



CABINET – 29TH JUNE 2022

SUBJECT: UK GOVERNMENT LEVELLING UP FUND UPDATE

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT

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1. PURPOSE OF REPORT

- 1.1 To update Cabinet on the UK Government's recent announcements of Round 2 of the UK Government's Levelling Up programme.
- 1.2 To outline the opportunities and constraints for the Council presented by this new round of funding.
- 1.3 To seek approval of the Cwmcarn Forest masterplan.
- 1.4 To seek endorsement for the submission of two constituency projects and one Transport project under this new funding programme by the deadline of the 6th July 2022.

2. SUMMARY

- 2.1 The UK Government has recently published details on Round 2 of their Levelling Up Fund, which forms one of the key programmes introduced to replace European funding programmes that are due to cease shortly. The suite of programmes for local and regional economics comprises of the Levelling Up Fund, The UK Community Renewal Fund and the UK Shared Prosperity Fund. A move towards this domestic funding arrangement will be instrumental to the future economic resilience and prosperity of Caerphilly County Borough and it is key that the Council maximises the potential.
- 2.2 The second round of the Levelling Up Fund will focus on the same three investment themes as the first round:
 - local transport projects that make a genuine difference to local areas;
 - town centre and high street regeneration;
 - support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets.
- 2.3 A report outlining the UK Government programmes was presented to Cabinet on the 19th May 2021. A list of CCBC projects which would potentially be eligible was outlined

in that report. The list has been distilled through a vetting process undertaken by senior officers from within the Regeneration and Infrastructure divisions with the Place shaping Framework in mind. A summary of those projects is outlined within section 5.11. There has been a need to revise this list to respond to the LUF Round 2 criteria and to better reflect which projects have developed to a stage where they will be robust and detailed enough for submission to UK Government.

2.4 This report requests endorsement of three submissions under the LUF Programme Round 2:

- A constituency submission for the Islwyn Parliamentary Constituency that concentrates on developing the visitor offer at Cwmcarn Forest based on the recent masterplan, plus enhancement works along the and Monmouth and Brecon canal.
- A constituency bid for the Caerphilly Parliamentary Constituency that focuses on the provision of a new Well-being centre on council owned land at Caerphilly Business Park.
- A transport bid that focuses on securing funding to develop a new transport interchange in Caerphilly Town Centre.

2.5 This report also seeks Cabinet approval / endorsement of the Cwmcarn Masterplan developed by Tomorrow's Tourism on behalf of the council, so it can act as the catalyst for investment at Cwmcarn Forest to fulfil the ambitions of establishing it as a regional visitor attraction.

3. RECOMMENDATIONS

3.1 That Cabinet:

- (i) Consider the detail of Round 2 of the UK Levelling Up programmes and the opportunities for the Funds to contribute significantly to the Council's own Place Shaping, Transformation and Regeneration agendas.
- (ii) Approve the projects set out in paragraph 5.13-5.30 and included in Table 3 (Financial Implications Section) in respect of the Levelling Up Fund that have been identified as those that will be advanced enough for submission.
- (iii) Endorse the Cwmcarn Forest Masterplan to enable it to drive future investment activity at the venue.
- (iv) Approves a proposal that the Caerphilly CBC match-funding requirement of up to £14.8m for the Levelling Up bids should be funded from the Council's Wellbeing and Place Shaping Framework Earmarked Reserve and the Council's Community Infrastructure Levy (CIL) Fund
- (v) Approves a further £0.2m to be allocated from the CIL fund to cover the cost of the bid preparations to enable submission to UK government by 6/7/2022.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the Council is fully prepared to maximise funding opportunities from the Round 2 of the UK Levelling Up Funding Programme for the benefits of its citizens and communities and to allow for robust engagement to take place.
- 4.2 To allow officers to progress project development to enable the requirements set out by UK Government are met by the submission date of the 6th July 2022.

