

Cheltenham Borough Council

Cabinet – 23rd July 2024

Levelling Up Fund Award

Accountable member:

Councillor Peter Jeffries, Cabinet Member for Major Developments and Housing Delivery

Accountable officer:

Paul Jones, Deputy Chief Executive

Ward(s) affected:

N/A

Key Decision: No

Executive summary:

The purpose of this report is to obtain approval to accept £20m of capital grant funding through the Levelling Up programme that has been allocated to the Council for the development of the National Cyber Innovation Centre and the Mobility Hub.

Recommendations: That Cabinet:

- 1. accepts the allocation of £20m grant funding from the Levelling Up Fund for use towards development of the National Cyber Innovation Centre and Mobility Hub**
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1. Implications

1.1 Financial, Property and Asset implications

On 28 September 2023, Full Council approved the provision of a £95m funding envelope and entry into a conditional Development Funding Agreement for the delivery of a Cyber Innovation

Centre and Mobility Hub on the Golden Valley development site. Although the mechanism to fund the £95m was not specified, the conditions of the agreement set out viability tests which any financial investment into the project must meet in order for approval to be granted in line with the approved delegations. This £20m Levelling Up Funding will reduce the amount of capital the Council needs to contribute to the delivery of the project and will therefore improve the viability of the investment when assessed against these conditions.

Signed off by: Gemma Bell, Director of Finance and Assets, gemma.bell@cheltenham.gov.uk

1.2 Legal implications

There are no specific legal implications arising from this decision. Part 3E of the Constitution provides that any grant funding over £2million requires a cabinet decision to confirm acceptance of the funds.

A Memorandum of Understanding outlining the expectations for both parties has been reviewed by CBC officers, including the Monitoring Officer and approved.

Signed off by: Claire Hughes, Monitoring Officer claire.hughes@cheltenham.gov.uk

1.3 Environmental and climate change implications

N/A

1.4 Corporate Plan Priorities

This report contributes to the following Corporate Plan Priorities:

- Making Cheltenham the Cyber Capital of the UK
- Being a more modern, efficient and financially sustainable council

1.5 Equality, Diversity and Inclusion Implications

N/A

2 Background

2.1 As part of the CBC Constitution, Cabinet must provide approval to “Make bid for external funding or accept grant funding where the amount of funding exceeds £2 million and to accept the terms and conditions of that funding, if awarded”.

2.2 CBC officers applied for Levelling Up Funding as part of the governments Round 2 submissions in August 2022. The application requested £20m toward the capital cost of developing the National Cyber Innovation Centre and the Mobility Hub (See appendix ii). Unfortunately, this bid was unsuccessful.

2.3 In November 2023 the Department for Levelling Up Housing and Communities (DLUHC) decided to use unsuccessful submissions from Round 2 in their assessments for Round 3. This time, the Council were notified that our bid had been provisionally awarded the full £20m, subject to re-validation.

2.4 In the first half of the year, CBC officers have been working with DLUHC to update the figures supplied for the Round 2 bid such that they better reflect the latest cost estimates. This culminated in a formal re-submission and re-assessment of the bid. In May 2024, the Council were notified that our Round 3 re-submission had been successful.

2.5 Following approval of our bid, DLUHC issued a Memorandum of Understanding to the Council that outlines expectations between the parties for the funding. This is not a legally binding agreement but has nevertheless been reviewed by CBC officers, including the CBC Monitoring Officer. The Memorandum of Understanding was signed by both parties on 28th May 2024.

2.6 CBC officers are now in discussion with DLUHC to arrange an 'Induction' meeting to establish ongoing reporting and governance of the Grant. This meeting has been postponed by DLUHC due to their concerns around the 'pre-election period' rules. A meeting will be convened following the General Election. Once the Induction meeting has been completed, the 'on-boarding' process will be completed and grant payments can be made.

2.7 It is hoped that a first payment can be made prior to the end of the calendar year but no timetable has yet been provided by DLUHC. We have previously been advised that payments are made twice yearly.

3 Reasons for recommendations

3.1 Having reviewed the expectations included within the Memorandum of Understanding and, more broadly, the conditionality for Round 3 bids, it is recognised that acceptance of the grant will bring a significant amount of additional administration and reporting. This includes an extensive monitoring and evaluation process as well as frequent update and governance meetings.

3.2 Notwithstanding the above, the £20m will bring considerable benefit to the project, particularly in terms of: improved financial viability; reduced financial risk; increased deliverability; and tangible government support. For these reasons, it is recommended that the grant funding is accepted.

4 Alternative options considered

4.1 Not applicable

5 Consultation and feedback

5.1 Not applicable

6 Key risks

6.1 See Appendix 1.

Report author:

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Appendices:

- i. Risk Assessment
- ii. LUF Round 2 Bid

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
1	If Reporting and administration requirements become overly burdensome then this could adversely impact on the project team.	Martin Chastney	2	2	4	Accept			
2	If there are programme delays then this may prevent spending within the timetable required by LUF (31 st March 2026)	Martin Chastney	3	3	9	Accept	Ongoing discussions with DLUHC on programme.	Martin Chastney	