

Report to Partnership Meeting 23 April 2021

CONSULTATION

UK Government Consultations and Funding

Purpose of Report

This report provides Members with an update on recent UK government consultations and challenge funds including the Union Connectivity Review and the Levelling Up Fund

Union Connectivity Review

Launched by the UK Government in July 2020, the Union Connectivity Review, chaired by Sir Peter Hendy was tasked to look at:

- the quality and availability of transport infrastructure within the UK
- where future investment should be targeted

A Call for Evidence, to which HITRANS responded, was launched in Autumn last year. A copy of HITRANS submission is contained in Appendix A to this report.

In March 2021, the Government published its Interim Report <https://bit.ly/3wV1wrl> which:

Among the key issues raised within the summary report was the following relating to air connectivity which was identified in our submission and complements work in this area undertaken by partners for both the UK Aviation Strategy and Inverness City Region Deal:

- Better air links to England to and from Northern Ireland and Northern Scotland, including but not exclusively to and from London Heathrow, for worldwide connections for passengers and freight; including the appropriate rate of Air Passenger Duty for journeys not realistic by rail

The final report and recommendations will be published later this summer. It will consider specific transport projects that could improve connectivity, and will assess their feasibility and potential impact on economic growth, social cohesion and quality of life. The review will also look to the future – considering the role of future technologies, and assessing environmental impacts of current and future infrastructure. In particular within air travel where it recognises the challenge for transportation if it is to fully contribute towards the UK's net zero targets.

Levelling Up Fund

The £4.8Billion Levelling Up Fund was announced at the 2020 Spending Review with £800Million of that allocation set aside for Scotland, Wales and Northern Ireland up to 2024-25. The prospectus states that the Fund will focus on capital investment in local infrastructure. The prospectus sets out how local areas can access the first round of funding recognising the

“economic differences remain between different parts of the UK, including our cities, ex-industrial towns, and rural and coastal communities” and that “these economic differences have real implications: they affect people’s lives through their pay, work opportunities, health and life chances. Tackling these economic differences and driving prosperity as part of ‘levelling up’ left behind regions of the UK is a priority for this Government”.

How the Fund will operate

The Levelling Up Fund will invest in local infrastructure that has a visible impact on people and their communities. This includes a range of high value local investment priorities, including local transport schemes, urban regeneration projects and cultural assets. The Fund will be jointly managed by HM Treasury (HMT), the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT).

In Scotland, the funding will be delivered through local authorities with the Scottish Territorial Offices to be consulted in the assessment of relevant bids.

The first round of the Fund, will prioritise bids that can demonstrate investment or begin delivery on the ground in the coming financial year. The amount of funding each area receives will be determined on a competitive basis to ensure value for money.

Eligibility

All Local Authorities in Scotland are able to access the Fund.

It is expected that Members of Parliament, as democratically-elected representatives of the area, to back one bid that they see as a priority. The number of bids that a local authority in the first category can make will relate to the number of MPs in their area. Accordingly, local authorities can submit one bid for every MP whose constituency lies wholly within their boundary. Every local authority can submit at least one bid. Where an MP’s constituency crosses multiple local authorities, one local authority should take responsibility as the lead bidder and local areas should work together to designate that lead bidder.

The Fund will focus investment in projects that require up to £20m of funding. However, there is also scope for investing in larger high value transport projects, by exception. Bids above £20m and below £50m will be accepted for transport projects only, such as road schemes, and can be submitted by any bidding local authority. They will be subject to a more detailed business case process and will need to score highly overall. Local authorities may wish to consider pooling funding from their bids in order to improve the chance of taking forward a larger transport scheme.

All bids should have the approval of the relevant authority responsible for delivering them.

The bidding authorities should consult a range of local stakeholders across the full geography of a place in developing their proposed investments for the Fund.

Investment Themes

The first round of the Fund will focus on three themes: smaller transport projects that make a genuine difference to local areas; town centre and high street regeneration; and support for maintaining and expanding the UK’s world-leading portfolio of cultural and heritage assets, in particular:

Projects should be aligned to and support Net Zero goals: for instance, be based on low or zero carbon best practice; adopt and support innovative clean tech and/or support the growth of green skills and sustainable supply chains.

Transport Projects

The prospectus recognises that “investment in local transport networks can revitalise local economies by boosting growth, improving connectivity and making places healthier, greener and more attractive places to live and work. Almost all local journeys start and finish on local transport networks, so investment can make a real, tangible difference to local residents, businesses and communities. Local transport projects can play a pivotal role in enhancing local places and efforts to level up. This could be upgrading bus and cycling infrastructure to improve access to jobs whilst supporting cleaner air and greener, healthier travel, targeting local road enhancements at congestion pinch points, and repairing bridges to ensure that communities aren’t isolated from key services.

