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| Cabinet Meeting | |
| Meeting Date | 16 th March 2022 |
| Report Title | Levelling-Up Fund Business Case Development |
| Cabinet Member | Cllr Roger Truelove, Leader and Cabinet Member for Finance |
| SMT Lead | Emma Wiggins, Director of Regeneration and Neighbourhoods |
| Head of Service | Joanne Johnson, Head of Regeneration and Economic Development |
| Lead Officer | Joanne Johnson, Head of Regeneration and Economic Development |
| Key Decision | No |
| Classification | Open |
| Recommendation | <p>Cabinet is asked to approve the Sheerness Revival Levelling-Up Fund project proposals, and delegate the submission of the final business case for round 2 of the government's Levelling-Up Fund to the Director of Regeneration and Neighbourhoods in consultation with the Leader.</p> <p>Cabinet is asked to approve the contribution of the Bridge Road car park and Old Library building in Sheerness as match funding within the business case.</p> |

1. Purpose of Report and Executive Summary

- 1.1. This report sets out the project proposals for the Levelling-Up Fund bid known as 'Sheerness Revival'.
- 1.2. It identifies potential sources of match funding and the overall bid value, and indicates the wide range of benefits targeted.
- 1.3. It asks Cabinet to approve the submission of the Sheerness Revival business case for round 2 of the government's Levelling-Up Fund, and to delegate authority to approve the final business case to the Director of Regeneration and Neighbourhoods in consultation with the Leader.
- 1.4. It also asks Cabinet to approve the contribution of Bridge Road car park and the Old Library as match funding within the business case.

2. Background

- 2.1. The Levelling-Up Fund is a UK-wide £4.8bn infrastructure fund, jointly managed by the Department for Levelling-Up, Housing and Communities (DLUHG), the Department of Transport and HM Treasury, delivered through

local authorities. It prioritises investment that brings economic benefit and binds communities.

- 2.2. Round 1 of the Levelling-Up Fund opened in March 2021, with funding decisions announced in October 2021.
- 2.3. Local Authorities are categorised into three priority bands according to a combination of metrics which demonstrate need for:
 - economic recovery and growth
 - improved transport connectivity
 - regeneration.
- 2.4. Swale has the highest priority status. Priority 1 areas were allocated £125,000 capacity funding to develop a bid. These funds were received in October 2021.
- 2.5. Bids can be for up to £20m LUF investment, and match funding of at least 10% of the project value is strongly encouraged. This must be cash match funding – i.e. cannot be in kind (such as staff time contributions).
- 2.6. Delivery of all Levelling-Up Fund projects must conclude by 31 March 2025.
- 2.7. Government has yet to confirm the submission and assessment deadlines for Levelling-Up Fund round 2 beyond announcing the funding call will open in the spring. For the purposes of project planning, officers have assumed the fund will be launched on 1 March 2022 with a six-week application window – i.e. officers intend to have the business case fully prepared by 15 April 2022.
- 2.8. This timeframe may be amended subject to government announcements.

3. Proposals

- 3.1. Sheerness Revival consists of four elements – three distinct projects and an over-arching theme of placemaking and connectivity. The projects are summarised as follows, and are intended to achieve a range of benefits across economic regeneration, education skills and employment, and health and wellbeing:
 - **Beachfields – leisure and health:** this project will site improved leisure and health facilities at Beachfields in a single set of premises, securing sustainability and environmental advantages. This paves the way for additional commercial and leisure facilities and attractions within the building and across the wider site, to boost the vibrancy and appeal of Beachfields for residents and visitors alike. Feasibility studies are ongoing to determine the optimum nature and mix of free and paid-for attractions. The opportunity to offer additional health-based facilities within the new footprint is being progressed with external partners and is seen as a key feature of the new building and its community offer.

