

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 23 June 2022

UK Levelling Up Fund and UK Shared Prosperity Fund

Executive/routine Wards Council Commitments	Executive All 1 - 9
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1. Recommendations

- 1.1 It is recommended that the Committee:
- 1.1.1 Agree the two projects proposed as Council priorities for application to the UK Levelling Up Fund Round 2 (as detailed in Appendix 2);
 - 1.1.2 Note Edinburgh's conditional allocation from the new UK Shared Prosperity Fund (SPF) (Appendix 3), and the requirement for submission of an Investment Plan by 1 August 2022 to secure access to those funds;
 - 1.1.3 Agree the proposed approach to development of an Edinburgh UK SPF Investment Plan;
 - 1.1.4 Note that a final draft Investment Plan will be prepared for approval by Committee in August 2022 in advance of submission to the UK Government; and
 - 1.1.5 Agree that if an extension to the deadline for submission of the Investment Plan for SPF is not agreed, delegated authority is granted to the Chief Executive in consultation with the Council Leader and Convener of Housing, Homelessness and Fair Work to submit the Investment Plan on behalf of the Council.

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UK Levelling Up Fund and UK Shared Prosperity Fund

2. Executive Summary

- 2.1 This report provides an update on the UK Levelling Up Fund (LUF) Round 2 application process, for which applications are due to be submitted by 6 July 2022 and seeks approval to submit bids for two projects (detailed in Appendix 2).
- 2.2 The report also outlines the arrangements for the UK Shared Prosperity Fund (SPF) and sets out a proposed approach to developing the required Investment Plan by August 2022.

3. Background

- 3.1 The UK LUF was announced by UK Government at the 2020 Spending Review as a £4.8bn package of funding to provide capital investment in local infrastructure projects over four years from 2021/22 to 2024/25. Funds are allocated through an annual competitive bidding process open to all UK Local Authorities.
- 3.2 The City of Edinburgh Council can apply for a maximum of six funded projects over the four-year life of the programme. In [June 2021](#) the Council approved a forward pipeline of six projects to be developed for application to the fund. In line with fund criteria, these include town centre regeneration, transport, and cultural infrastructure projects.
- 3.3 For the [second round of UK LUF](#) bids, the UK Government announced a change in criteria to invite the submission of large cultural infrastructure bids over and above the value limits set in the original fund prospectus. In response to this change, this paper outlines an additional project that has been developed by the Council for submission to the fund during the current bidding round.
- 3.4 In addition to the LUF, on 13 April 2022 the UK Government published a prospectus for the new [UK SPF](#). As part of the Levelling Up programme, and as a successor to European Union Structural Funds, the SPF plans to invest £2.6bn in projects across the UK between 2022 and 2025.
- 3.5 This paper sets out Edinburgh's conditional allocation from the SPF over this time period, and a proposed approach to development of an investment plan needed to access the funds.

4. Main report

UK Levelling Up Fund

- 4.1 The prospectus for Round 2 of the LUF bidding process was launched in March 2022, with bid applications to be submitted to UK Government by 6 July 2022.
- 4.2 In preparation for this annual bidding process, as outlined in paragraph 3.2, the Council agreed a forward portfolio of six capital infrastructure projects for submission through the four-year time period of the UK LUF.
- 4.3 Appendix 1 provides an overview of these projects and provides a status update for each, which can be summarised as follows:
 - 4.3.1 Applications for funding for three of the six projects were submitted during Round 1 of the LUF in July 2021;
 - 4.3.2 One of these projects – Granton Gas Holder – was successful in securing £16m of capital investment from LUF;
 - 4.3.3 Two projects – Pennywell/North Edinburgh Arts, and City-wide Active Travel – were unsuccessful. Outstanding elements of these bids have been further developed for inclusion in other projects (where possible);
 - 4.3.4 Two projects – Wester Hailes and Craigmillar Regeneration – are still under development with potential bids planned for application to LUF in the 2023/24 bidding round; and
 - 4.3.5 One project – Inch Park Regeneration – has been developed and is ready for application to this bidding round for submission in July 2022. An overview of this bid is provided in Appendix 2.