In view of their typically high value for money credentials when delivered effectively, well-formulated bids for local transport are likely to score highly on at least the value for money assessment criteria. Projects submitted for appraisal under this investment theme may include, but are not limited to:

- Investments in new or existing cycling provision.
- Improved priority for local bus services (e.g. bus priority lanes or signal priority at junctions).
- Enhanced public transport facilities, such as bus stops and stations.
- Accessibility improvements to local transport networks for disabled people.
- Enhancements and upgrades to local road networks (e.g. by passes and junction improvements)
- Structural maintenance works to local roads, including bridges.
- Multi-modal proposals which combine two or more interventions to enhance transport across modes.

Bids will be accepted for larger transport schemes, by exception, such as investments in the road network. Such bids will need to be between £20 million and below £50 million, and can be submitted by any bidding local authority. However, they will be subject to a more detailed business case process and will need to score highly overall”.

Assessment criteria

The prospectus states that funding will be targeted towards places in England, Scotland and Wales with the most significant need, as measured by an index taking into account the following the following place characteristics:

- need for economic recovery and growth;
- need for improved transport connectivity; and,
- need for regeneration.

Using this index, places have been placed into category 1, 2, or 3, with category 1 representing places with the highest levels of identified need. These bandings will form part of our criteria for assessing bids, as set out below. While preference will be given to bids from higher priority areas, the prospectus states that the bandings do not represent eligibility criteria, nor the amount or number of bids a place can submit. Bids from categories 2 and 3 will still be considered for funding on their merits of deliverability, value for money and strategic fit, and could still be successful if they are of exceptionally high quality.

Within the HITRANS area, CnES, Moray and Argyll and Bute have been identified within category 2 while The Highland Council and Orkney Islands Council are in Category 3. Given the unique transport challenges faced by all of HITRANS 5 partner Local Authorities it is disappointing that they do not all fall within Category 1.

Subsequent detail on the methodology applied for the prioritisation of local authorities against the assessment criteria <https://bit.ly/3e3sapM> highlights that transport connectivity based on -

average journey times to employment centres by car, public transport and bike - was not used to in the evaluation process within Scotland due the lack of a comparable dataset. We trust that this will be recognised should applications from the HITRANS area be submitted.

The assessment process will focus on the following key criteria:

- Characteristics of the place – each local authority will be sorted into category 1, 2 or 3 based on our assessment metrics, with category 1 representing the highest level of identified need.
- Deliverability - will be based on supplementary finance, management and commercial cases, with bids able to demonstrate investment or which begin delivery on the ground in 2021-22 financial year prioritised in the first round of funding.
- Strategic fit with local and Fund priorities – this should be addressed in the strategic case of submissions and should include support from stakeholders.
- Value for money – an economic case should be submitted to explain the benefits of the bid and how it represents value for money.

Details on the criteria for both the Levelling Up Fund and also the Community Renewal Fund (£220 million of revenue funding with the aim of helping local areas transition from EU Structural Funding and prepare for the launch of the UK Shared Prosperity Fund in 2022) can be found at the following link on the UK Government website.

<https://www.gov.uk/government/collections/new-levelling-up-and-community-investments>

RTS Delivery

Impact - Positive

Comment – The successor to the Levelling Up fund – the shared Prosperity Fund will replace the EU funding streams which provided significant support to transport improvements in the Highlands and Islands. It is critical that these funding streams are replaced with effective equivalents at a national level if key priorities within the RTS delivery Plan are to be realised.

Policy

Impact - Positive

Comment – These funds and the UCR offer an opportunity to apply for funding to help realise some of the objectives within the RTS and prioritised projects within the Delivery Plan

Financial

Impact – Positive

Budget line and value – There is an opportunity to allocate funding within the HITRANS business Plan to support the development of applications or evidence base to support policy making relating to these funding streams and policy documents

Equality

Impact – Positive

Comment – Reducing regional inequalities is one of the key objectives of both these funding opportunities and the Union Connectivity Review

Recommendation

Members are invited to;

1. Note the report
2. Consider opportunities to apply for funding which will help implement priorities identified within the HITRANS Delivery Plan.

Report by: Neil MacRae
Designation: Partnership Manager
Date: 14th April 2021