5. THE REPORT

- 5.1 The UK Government has recently published details on Round 2 of their Levelling Funding (LUF) programme.
- 5.2 Wales is expected to receive 5% of the £4.8bn budget which equates to some £240m. To date £120m has already been allocated to Round 1 projects in Wales.
- 5.3 The Fund is managed by the UK Government via the Treasury, the Ministry of Housing, Communities and Local Government and the Department for Transport. The UK Government has opened applications for the LUF and published a Prospectus to provide guidance on how to submit bids. It is important to note that funding will be delivered through local authorities and that Welsh Government will no longer have a role in administering the funds.
- 5.4 The LUF is a competitive fund with a finite budget. For Wales this equates to circa £120m for Round 2 projects. To apply for funding, local authorities must submit their bids to the Ministry of Housing, Communities and Local Government by **noon on 6th July 2022**. Decisions on successful bids are expected to be made in the Autumn of 2022.
- 5.5 The second round of the LUF focuses on the same three themes as the first round, but with subtle differences relating to types of projects supported:

Table 1: Main Themes of Levelling Up Fund

THEME	TYPE OF PROJECT SUPPORTED UNDER ROUND 2
TRANSPORT INVESTMENTS	<p>Investments in new or existing cycling provision</p> <p>Improved priority for local bus services (e.g. bus priority lanes or signal priority at junctions).</p> <p>Enhanced public transport facilities, such as bus stops and stations.</p> <p>Accessibility improvements to local transport networks for disabled people.</p>

	<p>Enhancements and upgrades to local road networks (e.g. by passes and junction improvements)</p> <p>Structural maintenance works to local roads, including bridges.</p> <p>Multi-modal proposals which combine two or more interventions to enhance transport across modes.</p>
<p>REGENERATION AND TOWN CENTRES</p>	<p>Regenerating key leisure and retail sites and improving their security, in order to encourage new businesses and public services to locate there.</p> <p>Removing derelict buildings and other eyesores to make way for new developments.</p> <p>Site acquisition and remediation of abandoned or brownfield sites, for both commercial and new residential use.</p> <p>Improving the public realm including high streets, parks and green spaces, designing out opportunities for crime and anti-social behaviour.</p> <p>Creating better connectivity between and within key retail and leisure sites.</p> <p>Putting forward 'Town Deals' for individual or groups of smaller towns.</p>
<p>CULTURAL INVESTMENT</p>	<p>Upgrading and creating new cultural and creative spaces including sports or athletics facilities, museums, arts venues, theatres, galleries, libraries, production facilities, film/TV facilities, visitor attractions, prominent landmarks, historical buildings, sites, parks, or gardens.</p> <p>Protecting cultural sites from crime and anti-social behaviour.</p> <p>New, upgraded, or protected community hubs, spaces or assets (and associated green spaces) e.g., village halls, community centres.</p> <p>Acquiring, renovating, and refurbishing key cultural and heritage sites including hostels and historic buildings and sites,</p>

	<p>including accessibility improvements where needed.</p> <p>Developing local assets that support the visitor economy.</p>
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- 5.6 The second round of funding will prioritise projects which are able to demonstrate spend from the Fund in the 2022-23 financial year. UK Government would expect all funding provided from the Fund to be spent by 31 March 2025. The UK Government has advised there may be a further round of bids but this has not been confirmed.
- 5.7 The number of successful bids that a local authority can make will relate to the number of constituencies/MPs in their area. In this context, Caerphilly CBC is eligible to submit three applications. Notably the MP for the area should endorse the projects to be submitted for their constituency. In addition, the authority is permitted to submit **one additional** large transport related project.
- 5.8 The LUF Round 2 still focuses investment on projects that require up to £20 million of funding. As outlined above, there is also the opportunity to submit one larger high value transport project to a value of between £20 million and below £50 million.
- 5.9 Local authorities will be expected to provide match funding at an intervention rate of at least 10% for all projects submitted.
- 5.10 The LUF Round 2 assessment process will be based on four key criteria:
- **Characteristics of the place** – each local authority has been sorted into category 1, 2 or 3 based on UK Government assessment metrics, with category 1 representing the highest level of identified need. CCBC sits within Category 1.
 - **Deliverability** - All bids will be assessed for evidence of robust management and delivery plans, including a procurement strategy, project management (including skills and experience) governance structures, risk management, project costings, and monitoring and evaluation. Bids must also demonstrate spend from the Fund in the 2022-23 financial year.
 - **Strategic fit** – Applications should set out how the bid supports the economic, community and cultural priorities of their local area and will further the area’s long-term levelling up plans, complementing national (including delivering net zero carbon emissions and improving air quality), regional and local strategies and investments. Proposed bids and constituent projects should secure the support of, and be developed following consultation with, relevant local stakeholders and partners.
 - **Economic Case** - Bids should demonstrate how they represent public value to society. A range of benefits will be considered in our value for money appraisal of projects, including both quantitative and qualitative benefits. This includes potential to boost local economic growth, environmental benefits (including contribution to achieving the UK government’s net zero carbon commitments and improving local air quality), greater employment opportunities, reduced