LUF - Culture and Heritage Investment

- 4.4 In response to the change in criteria (as outlined in paragraph 3.3), a further proposed project has been developed for submission in Round 2.
- 4.5 The change invited local authorities to consider large bids of up to £50m under the Fund's culture and heritage investment theme. Only two bids across the UK will be successful under this theme in this funding round and the criteria notes that bids should be for flagship projects and be in line with the Fund's focus on highly visible interventions that boost local pride in place.
- 4.6 Development of this proposal has been guided by the fund prospectus and its requirements for a large cultural project which:
 - 4.6.1 Maintains, regenerates, or creatively repurposes existing cultural, creative, heritage and other assets that support the visitor economy;
 - 4.6.2 Has the potential to deliver high visible impact in the city, and meet the need to be of 'exceptionally high quality' in a UK wide competitive bidding process;
 - 4.6.3 Provides an appropriate geographical spread across all areas of the city, while also targeting areas of deprivation;

4.6.4 Has the potential to significantly progress key strategic priorities for the city, and/or provide a catalyst for further future development and investment; and

4.6.5 Is sufficiently well developed to ensure that capital expenditure can be defrayed during the financial year 2022/23.

4.7 The new proposal is detailed in Appendix 2 and has been developed as a bid for investment of an additional £22m (this may increase if the Granton Artworks Project is also included) in a city-wide project that aims to:

4.7.1 Renew and revitalise cultural infrastructure in the UK's leading festival city; and

4.7.2 Enhance access to the culture and the opportunities it creates in the most disadvantaged neighbourhoods of Edinburgh.

UK Shared Prosperity Fund

4.8 SPF aims to boost productivity, pay, jobs and living standards across the UK, closing inequalities in opportunity, health and wellbeing, and improving sense of community, local pride and belonging. The three identified themes in the programme are Community and Place, Supporting Local Business, and People and Skills. A number of interventions reflecting this have been listed in the prospectus and all activity needs to define which intervention they attribute to.

4.9 As part of the fund allocation, a sum is also earmarked for delivery of Multiply, a national programme to increase numeracy skills in adults.

4.10 The Fund can support activity that started from 1 April 2022. All activity should end by March 2025 or have a break clause allowing for closure by March 2025 if required.

4.11 All UK areas have received a conditional SPF distribution, and Edinburgh's allocation is set out in Appendix 3. To access this allocation, places need to submit an investment plan for approval by the UK Government by 1st August 2022.

4.12 The UK Government have confirmed that extensions to the 1 August deadline will be considered on a case by case basis where local elections and timings of recess have made that timeline difficult to adhere to.

UK SPF Investment Plan

4.13 Whilst allocations have been made on a Local Authority level, in Scotland, the SPF "supports delivery through Regional Economic Partnerships, where this is the preference of local areas". In Edinburgh and South-East Scotland, the delivery area described by the SPF prospectus includes: the City of Edinburgh, East Lothian, Midlothian, West Lothian, and Fife.

4.14 Following conversations with regional partners, the decision has been made that due to the short time frames and local needs, individual investment plans will be submitted for each Local Authority rather than one plan for the region.

- 4.15 Officers are currently working on delivery proposals for Edinburgh but are also continuing conversations with regional partners as to jointly funding regional projects as identified through the Regional Prosperity Framework.
- 4.16 The current approach is to focus on continuing and/or expanding on existing initiatives funded under European Structural Funding in year 1 but to also invite applications from third parties for projects to complement these initiatives. In year 2 and 3 it is envisaged that further third party projects can be funded alongside a number of regional initiatives which are currently in development.
- 4.17 The Council's SPF allocation also includes a minimum of £1,608,217 of capital funding. Consideration has been given to how this funding could potentially be utilised, in line with the investment priorities of the SPF. It is envisaged that this funding could be utilised for investments in keystone community facilities in the most disadvantaged neighbourhoods of Edinburgh that will significantly improve carbon performance; investing in the delivery of new/refurbished business space of which there is presently a structural undersupply, particularly industrial space and flexible space for microbusinesses, in regeneration areas; and strengthening Edinburgh's strategically important technology sector via practical interventions to boost the digital skills of people in Edinburgh and address the undersupply of skilled technology workers. Detail on the proposed utilisation of the capital funding will be set out in the SPF Investment Plan.
- 4.18 The intention is to issue a call for applications to third parties (from the public, voluntary and private sectors) by 23 June 2022. The call will require that projects are aligned to one or more of the interventions, clearly evidencing which outcomes they will bring, as well as with the Council's business plan priorities of Net Zero, Poverty Prevention and Health and Wellbeing. Proposals will need to be clearly developed with a defined costing plan as well as an exit plans for when the funding ends in March 2025.
- 4.19 The delivery programme for Multiply is currently being developed by officers in the Lifelong Learning service.

