

This Report will be made public on 19 July 2022

Report Number **A/22/15**

To: Council
Date: 27 July 2022
Status: Key Decision
Responsible Officer: Ewan Green, Director of Place
Cabinet Member: Councillor David Monk – Leader of the Council

SUBJECT: FOLKESTONE & HYTHE DISTRICT COUNCIL'S
FINANCIAL CONTRIBUTION TO THE COUNCIL'S
LEVELLING UP FUND ROUND 2 APPLICATION

SUMMARY: This report seeks agreement for the Council to allocate funding for the 10% financial contribution required by the government for the council's Levelling Up Fund application.

REASONS FOR RECOMMENDATIONS

The funding allocation required for the council's LUF application needs to be made by the Council and included in the budget framework.

RECOMMENDATIONS:

1. To receive and note report A/22/15.
2. To agree to allocate funds as outlined in paragraph 2.5 to provide the 10% match funding financial contribution for the Folkestone – A Brighter Future project which is the subject of a round 2 Levelling Up Fund application to government.
3. To agree to update the Medium Term Capital Programme following a successful submission for Levelling Up Fund to include the total award for the scheme.

1. BACKGROUND

- 1.1 In June the Cabinet approved the submission of a Levelling Up Fund application ([C/22/14](#)) and agreed 'to allocate the required 10% match funding for the submission and to note that the final funding requirements of the Council will be subject to a further report pending the outcome of the Levelling Up Fund (LUF) submission and is subject to approval by Full Council.' (see [Cabinet Minutes](#))
- 1.2 At the time of the Cabinet decision the application submission was expected by 6th July 2022. On 15th July 2022 the submission portal opened and it closes at noon on 2nd August 2022. Officers have been made aware that confirmation is required, as part of the submission, that the required match funding is in place. Council is therefore asked to make the decision at this stage rather than when the outcome of the LUF submission is known, which is expected in the autumn.

2. FOLKESTONE & HYTHE DISTRICT COUNCIL'S ROUND 2 LUF PROJECT APPLICATION

- 2.1 The council is to submit an application in round 2 of the Levelling Up Fund to deliver the Folkestone – A Brighter Future project. This bid comprises three of the priority projects identified in the Folkestone Place Plan which was agreed by Cabinet at the meeting on 22 September 2021 (reference report C/21/34). These projects are:
1. Station Arrival and Town Centre Connections
 2. Improved Gateway to the Town Centre and Bouverie Square
 3. Folca, Sandgate Road and Town Centre Public Realm
- 2.2 The total cost (including professional and project management fees) of each of these elements of the Folkestone – A Brighter Future project is £21,990,910 as shown below:

Project	£
Station Arrival and Town Centre Connections	£4,246,806
Improved Gateway to the Town Centre and Bouverie Square	£11,690,369
Folca, Sandgate Road and Town Centre Public Realm	£6,053,735
Total	£21,990,910

- 2.3 There is a government requirement that all LUF bid submissions require a minimum 10% match from public sources towards the total project cost. Therefore, there is a requirement for the council to provide a match financial contribution towards the project of £2,199,091, with the remaining £19,791,819 being bid from the LUF.
- 2.4 Whilst the Medium Term Capital Programme does not currently have an allocated budget for the Levelling Up bid, the Capital Strategy stated that

“The proposed growth for the Capital programme does not at this stage include provision for the Council’s Levelling Up Fund bid. The district has been identified as a priority area and the Council is currently developing its bid proposals, in line with previous decisions taken. The bid is anticipated to be submitted in summer 2022 and will be subject to a separate decision at that time. The Capital Programme is a fluid 5 year rolling budget and therefore it is proposed to consider growth to the programme in respect of the Levelling Up Fund bid once it has been further developed.”

2.5 The submission of the bid requires the Council to confirm it “has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution”. The use of the funding allocation is a matter for Full Council and its use will be subject to the outcome of the LUF bid. However, it is recommended that the council’s financial contribution towards the LUF project comes from the following sources:

- £450,000 from the Folkestone & Hythe High Streets Fund (F&H HSF).
- £350,000 from Folkestone & Hythe Community Infrastructure Levy funds.
- £1,000,000 from the capital receipt arising from the lease premium payable by the health board for FOLCA.
- £399,091 from Economic Development Reserve.

2.6 Some work will be required to continue to bring forward the project components prior to the government’s decision which is expected in late October. This is to ensure that the projects can be delivered within the government’s required timeframe for the Levelling Up Fund. This work, and the corresponding level of expenditure, will be limited to those projects which are deemed to be a priority to the Council. It is estimated that the spend in this period will be up to £200,000. However, should the bid be successful then this funding will be part of the council’s match funding towards the overall project cost.

2.7 It is hoped that the council will be successful with the LUF application. However, should the LUF bid be scaled back by the government, then the match funding requirement would be also scaled back proportionately. If the bid in its entirety is unsuccessful, then the match funding requirement will not be required. In both scenarios this will be reported to the Council through normal monitoring reports.

3. RISK MANAGEMENT ISSUES

3.1 There is not a great deal of risk management involved in this issue

Perceived risk	Seriousness	Likelihood	Preventative action
The LUF bid is not successful so the funding allocation is not required	High	Medium	Consultants with experience of submitting successful LUF bids have been appointed to work with

			Officers to develop the bid to a high standard. Officers have liaised with DLUCH to ensure that the application submitted is the best it can be.
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4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (NM)

As set out in the report, the government requires that as part of the LUF bid submissions there needs to be 10% funding matching from the Council towards the total project costs. In this particular case the Council needs to provide £2,199,091 in match funding as a financial contribution towards the project.

4.2 Finance Officer's Comments (RH)

This report has been drafted in consultation with the Finance team. The match funding is required to be secured for the bid submission, however it will only be utilised in the event that a successful bid is made. If the bid is successful, the recommendations will support the inclusion of the project within the Medium Term Capital Programme.

The funding package is proposed to be met from the ED reserve, the High Streets Fund, CIL receipts and the anticipated capital receipt from the health facility in FOLCA. These sums are all anticipated to be available during the timescale of the match funding required and have available sums to be drawn upon.

4.3 Diversities and Equalities Implications (GE)

There are no negative equality and diversity implications directly arising from this report. An equality impact assessment has been conducted on the priority projects that will support the Round 2 application to the Levelling Up Fund.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Dr Katharine Harvey, Economic Development Advisor

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