travel times to key services, increased footfall in town and city centres, crime reduction, improved health and wellbeing, and social value to local communities.

- 5.11 The 19th May 2021 Cabinet Report identified a long list of potential projects for submission under very similar criteria for Round 1. Since this time, officers have been working diligently on each of these projects with some projects experiencing more traction than others due to a range of factors. The table below sets out a brief update on each project's potential to be submitted under this programme:

Table 2: Projects presented to Cabinet May 2021

Caerphilly Constituency (upto £20m)

Project	Latest Position
Provision of infrastructure at Caerphilly Business Park for new industrial/employment units aimed at SME's.	Superseded by a proposal to develop a new Well Being centre on this site.
Bedwas Bridge roundabout –road and bridge enhancements to mitigate against traffic congestion along with complementary active travel schemes.	Currently at WelTAG Stage 1 – not sufficiently developed to be submitted.
Ness Tar brownfield site – Provision of an access road to traverse the rail line to unlock this large site for development (subject to due diligence).	Due diligence work currently being undertaken on access options. Not sufficiently developed to be submitted. Loan agreement with WG provides funding to advance this project.

Islwyn Constituency (upto £20m)

Project	Placeshaping Framework
Cwmcarn Visitor attraction – a commercial opportunities masterplan has been prepared. Phase 1 projects from this masterplan will be implemented including the possible development of accommodation plus a number of attractive new visitor attractions.	Masterplan developed by Tomorrow's Tourism. Mace consultants working on elements of plan suitable for submission
Mon Brecon Cwmcarn spur Canal enhancements – providing longer navigable stretches along the canal and improving the connectivity to Risca from the Cwmcarn Forest site.	Sufficiently detailed to combine some enhancement elements as part of a wider Cwmcarn submission.

Redevelopment of a Strategic Town Centre Site, Risca – Pursue options to purchase and develop this important brownfield site. Options to explore include a new waterside park that will act as a visitor attraction, hotel accommodation and other complementary uses.	Delays with NRW flood risk mapping has delayed the progress of this project. Not sufficiently developed to be submitted.
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Merthyr/Rhymney Constituency (Upto £20m)

Project	Latest Position
The A469 relief road – improvements to stabilise the arterial road route to Upper Rhymney Valley and the Heads of the Valleys.	Funding proposal is targeted towards the WG Resilient Roads programme.

Separate Transport Bid (upto £50m)

Project	Latest Position
Caerphilly Transport Interchange – take project on from feasibility and design stage (WelTAG and RIBA Stage 2) to practical completion.	External consultants appointed to progress RIBA Stage 2 and complete WelTAG Stage 2 by LUF submission date.

- 5.12 The next section of this report concentrates on the projects that are considered sufficiently developed to be identified for submission by the deadline. It is worth noting that the projects outlined for submission all sit within the Council’s ambitious Placemaking Framework and complement the proposals being developed for consideration under the Shared Prosperity Fund (SPF) (which will be considered under a separate Cabinet report).