Governance

- 4.20 While Local Authorities are responsible for the Investment Plan and its delivery, the Prospectus mandates that a Local Partnership Group should be in place to support the development of the Investment Plan and, once plans are approved, to provide advice on strategic fit and deliverability. Members of this group should be "a diverse range of local and regional stakeholders, civil society organisations, employer bodies responsible for identifying local skills plans, and businesses or business representative groups to achieve Fund outcomes in their areas". While MP endorsement is not a pre-requisite for the Investment Plan approval, the Prospectus sets out that engagement with MPs and MSPs is expected.
- 4.21 A series of workshops/engagement sessions have taken place over the last few weeks to get a wide range of views on areas for priority, but the Edinburgh Partnership will be asked to take on the role of the Local Partnership Group, with a

separate consultation group for MPs and MSPs established and one member from that attending the Edinburgh Partnership Board to feedback views.

- 4.22 Given the indication from Ministers that applications can be made for extensions to the deadline of 1 August for Investment Plans to be submitted, officers have enquired about such an extension to allow for a report to next Committee, on 4 August, to allow elected members to sign off the Investment Plan prior to submission. It is recommended that, as an alternative in the unlikely event that such extension is not granted, delegated authority is granted to the Chief Executive, in consultation with the Leader of the Council and the Convener of Housing, Homelessness and Fair Work to approve the Investment Plan.

5. Next Steps

UK Levelling Up Fund

- 5.1 It is proposed that two bids are progressed for inclusion in Round 2 of the UK LUF, for submission to UK Government by 6 July 2022:
- 5.1.1 Inch Park Regeneration project, and
 - 5.1.2 City Wide Cultural Regeneration project.
- 5.2 All bids will be assessed by UK Government officials and Ministers, with final announcements of fund allocations for this round expected in Autumn 2022.

UK Shared Prosperity Fund

- 5.3 A call for applications to third parties is to open by 22 June 2022, with a closing date three weeks later.
- 5.4 Once bids have been received, a panel consisting of Council officers and independent members of the Edinburgh Partnership will assess the bids based on their fit with the Council business plan priorities, existing provision and deliverability.
- 5.5 The Investment Plan will set out the successful bids and their outcomes and will be presented back to Committee in August for sign off prior to submission. If an extension to the submission deadline is not agreed, Committee is asked to agree to delegate the approval for the Investment Plan for submission to the UK Government to the Chief Executive in consultation with the Council Leader and Convener of Housing, Homelessness and Fair Work.

6. Financial impact

- 6.1 Developing the proposals for submission to the LUF and SPF will be progressed within existing agreed budgets, with any additional requirements taken forward and agreed in line with Council annual budgetary processes.
- 6.2 UK Government guidance on LUF bids encourages a local financial contribution representing at least 10% of total bid costs for each project. Final submission of

bids will be made, subject to approval by the Council's Service Director for Finance and Procurement and assurance that all proposed projects can be accommodated within the Council's existing agreed capital investment plans.

6.3 The Edinburgh allocation for SPF is outlined in Appendix 3.

7. Stakeholder/Community Impact

- 7.1 The LUF bid projects outlined in this report have been developed in consultation with stakeholders and partners, including local community groups, cultural organisations. All LUF bids are submitted with engagement and formal endorsement from Members of Parliament.
- 7.2 For SPF, a series of workshops/engagement sessions have taken place over the last few weeks to get a wide range of views on areas for priority. A separate forum for MPs and MSPs will be established and the Edinburgh Partnership Board are engaged in this process.
- 7.3 In addition, an invitation will be issued by 23 June 2022 to third parties to identify programmes which can replace the existing European Structural Fund provision and meet the SPF criteria.

