer rather than driving to other towns/cities which would be a far less sustainable outcome</p>
Resources	<p>This project has required a significant amount of internal resource to get to the stage of bid submission. If the bid is successful then significantly more will be required. Council emissions are directly influenced by the amount of time members of staff have to work on an activity and how they undertake this work. Whilst this project does have impacts in this respect these need to be balanced against the social, public health and economic impacts of successful delivery. The project may require staff to travel to Ashbourne (predominantly from Matlock) during delivery. These journeys will only be undertaken when necessary with virtual meetings being the default option.</p>
Land use	<p>Public realm – the impact here is minor as the land use will not change, however the project will result in a net increase of trees in the town centre.</p> <p>Whilst there are limited opportunities to improve habitat connectivity given the urban nature of the site the new low level planted beds will provide some benefits to wildlife and provide a means by which rain water can be absorbed.</p> <p>Community Hub – the development includes a new community garden space. There will be some clearance here, possible some trees – there is one protected tree but otherwise this area is scrub like in nature and we would seek to improve with more appropriate planting etc. Overall given much of the area is unused and hard standing, it will be a greener space and one that is open to the public unlike now</p>
Procurement	<p>Procurement will reflect current policies re social value and we can look to support climate change objectives through the procurement strategy. There is influence on partner procurement since the grant will only go to partners if they are able to comply with the bid procurement strategy</p>
Transport	<p>The original project proposal identified a number of key issues in Ashbourne relating to HGVs using the town centre as a through route and linked air quality concerns. It also identified the disconnect between the outer residential areas and the town centre, with many residents driving into the town rather than walking.</p> <p>The project proposal seeks to address some of these issues directly, through revitalisation of the town centre and retained footfall. The project should encourage residents to walk into and around the town rather than using vehicles to access retail/leisure offerings elsewhere. Though impossible to quantify these benefits in terms of emissions reductions it is clear that there could be considerable benefit. The changes will also improvement the environment for cyclists.</p> <p>Community Hub - the community hub is proposed to be part of a DCC mobility hub, with EV charging points for e-bikes and public transport information. Given its location (at the foot of the Tissington Trail) it is well placed to serve cycle users (signposting will direct people from the current nondescript terminus in the leisure centre car park).</p> <p>Again, while difficult to quantify in terms of emissions reductions it is clear that this could offer considerable benefits.</p>

Waste	<p>In the delivery phase the project will create waste. The amount of waste will be minimised where possible through reuse e.g. the existing paving and setts will be retained.</p> <p>The Hut will be removed from the Millennium Clock Area; this building has reached the end of its serviceable life and will need to be disposed of.</p> <p>The means by which waste will be reduced in the construction phase will be specified and managed through contracts.</p>
Adaptation	<p>By 2050 we expect drier warmer summers and more intense periods of rainfall. The project offers some support to our residents to adapt to a changing climate through the provision of new street trees providing shading to seating areas. The planters will seek to minimise the impact of increased rainfall by providing a natural means to absorb rainfall, reducing run off.</p>

7.5 Equalities.

An Equality Impact Assessment (EIA) has been undertaken and is at Appendix 2. Overall the impact of the LUF projects would be positive and would aim to help drive greater accessibility.

8 OTHER CONSIDERATIONS

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

CONTACT INFORMATION

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ATTACHMENTS

Appendix 1 Levelling Up Fund bid supplement
Appendix 2 Equality Impact Assessment