Islwyn Constituency - Cwmcarn Forest/Canal Project

- 5.13 Visitor attractions need to continually invest in new products and facilities to compete with the demands on visitors’ leisure time. The development of new attractions such as Zip World, Hirwaun and the role of the International Conference Centre Wales (ICC) in Newport will serve to push and pull visitors to the region. A regional tourism destination strategic plan is being considered as part of the Cardiff Capital Region (CCR) and this proposal seeks to align with the overarching regional tourism destination plan. This therefore presents an exciting opportunity for the Council and Natural Resources Wales (NRW) to work towards establishing a complementary offer at Cwmcarn Forest, recognising it is a Valleys Regional Park Discovery Gateway, which seeks to drive new visitors to Wales and the region and contribute to the growing appeal of South-East Wales as an adventure hub location.
- 5.14 Tomorrow’s Tourism were engaged in the early part of 2021 to develop a Masterplan to deliver the Council’s aspiration for the Cwmcarn Forest visitor attraction, to take on board the views of our partners, NRW and to reflect the wishes of the community and

other stakeholders to develop the vision for the site with the following key elements underpinning the Masterplan:

- Growing the visitor economy to Caerphilly County Borough (CCB) for the broader benefit of the community;
- Raising the profile of CCB as a place to live, work and visit;
- Jobs and income for local people;
- Environmental enhancement and protection of core resources.

5.15 Cwmcarn Forest is an important local leisure amenity run in collaboration by CCBC and NRW. It generates high repeat visits from the local community who value the site for a variety of reasons. There is now a need to improve the visitor offer to cement its position as a regional tourist attraction. The aim is to maximise the potential of the site whilst there is a growing trend towards an increased demand for outdoor experiential provision and in recognition of the fact that Outdoor Activity Tourism (excluding walking and road cycling) is a significant driver of visits, estimated to be worth over £500m to the Welsh economy; accounting for 10% of expenditure in the tourist economy of Wales as a whole and supporting 8,000+ FTE jobs.

5.16 This report firstly seeks Cabinet approval of the Cwmcarn Forest Masterplan. It then advocates that elements of the Masterplan as outlined below should be submitted as the main focus of a tourist/leisure themed bid for the Islwyn Constituency. In May 2021 Cabinet approved, in principle, phase 1 projects from the Masterplan to form the basis of the Islwyn Constituency bid for the Levelling Up Fund under the Cultural Investment theme. It is considered that this would serve to foster collaborative working across Service Areas and ensure the viability and realisation of the Council's long-term PlaceShaping, Transformation and Regeneration strategies. Officers believe the project is sufficiently progressed to form the basis of the bid to UK Government.

5.17 Following substantial investment into the facilities in recent years, the Council's Regeneration Project Board agreed to fund the development of a Masterplan to direct investment objectives for the short to medium term, and specialist consultants 'Tomorrow's Tourism' were engaged to undertake this work. The Masterplan is presented as Appendix 1.

5.18 Mace Consultancy have been commissioned (utilising the LUF upfront capacity funding of £125k) to work with Tomorrow's Tourism to advance some key projects within the Masterplan that would fit with the criteria set out by the LUF programme and would be deliverable by the programme deadlines. These include:

- **New accommodation within the heart of the site.** Prefabricated offsite with high quality design a mixture of two, three and four room units can be sited sympathetically in glades with tree planting to reduce any visual crowding. The LUF bid will concentrate on introducing the infrastructure to attract private operators.
- **A Forest 'Coaster'.** The concept sees the longest Alpine Coaster (1.1km in total length (including both the lift and the run)) in the UK being developed.
- **A broader range of activities in the form of a 'string of pearls'.** The concept sees 3 or 4 activity points joined together by an elevated treetop pathway loop of some 1km in length that traverses the Forest contours.
- **Upgrade to existing Visitor Centre.** The additional visitors will require an upgraded centre and catering offer to maximize its commercial potential.

- **Activities and initiatives that extend to the wider area of the NRW ownership and beyond.** The legibility around the site will improve with the treetop walkway and activities being brought outside the current boundaries. This will include some activities and improvement to the Monmouthshire and Brecon Canal that runs between the site and Risca Town.
- 5.19 The package of interventions outlined above make up the LUF constituency bid of up to £12 million. The 10% match funding contribution by the Council necessary to submit a LUF bid will be circa £1.2m. Cabinet is asked to approve a proposal that this is funded from the Council's Wellbeing and Place Shaping Framework Earmarked Reserve.