8. Background reading/external references

- 8.1 [UK Levelling Up Fund, Policy and Sustainability Committee](#), 10 June 2021.
- 8.2 [Levelling Up Fund Round 2 Prospectus](#), UK Government, 23 March 2022.
- 8.3 [UK Shared Prosperity Fund Prospectus](#), UK Government, 13 April 2022
- 8.4 [UK Shared Prosperity Fund: Interventions](#)
- 8.5 [UK Shared Prosperity Fund: Outputs and Outcomes](#)
- 8.6 [Edinburgh and South East Scotland Regional Prosperity Framework](#)

9. Appendices

- 9.1 Appendix 1: LUF proposed bid pipeline
- 9.2 Appendix 2: Proposed projects for submission to LUF Round 2
- 9.3 Appendix 3: Edinburgh SPF allocation

Appendix 1: LUF proposed bid pipeline

Name	Description	Total bid value	Status
Inch Park Regeneration	Investment in development of a sports and community hub in Inch Park, including improvement to infrastructure for sporting, social, childcare and other facilities.	£20m	In preparation for Round 2 application in July 2022 (see Appendix 2)
City Wide Cultural Regeneration	Investment in cultural infrastructure needed to renew and revitalise the UK's Festival City and improve local community connection to the world class cultural opportunities Edinburgh attracts.	£22.1m	In preparation for Round 2 application in July 2022 (see Appendix 2)
Granton Gas Holder	Restoration of the gas holder structure, removal of the bell and site wide remediation and landscaping.	£18.3m	Project funded and being delivered through a successful Round 1 LUF bid
Westerhailes Regeneration	Phased regeneration of Westerhailes incorporating the aspirations set out by the community in the Local Place Plan	n/a	In preparation for a potential Round 3 (2023) bid. Design work is proposed for interventions along the canal at Wester Hailes which could serve as the catalyst for regeneration. This will also allow time for the Local Place Plan to be submitted to the Council and a wider Development Framework to be agreed.
Craigmillar Regeneration	A proposed project for the regeneration and development Craigmillar Town Centre.	n/a	Project is in development, focusing on interventions around Niddrie Mains Road, public realm, shop fronts and Active Travel. Designs to be discussed with the community, fully costed and progress made with land assembly before bid can be prepared.
Pennywell/ North Edinburgh Arts	Provide a new creative and community hub at MacMillan Square in Pennywell	n/a	Unsuccessful Round 1 LUF bid. Remaining components incorporated within the cultural regeneration bid outlined above for Round 2 application
City Wide Active Travel	A flagship package of active travel schemes across Edinburgh building on the vision and objectives set out in the City Mobility Plan.	n/a	Unsuccessful Round 1 LUF bid. Remaining components under consideration for inclusion in Westerhailes and Craigmillar regeneration projects.

Appendix 2: Proposed projects for submission to LUF Round 2

Inch Park Regeneration Project

This Round 2 LUF bid will be submitted under both the Culture and Regeneration Themes of the LUF prospectus. The bid builds on a Concept Master Plan now finalised following community consultation and engagement, and through close working with key community stakeholders.

The master plan proposes:

- The restoration of Inch House to improve its current function as a community centre, with consideration being given to additional functions such as a cultural space. Significantly, the plan also proposes the restoration of the historic walled garden and associated buildings and integrating them back into the curtilage of the grade A listed Inch House. This will involve relocating the Plant Nursery, including the glasshouse, outside of the historic walled garden into a new location within the wider depot site.
- The Plant Nursery will be re-developed, and its function expanded to include a retail and café space. The restoration of the walled garden and redevelopment of the Plant Nursery will bring much of the depot site back into the public realm and provide a range of volunteer and training opportunities as well as the chance for those needing support and/or suffering mental health issues to carry out meaningful work.
- Inch Park Community Sport Club provides sports activities for children from low social income families and the Master Plan proposes to enhance facilities through the development of an all-weather sports pitch and, budget permitting, extending the existing Inch Community Sports Club facilities to include a gym hall for indoor training. This will meet the asks of the major on-site stakeholder, Inch Park Community Sports Club (representing the football, rugby and cricket clubs), and wider community.
- The project will include a range of improvements and enhancements to greenspace and associated infrastructure (paths, signage, benches etc.) to make the site more welcoming and easier to access. There will also be enhancements in terms of biodiversity, multifunctional Sustainable Urban Drainage Systems and net zero energy solutions. Finally, the playground will be relocated to a more suitable location in the park and significantly upgraded.

A regenerated Inch Park will be a major destination park in the south-east of the city. The development will bring significant improvements to the health and well-being of adjacent communities, some of which suffer significant levels of deprivation. The park will be an important venue for sports, culture and a range of community activities and events. The park will also be an exemplar site for climate mitigation and adaptation through the use of “greenspace” renewable heat, and through the use of green infrastructure for flood mitigation and will be a nodal point for the city’s Nature Network and Green-Blue Network. In addition, it will be a significant asset for the proposed Craigmillar/Bingham 20-minute neighbourhood.

