

From: **David Brazier – Cabinet Member for Highways & Transport**  
**Philip Lightowler – Interim Director of Highways & Transportation**

To: **Environment & Transport Cabinet Committee – 8<sup>th</sup> September 2022**

Subject: **Levelling Up Fund progress update**

Classification: **Unrestricted**

**Past Pathway of Paper:** None

**Future Pathway of Paper:** None

**Electoral Division:** **Kent wide**

**Summary:** This paper provides an update on progress with submitting bids to Round 2 of the Levelling Up Fund.

**Recommendation(s):**

The Environment and Transport Cabinet Committee is asked to comment on and note the contents of this report

**1. Introduction**

1.1 This report gives an overview of the bids which KCC has submitted to round 2 of the Levelling Up Fund (LUF) and outlines the next steps in the process.

**2. Background and Levelling Up Fund Round 1**

2.1 The Levelling Up Fund (LUF) is investing £4.8 billion to tackle the economic differences that remain between different parts of the UK. These economic differences have real implications: they affect people's lives through their pay, work opportunities, health, and life chances. LUF is jointly managed by HM Treasury, Department for Transport (DfT) and The Department for Levelling up, Housing and Communities and Local Government (formerly the Ministry for Housing, Communities and Local Government).

2.2 The fund is open to every local area but is especially intended to support investment in places where it can make the biggest difference to everyday life. Places have therefore been placed into priority categories 1-3 with priority 1 representing those places with the highest need.

2.3 LUF focusses on the following three themes:

- **Transport Investments** - high-impact small, medium and, by exception, large local transport schemes to reduce carbon emissions, improve air quality, cut

congestion, support economic growth, and improve the safety, security, and overall experience of transport users.

- **Regeneration and town centre investment** - building on the Towns Fund framework to upgrade eyesore buildings and dated infrastructure; acquire and regenerate brownfield sites; invest in secure community infrastructure and crime reduction; and bring public services and safe, accessible community spaces into town and city centres.
- **Cultural investment** - maintaining, regenerating, or creatively repurposing existing cultural, creative, heritage and sporting assets, or creating new assets that serve those purposes including theatres, museums, galleries, production facilities, libraries, visitor attractions (and associated green spaces), sports and athletics facilities, heritage buildings and sites, and assets that support the visitor economy.

- 2.4 The first round of the Levelling Up Fund was announced at the 2020 Spending Review. It focussed on capital investment in local infrastructure, building on and consolidating prior programmes such as the Local Growth Fund and the Towns Fund. The projects put forward needed to be able to demonstrate deliverability by 31 March 2024 (exception of 31 March 2025 for very large transport schemes).
- 2.5 District Councils were eligible to submit one bid up to £20 million for every MP whose constituency lies wholly in their boundary. County Councils could submit one transport bid up to £50 million.
- 2.6 LUF Round 1 bids were submitted via email in June 2021. KCC submitted a transport bid requesting £44.5m to deliver the Dollands Moor scheme, to enhance rail connectivity between London and the coastal communities of Dover, Folkestone and Thanet which are all Level 1 priority areas.
- 2.7 This was a bold transport bid, which unfortunately was unsuccessful; largely due to the level of the scheme development, which is not as advanced as DfT want to see given the emphasis on delivering quickly. Feedback from DfT suggested it would not be suitable to be considered for a Round 2 bid.
- 2.8 KCC also submitted a joint bid with Maidstone Borough Council for £6.3m to deliver the M20 Junction 7 Capacity Improvements. The scheme will provide journey time savings for traffic between Swale and Maidstone which are Priority 1 and 2 areas, respectively. It will also connect the existing walking and cycling routes to the north and south of the junction.
- 2.9 The feedback from DfT highlighted the bid as very strong, and one that should be submitted again for Round 2 if it remained a local priority.
- 2.10 £1.7 billion of LUF was allocated in round 1 to projects in over 100 local areas in the UK. There were three successful Round 1 bids within Kent which all focussed on regeneration:

Ashford – Ashford International Studios - £14.8m

Thanet – Margate Digital - £6.3m

Thanet – Ramsgate Future - £19.8m

2.11 DfT feedback suggests that due to the amount of regeneration bids from Priority 1 areas that were awarded funding in Round 1, it is likely that more transport bids will be successful in Round 2.

### **3. LUF Round 2**

3.1 LUF Round 2 was confirmed by Government through the Spring statement on 23<sup>rd</sup> March 2022. It was confirmed that the deadline for bids to be submitted was 6<sup>th</sup> July 2022, and a new portal would be available rather than the traditional use of email for submissions.

3.2 The level of LUF available for local authorities to bid for outlined in 2.5 and themes in 2.3 remained the same. The delivery timescales outlined in 2.4 were extended by 1 year, so delivery is required by 31 March 2025 with the exception of very large transport schemes which have a deadline of 31 March 2026.