Caerphilly Constituency– New Well Being Centre

- 5.20 Caerphilly Town 2035 proposes a range of projects and opportunities for driving the prosperity of Caerphilly Town forward. The plan identifies the undeveloped land at Caerphilly Business Park as being suitable for redevelopment. Originally this land was being considered for a further phase of employment development. However due diligence work on the adjacent Ness Tar site has led the Caerphilly Town 2035 Executive Group/Programme Board to determine that a proposed Wellbeing Centre on Ness Tar is no longer a viable option. Stride Treglown (the multi-disciplinary consultants appointed to develop the projects within the 2035 Plan) have investigated alternative locations and have concluded that Caerphilly Business Park's residual land is the best option for this development.
- 5.21 The need for a new contemporary Wellbeing Centre that encompasses some of the traditional facilities offered by a leisure centre along with wider facilities to offer a broader public service and community offer are well documented and remain a priority for the Council under its Placeshaping agenda and are acknowledged and recognised within the Sports and Active Recreation Strategy 2019-2029 (SARS) adopted by Cabinet in November 2018. The existing Caerphilly Leisure Centre opened in the early 70's and is no longer fit for purpose. It is in need of major investment and is difficult to access by much of the community. A new contemporary facility at a location at the heart of the town centre in line with Welsh Government's Town Centre First Principle will drive footfall in Caerphilly Town. Located within easy walking and cycling distance of both rail and train services the siting of the Centre will improve the accessibility of such a facility and also extend its reach to a much wider county borough wider and beyond catchment. The site is also ideally located to benefit from excellent road access arrangements that will keep user traffic away from the town centre itself. Active Travel permeability to the former Ness Tar site is also key as the redevelopment of this brownfield site forms an integral part of the regeneration proposals within Caerphilly Town 2035.
- 5.22 The development will also add value to the visitor economy following principles set out in the Welsh Government's "Facilities for Future Generations" framework. It will have facilities that will be attractive to visitors to the area (innovative splash swimming and activity pool) supported by a high-end state of the art Fitness Suite provision and will be designed in a manner that allows it to accommodate alternative and broader uses.
- 5.23 Stride Treglown are working with the Council's Leisure consultants Alliance Leisure to undertake design work to RIBA Stage 2 and due diligence on the site to determine what works are required to facilitate development of the new well-being facility. This initial task load has led to a LUF bid that will encompass:

Site

- Dealing with site conditions and implementing a remediation strategy, if required
- Ensuring all utility works are completed to accommodate new development, including drainage.
- Providing the necessary access arrangements.
- Incorporating Active Travel principles, particularly better pedestrian/cycling links with the town centre and Public Transport Interchange.

Building

- New build Wellbeing centre with associated parking that offers cutting edge leisure facilities, activity pool with an educational element and also accommodates holistic public service, wellbeing and community focused activities through the introduction of facilities such as a café, community space, children's play zone, outdoor fitness trail etc.
- Focused on sustainable carbon neutral principles.
- Accessible to all.
- Flexible space to accommodate alternative and broader uses.

- 5.24 It has been estimated that the scheme will cost up to £33.6m. As only £20m is available per constituency submission, the Caerphilly Constituency submission to the LUF programme will need to include at least £13.6m funding as match. Cabinet is asked to approve a proposal that will see this match-funding met from the following:

£10.6m from the Council's Wellbeing and Place Shaping Framework Earmarked Reserve £3m from CiL fund.