- **Sheppey College expansion:** EKC Group are exploring the potential to extend technical and vocational provision at Sheppey College, aligned to local need and opportunity. This may include provision for 14 – 16 year olds, as well as further education for 16-18 year olds and adults. The Council-owned car park adjacent to the existing current site is under-utilised and presents an ideal opportunity for the College to expand. The currently vacant Old Library may also offer useful expansion space and studies are ongoing to review space requirements and potential configurations.
- **Master's House Studios:** Master's House is currently undergoing extensive refurbishment. The conversion of the workshop area to the rear could provide creative studio / workspace and widen the potential employment offer of Master's House at the heart of the town centre.
- **The wrap-around placemaking and connectivity** objective will bring to the fore the area's history, heritage and natural environment, securing wider benefits for Sheerness and beyond.

3.2. Work to refine and cost these proposals is ongoing, and Swale Borough Council is supported in this work by consortia of design architects and cost consultants. This includes leisure and education specialists.

3.3. It is expected that the bid value will reach the £20m ceiling.

3.4. In order to secure the recommended match funding, the following financial contributions to the bid are anticipated:

- Committed investment in Master's House (Swale Borough Council funding and external grant)
- The land value of the Bridge Road car park adjacent to Sheppey College
- Specialist equipment within the Sheppey College extension
- Swale Borough Council's committed investment in facilities at Beachfields, e.g. toilets and improved lighting.
- The market value of the Old Library.
- Linked investment by related partners, such as Sheerness Town Council, may also be accepted by government as match funding, and this is being explored.

3.5. Market valuations have been commissioned for the two Swale Borough Council assets considered for match funding (i.e. for disposal), and the related match funding contribution would equate to these sums.

3.6. As the intention is that the market valuation will be match funding, the disposals may be for less than the best consideration that could be obtained if they were to be sold on the open market.

3.7. Under Section 123 of the Local Government Act 1972 the Council can only dispose of land for less than the best consideration reasonably obtainable with the consent of the Secretary of State or where the disposal is covered by the General Disposal Consent 2003. The General Disposal Consent removes the requirement for a specific consent to be sought where the proposed transaction will help to secure the promotion or improvement of the economic, social or environmental wellbeing of its area and the undervalue does not exceed £2 million. The independent valuation advice obtained demonstrates that the likely level of undervalue would not exceed this limit.

3.8. Indicative values for these match funding components are shown in exempt appendix A.

4. Alternative Options

4.1. There are three principal alternative options:

- Do not submit a bid to the Levelling Up Fund. This option is not considered appropriate since Swale has received capacity funding from central government to prepare a bid, and is identified as a priority area for Levelling-Up investment – i.e. there are good prospects of Swale's bid being successful.
- Submit a bid with an alternative focus. Levelling-Up Fund priority status has been assigned on the basis of level of inequality. One of the principal reasons Swale has been designated a priority area is due to the deprivation indicators for the Isle of Sheppey. Swale's chances of bid success will therefore be increased if the bid focuses on this community. Of the potential projects on the Island, the Beachfields scheme is the most advanced, and considered the most transformational – both indicators that will stand the project in good stead when assessed for funding.
- Submit a bid with a reduced focus / of a lower value. This option has been rejected on the basis that the ambition, potential and match funding exist to deliver a transformational project with the maximum funds available.

5. Consultation Undertaken or Proposed

5.1. Options for Swale's Levelling-Up Fund bid were discussed at Community, Economic Growth and Property Cabinet Advisory Committee on 6 July 2021, with a number of ideas proposed for consideration from across the borough. A report taken to the same Committee on 11 January 2022 set out the process undertaken for reviewing this wide range of ideas, highlighting a focus on compatibility with the Levelling-Up Fund's priority themes, and delivery constraints (such as timeframe for delivery, and land-owning consents).

5.2. The report set out that a Sheerness-based regeneration scheme was deemed to represent the optimum combination of local benefit and fit with the Levelling-Up Fund's priorities, and had been identified for progression.

5.3. Resulting proposals, given the working title 'Sheerness Revival', have been the subject of a series of monthly member and officer scoping sessions (since October 2021) and were reviewed and approved by Informal Cabinet on 13 December 2021.