The cost plan is in the process of being finalised, but it is expected that the project will bid for an amount near the maximum of £20m which will necessitate £2m in match funding. It is noted that the maximum ambition will likely require additional funds, but these will be sought from other sources (e.g. Historic Environment Scotland, Heritage Lottery Fund, Sports Scotland, etc).

The project team recently met with Ian Murray MP and Daniel Johnston MSP to secure their support for the project.

City wide Cultural Regeneration

Levelling Up Edinburgh's Cultural Infrastructure

Edinburgh is a world-class city of culture hosting a series of major festivals and a range of events and activities across its communities. The first Edinburgh Festival was held in 1947 to 'provide a platform for the flowering of the human spirit' by bringing people and artists together through culture after a period of global turmoil. As we emerge from the Covid pandemic, this is the moment to revitalise this ambition. Adding to recent investment such as the flagship city-centre Dunard Centre and the University of Edinburgh's Futures Institute, this project would broaden cultural engagement and help revitalise communities.

This project meets the ambition of the Council's response to the City Vision 2050 programme which articulates the aims for Edinburgh to be 'fair, thriving, pioneering and a welcoming city to live in and visit'. The festivals will deliver engagement as well as employment opportunities at a local level to areas which currently have less cultural provision – Leith Theatre, the Macmillan Hub and WHALE Arts are in areas of deprivation with poor social and health outcomes, as well as being the home for some of Edinburgh's most diverse communities.

In doing so, the project will deliver a coherent programme of investment to:

- Renew and revitalise cultural infrastructure in the UK's leading festival city, and
- Enhance access to the culture and the opportunities it creates in the most disadvantaged neighbourhoods of Edinburgh

Meeting these aims requires investment in a number of cultural venues across the city, including:

- **The King's Theatre** – part of Capital Theatres Trust - hosts performances ranging from the International Festival to Scotland's most popular panto and runs extensive community participation programmes. Tish grade A listed Edwardian building requires a major redevelopment to meet the needs of today's audiences and performers.
- **Leith Theatre** is part of a civic complex that includes Leith Library, Registrar's Office and Thomas Morton Hall. The Theatre lay derelict for nearly 30 years but has recently hosted major festival programmes and other events. This stunning, art-deco building is on the cusp of transformative restoration as a world-class music venue and cultural destination.

- **The Macmillan Hub** – jointly led by City of Edinburgh Council and North Edinburgh Arts - is the focal point of one of the most significant urban regeneration projects in Scotland, tackling poverty and inequality in north Edinburgh. A new state-of-the-art community arts hub will promote culture and well-being in Pennywell and Muirhouse and the across city. This funding will meet the remaining funding gap to complete the arts and cultural offering in the new building.
- **The Queen's Hall** is a cross-arts performance venue which hosts festival events. With the creation of the new Dunard Centre, improvements are needed to help the Queen's Hall achieve its new vision.
- **The Usher Hall** is Scotland's only five-star concert hall and home of the Edinburgh International Festival since 1947. It is a unique blend of historical and contemporary. Extended in 2010, it requires further investment to improve facilities for performers and audiences
- **WHALE Arts** in the western part of the city, is a community-led arts charity and social enterprise and the creative heart of the vibrant, thriving community of Wester Hailes. A planned extension will create a new café and social space.

Discussions are also on-going with National Galleries of Scotland on the potential to include the Granton Artworks Project within this project.

Nine of the 11 official festivals run year-round community engagement programmes to reach new audiences. This project will provide new opportunities to attend and participate in the wealth of Edinburgh's culture.

Appendix 3: Edinburgh SPF Allocation

	22-23	23-24	24-25	TOTAL
Core UKSPF	£1,244,788	£2,489,577	£6,522,691	£10,257,056
Revenue	£1,115,330	£2,178,380	£5,355,129	£8,648,839
Capital	£129,458	£311,197	£1,167,562	£1,608,217
MULTIPLY	£647,290	£746,873	£746,873	£2,141,036

SPF Admin*	£49,792	£99,583	£260,908	£410,282
Multiply Admin*	£25,892	£29,875	£29,875	£85,641

* Included in numbers above