Transport Focused Submission – Caerphilly Town Public Transport Interchange

- 5.25 A fundamental component of Caerphilly Town 2035 and a key Council Placeshaping priority is the development of a new public transport interchange at the site of the existing train station and bus station in Caerphilly Town Centre.
- 5.26 Caerphilly Interchange is one of the Cardiff Capital Region's Metro Plus Phase 1 projects. Caerphilly is a popular residential town and major tourism destination, being home to the UK's second largest medieval castle. It is served by an existing rail and bus station which is the only current example of an integrated multi-modal station in South-East Wales. The station layout, appearance and public realm are however poor, which creates an uninviting impression when arriving at the town.
- 5.27 The Caerphilly Interchange project will redevelop the existing station into an exemplar mixed-use transport hub. Our ambition is for the new interchange to become a best practise 'demonstrator' for future transport interchanges in Wales / UK. The project is an integral part of the wider regeneration programme of Caerphilly Town 2035, that will create an environment that can meet the aspirations of the people of Caerphilly.
- 5.28 WG Metro Plus monies have been utilised to take this project through RIBA Stage 1 and WelTAG Stage 1. Using the same WG resource, consultants have been appointed to deliver WelTAG Stage 2 and RIBA Stage 2 design in readiness for the LUF submission date of the 6th July 2022. The project is being progressed in partnership

with Transport for Wales (TfW) who own and operate the rail assets. They have committed £2.41m Access for All grant secured towards this project. These funds will act as match for the LUF bid.

5.29 This is a transformational project at the heart of Caerphilly Town centre (a key regional destination) and provides one of the main building blocks of the Caerphilly Town 2035. The project will provide a new net zero carbon landmark interchange that will:

- Provide the catalyst for further economic regeneration activity in Caerphilly town centre, the county borough and the region.
- Accommodate increased passenger numbers using the South Wales Metro network.
- Help towards the modal shift in commuting towards public transport
- Provide a landmark gateway building to welcome visitors to the town centre and that will enhance the sense of prosperity.
- Provide cutting edge service provision to rail and bus users.
- Provide additional space for complementary activities within the building's footprint.
- Create better synergy between rail and bus service provision and the Town Centre and the wider environs.
- Provide electric charging facilities that will contribute to the broader aspirations of the sustainable Active Travel Plan for the town.

5.30 The cost of developing a new landmark transport interchange will be circa £35m. Transport focused schemes also need to identify 10% match funding and it is expected that this contribution will be found from WG/CCR/TfW funding sources. A positive dialogue is currently open with these potential funding sources around this funding requirement.

Merthyr/Rhymney Constituency - No project proposals for Round 2

5.31 The Cabinet report in May 2021 outlined the opportunity to use the LUF as a basis for funding the improvement works to stabilise the arterial A469 relief road to Upper Rhymney Valley and the Heads of the Valleys. Work on design resolutions continue but it has been determined that this project can/should be submitted under the WG's Resilient Roads programme.

5.32 The constituency straddles two local authority areas and under round One a collaborative approach between Merthyr Tydfil County Borough Council and CCBC was required. However, under Round 2 the rules have changed to allow individual bids to be submitted for the geographical area that is covered by each respective LA. Merthyr have indicated that they are focusing their LUF activity on one major transport project and may be able to submit a constituency bid for a large employment land purchase.

5.33 Our initial focus for this part of the county borough is to utilise the funding opportunities offered through the SPF to target social regeneration programmes and some focussed place based regeneration projects focussed around the central core of Rhymney. With regard to the LUF offer, officers are developing an employment growth themed submission for subsequent rounds which could include:

- Northern Bargoed site clearance Bargoed Plateau Development

- Purchase & development of Heads of the Valleys estate land
 - Developing land clustered around Rhymney train station
 - Purchase of the former Skinners site
 - Develop out the council owned Aldi site
 - Potential Phase II development at the Lawns Employment site
- 5.34 However these projects are embryonic in their formation and are therefore not at a stage for funding consideration at this time.
- 5.35 Cabinet are therefore requested to endorse the suite of three projects outlined above and to accept the overarching regeneration funding proposal as detailed above.
- 5.36 Cabinet are asked to recognise that engagement with the three constituency MPs is essential to ensure that they are comfortable endorsing the projects to be submitted under the LUF. It is also recommended that Members of the Senedd be part of the process. Officers are aware that these discussions and engagement have taken place between the Leader and Deputy Leader in this regard.
- 5.37 £125,000 of capacity funding has been allocated to Caerphilly County Borough Council with the primary intention of supporting the local authority to develop bids. CCBC have used this allocation to appoint consultants to develop project submissions for Cwmcarn Forest and to undertake the necessary due diligence work required to determine the costs of providing a clean site with the necessary infrastructure to accommodate a new Wellbeing centre in Caerphilly Town.
- 5.38 However, this funding alone will not cover the work required to develop the suite of projects identified above to submission stage. A further sum of up to £200k has been committed to develop the projects to submission stage and the Corporate Director for Economy & Environment has posted a delegated decision in this regard given the urgency of the situation and disruption to political decision making resulting from the election in May 2022.