5.4. Public consultation on the framework for the bid was launched on 4 February 2022, and remained open until 25 February 2022.

5.5. Consultation was supported by the introduction of a bespoke page on the Council's website, two press releases, and a series of social media posts.

5.6. Bespoke briefing sessions were held with:

- Ward members on 13 January 2022.
- Leaseholders on 10 December 2021, 11 and 14 January 2022
- Gordon Henderson MP on 10 December 2021 and 27 January 2022.

5.7. A key feature of the consultation was an Extraordinary meeting of the Sheppey Area Committee on 8 February 2022, held both at Sheerness East Working Men's Club and online via MS Teams. Over 80 people attended the event and contributed a range of valuable ideas.

5.8. A total of 324 consultation surveys were completed online, and a summary of the principal findings is attached at Appendix B. At headline level:

- 76% of respondents supported the Beachfields proposals
- 78% of respondents supported the Sheppey College extension
- 74% of respondents supported the Master's House studios project
- 86% of respondents support the wider placemaking objective.

5.9. A total of eight written submission were received outside of the online survey, either via email or mail.

6. Implications

| Issue | Implications |
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| Corporate Plan | The objectives of the LUF bid support the aims of the Corporate Plan, most notably priority 2 (investing in our environment) and 3 (tackling deprivation and creating equal opportunities for everyone). |

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| Financial, Resource and Property | <p>The LUF business case has been developed within the £125k capacity funding allocated from central government, utilising in-house and external resource.</p> <p>The value of the proposed match funding for the bid is explained in section 3 above and detailed in exempt appendix A.</p> <p>If the business case is successful, this will positively impact on the finances and resources at the Council's disposal to improve Sheerness, including elements of its own estate. If the bid is successful, there will be periods of downtime during construction when the existing facilities are unable to operate and generate income. The programme architects have been instructed to minimise these as far as practicable.</p> |
| Legal and Statutory | <p>Regeneration and economic development are non-statutory services and therefore the decision to develop and submit a bid is a discretionary one. Should funding be awarded, legal implications will be set out in a Grant Determination Agreement between central government and Swale Borough Council.</p> <p>The legal implications of the disposal of land and assets as match funding for the bid are set out in section 3 above.</p> |
| Crime and Disorder | <p>There are no direct implications, although the placemaking potential of Sheerness Revival would have a positive impact on anti-social behaviour and related crime.</p> |
| Environment and Climate / Ecological Emergency | <p>A successful bid would support the sustainability of both the leisure complex and swimming pool, by investing in new and more energy efficient plant.</p> <p>Public realm improvements such as planting and landscaping will offer positive environmental benefits.</p> |
| Health and Wellbeing | <p>Funding would increase the range and attractiveness of leisure opportunities on the Isle of Sheppey, with positive impacts for physical and mental health and wellbeing. Additional and improved health facilities within the Sheppey Matters footprint would support the overall health agenda for the Isle of Sheppey.</p> |
| Safeguarding of Children, Young People and Vulnerable Adults | <p>There are no direct safeguarding implications.</p> |
| Risk Management and Health and Safety | <p>A risk assessment will be completed as part of the development of the business case to be submitted to government.</p> |
| Privacy and Data Protection | <p>There are no direct privacy and data protection implications.</p> |

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| Equality/Diversity | There are no direct equality / diversity implications. This question will be further addressed within the business case. |
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7. Appendices

7.1. Exempt Appendix A – Indicative Match Funding Values.

7.2. Appendix B – Summary of On-line Survey Findings and Other Contributions.

8. Background Documents

8.1. Minutes of the Community, Economic Growth and Property Cabinet Advisory Committee, 6 July 2021.

8.2. Minutes of the Community, Economic Growth and Property Cabinet Advisory Committee, 11 January 2022.

8.3. Minutes of the Extraordinary Sheppey Area Committee, 8 February 2021.

8.4. Levelling-Up Fund Round 1 Prospectus.