Conclusion

- 5.39 The LUF provides an exciting but challenging opportunity to offer funding that supports our regeneration strategy and key projects detailed within it. Council is eligible to submit four applications to the LUF, one of which could be a joint proposal with Merthyr CBC. The projects in this second round need to be delivered by March 2025 with a potential extension into 2025/26 for larger transport schemes. Ensuring each MP is supportive with the Council's submissions is key to delivery, as is the development of projects to a stage where they can be successfully submitted and delivered. When one considers there is likely to be only circa £120m allocated within Wales, competition towards this fund will be intense, and consideration needs to be given to alternative funding mechanisms to deliver these schemes should the LUF bids prove unsuccessful.

6. ASSUMPTIONS

- 6.1 This report assumes that some £240million (5% of the total £4.8billion) is earmarked to Wales and that £120m of this has already been allocated. This means that Round 2 will be intensely competitive, and any bids submitted by the authority need to be well developed and robust.

6.2 UK Government will only entertain robust submissions that can evidence spend in 22/23 and guarantee delivery by 31st March 2025. Therefore, delivery of these projects will be essential and sufficient resources across the Council will be required in order to ensure this is achieved. This requirement has been considered as part of the bid formation.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 The UK Levelling Up projects outlined in this report will have a positive impact on equalities, Welsh language and the Socio-economic Duty. An IIA has been completed with the information that is available for the project proposals to be submitted in July 2022. However, as each proposal is taken forward, a detailed IIA will be undertaken. The IIA is attached at Appendix 2

8. FINANCIAL IMPLICATIONS

8.1 The LUF Prospectus encourages bids to include “a local financial contribution representing at least 10% of total costs”. A contribution would be expected from private sector stakeholders, such as developers, if they stand to benefit from a specific project. In the same manner local authorities will need to find suitable match should they submit projects.

8.2 The projects being presented to Cabinet for consideration and approval will therefore all require a minimum of 10% match to be established in order for them to progress past the initial sift by UK Government. Table 3 sets out the project costs for each project. Please note that a higher match contribution increases the chances of the bids being successful.

Table 3 : Project Costs and Match Funding Requirement

Project	Total Project Costs (estimated)	Minimum match requirement (At 10%) where applicable)	Proposed Source of Match
Cwmcarn Forest/canal	£12m	£1.2m	CCBC Place Shaping Reserve
Caerphilly Well-being Centre	£33.6m	£13.6m	CCBC Place Shaping Reserve (£10.6m) and CiL (£3.0m)
Caerphilly Transport Interchange	£35m	£3.5m	WG Metro Plus, CCR and TfW (all external sources)
TOTAL	£80.6m	£18.3m	
Total CCBC match requirement		£14.8m	

- 8.3 Table 3 identifies that a total of up to £14.8m is required from the Council as match to allow all three bids to be submitted to UK Government. This requirement is proposed to be met from a number of sources as outlined in the report. Cabinet is asked to approve a proposal that up to **£11.8m** is set aside from the Wellbeing and Place Shaping Framework Earmarked Reserve along with **£3m** from the CIL fund to meet the Council's match funding contribution. As outlined above, it is also proposed that a further **£0.2m** is funded from the CIL to meet the cost of preparation of the bids as set out in paragraph 5.38 above.
- 8.4 Each of these projects has a large initial capital outlay, and it is worth noting that the Wellbeing Centre and the Cwmcarn Forest/canal projects will all seek to generate income to the Council over the course of their lifespan. This will be subject to separate detailed business plans for Cabinet consideration at a later date. Leisure Services have indicated that the relocated Wellbeing Centre will look to generate circa £1.5m gross income per annum. In addition, the accommodation offer at Cwmcarn along with some of the activities along the "string of pearls" are intended to be offered to private sector operators to recoup some of the original investment.
- 8.5 To accelerate the development of the projects to a point of submission by the deadline of 6th July 2022 will require concentrated, intense work from the respective consultants appointed and Council staff to deliver them. A budget is in place to accommodate this work for the Transport Interchange and Cwmcarn Forest but consultants working on the Wellbeing Centre proposal had indicated a requirement for a further £200k to prepare the project and produce the LUF bid. As outlined in paragraph 5.38 above, these costs are already being/have been incurred in order to get a robust project ready for submission by the impending deadline.
- 8.6 As with all externally funded programmes there will be pressure on staff to manage the LUF programme, both in terms of developing bids but also in delivering and monitoring them. Bids are currently being developed using a combination of in-house staff and external consultants. The workloads associated with the development of the bids is large but is being managed.
- 8.7 However, in the event of bids being successful, the Council will need to consider staffing implications associated with the implementation and management phases. This will form the basis of a further report, should we receive funding

9. PERSONNEL IMPLICATIONS

- 9.1 In England, Scotland and Wales, the overall programme will be delivered by local authorities. This is a significant change from previous EU funding programmes, which were managed and administered by the Welsh European Funding Office.
- 9.2 The impact to the Council is that there is will not only be immediate pressure on staff to develop and submit coherent and robust project submissions, but there will be an ongoing requirement for the local authority to manage and administer the overall programme, in addition to managing the implementation of projects. This will put pressure on a number of service areas to provide the necessary staff support for this programme. This matter is being considered separately by CMT and the Cabinet and will feature in separate but related reports.
- 9.3 Each project being submitted will cover the costs associated with the necessary project management and monitoring requirements as set out by UK Government. However,

due to the complex nature of the bids, input has been required from a number of service areas to submit the projects. As CCBC will be tasked with the overall management and reporting of these projects to UK Gov then staff from Regeneration, Leisure, Transport, Planning, Finance, Procurement and Legal will continue to be involved in their implementation should the bids be successful.

10. CONSULTATIONS

10.1 All consultation responses are reflected in the report.

11. STATUTORY POWER

11.2 Local Government Acts 1972 and 2000, Local Government (Wales) Measure 2011 and the Local Government and Elections Act 2021.

Author: Allan Dallimore, Regeneration Services Manager

Consultees: Cllr James Pritchard, Cabinet Member for Prosperity, Regeneration & Climate Change
Cllr Julian Simmonds, Cabinet Member for Highways and Transportation.
Cllr Sean Morgan, Leader of Council
Christina Harrhy, Chief Executive
Mark S. Williams, Corporate Director for Economy & Environment
Stephen Harris, Head of Financial Services & Section 151 Officer
Rhian Kyte, Head of Regeneration and Planning
Marcus Lloyd, Head of Infrastructure
Nick Taylor Williams, Head of Housing
Clive Campbell, Transportation Engineering manager
Antony Bolter, Visitor Economy and Destinations Manager
Paul Hudson, Business Enterprise Renewal Team Manager
Jeff Reynolds, Sport and Leisure Facilities Manager
Hamish Munro, Caerphilly Placemaking Programme Manager
Robert Tranter, Head of Legal Services/Monitoring Officer
Anwen Cullinane, Senior Policy Officer, Equalities and Welsh Language
Lynne Donovan, Head of People Services
Local Ward Members for Morgan Jones, St Martins, Van, Bedwas Trethomas and Machen, Aber Valley, Penyrheol, Llanbradach, Ynysddu, Abercarn, Crosskeys and Risca via a briefing meeting followed by receipt of the report.

Appendices

Appendix 1 – Tomorrow's Tourism Cwmcarn Masterplan

Appendix 2 – Levelling Up Submission Integrated Impact Assessment