3.3 The assessment criteria were also unchanged from Round 1, and the four key criteria are equally weighted:

- Strategic Fit
- Characteristics of Place
- Value for Money
- Deliverability

3.4 There were extremely tight timescales to review the DfT feedback on Round 1 and prioritise potential bids to put forwards to Round 2, whilst ensuring sufficient time to complete the extensive application form and value for money assessment on the KCC transport bid. Officers also offered support to the District Councils in their bids.

3.5 Government is still looking for schemes that can spend their allocation quickly with only a year extension of delivery timescales to the end of March 2025. It was therefore advised that only schemes that have been sufficiently developed or previously submitted to an alternative funding stream be submitted in the second round.

3.6 The following table overleaf shows the schemes that were considered for submission as the KCC Transport Bid:

Scheme	Description	Rationale for decision
A299 Thanet Way Structural Renew	To reconstruct the full length of the A299 rather than the worst sections only which is all that can be delivered with the £4m of DfT Challenge Fund awarded.	This would need to go in as a very large transport scheme (£50m) to deliver the full improvements. Bids over £20m are subject to a more rigorous business case requirement and further information was required on the structural integrity of the road and the benefit and disbenefit of delivering this scheme.
Electric Vehicle Charging Infrastructure	Provision of ultra-rapid charging infrastructure throughout Kent to promote the uptake in electric vehicles.	Land agents have been appointed to review potential sites, but the stage of development was not considered to be progressed enough for a Round 2 bid, it is a low value proposition at only £5m.
Folkestone Tram Road	Creation of a new walking, cycling and public transport connection using the disused rail link alongside Tram Road from the main line to the former ferry terminal. This would allow visitors to park away from the town centre and walk into Folkestone and the Harbour via a segregated space.	Folkestone and Hythe District Council had carried out public engagement and garnered support for the scheme. Further due diligence was required on land, planning, and required surveys which reduced the confidence in the scheme. The proposals were not as well advanced as DfT had suggested would be required.
Dover Port Access Improvements	Provision of new infrastructure to support new customs controls on goods moving between the UK and the EU and new passport controls on the drivers of the HGVs carrying those goods as well as tourist passengers.	The traffic issues being experienced throughout Kent, caused by congestion at the Port, and the significant development work that had already been carried out on the proposal, meant that this was the preferred scheme to submit for Round 2 LUF funding.
Public Rights of Way (PRoW)	A package of improvements to promote increased walking and cycling, with the possibility to tie into regeneration through repurposing old railways and increased visitor numbers to cultural sites.	This is in the early stages of development with consultants having completed the first stage of their commission to enable feasibility to commence. It was not developed enough to enable a Round 2 bid.
Bus Service Improvement Plan (BSIP)	To fund the elements of the BSIP not funded by DfT, as KCC were not awarded the full ask from the submission.	Concerns that this would be dismissed by DfT as revenue rather than capital expenditure, and thus would not be a valid bid.

- 3.7 Given the current traffic issues being experienced throughout Kent; caused by congestion at Dover Port and the fact that significant development work had already been carried out on the proposal, KCC submitted a bid for “Dover Access Improvements”.
- 3.8 The improvements will provide new infrastructure to support new customs controls on goods moving between the UK and the EU and new passport controls on the drivers of the HGVs carrying those goods and tourist passengers. Delivery of the project does not provide any new business opportunities for the Port. It is designed to maximise the flow of existing traffic through the Port and remove potential bottlenecks which in turn can lead to the implementation of Traffic Access Protocol (TAP) and Operation Brock on the Kent road network.
- 3.9 Maidstone Borough Council (MBC) also confirmed they wanted to re-submit the M20 Junction 7 Capacity Improvements Scheme as a joint bid with KCC. The Round 1 bid was expanded and further information in line with the DfT feedback was provided.
- 3.10 On 30<sup>th</sup> June 2022, Government confirmed that the portal for bid submissions was not ready and as such the deadline would be extended. At this stage it was unknown when the portal would become live, but Government confirmed there would be 2 weeks to submit bids from when the portal became available.
- 3.11 The portal went live on 15<sup>th</sup> July, and the new deadline for submissions was set as 2<sup>nd</sup> August 2022. Bids for both the Dover Access Improvements and M20 Junction 7 Capacity Improvements were submitted within the deadline using the new portal.

#### **4. Financial Implications**

- 4.1 There are no capital cost implications for KCC in the submission of the Round 2 LUF bids.
- 4.2 There are no revenue cost implications for KCC in the submission of the LUF bids, other than the officer time spent developing and submitting the bids; which has been covered within existing revenue budgets.
- 4.3 Should one or both LUF Round 2 bids be successful; there will be no further capital or revenue implications for KCC. All staff time spent on delivering the projects would be capitalised and paid from the project costs covered by LUF and other external match funding sources only.

#### **5. Policy Framework**

- 5.1 M20 Junction 7 capacity improvements is included as a Transport Priority for Maidstone in LTP4 ‘Delivering Growth without Gridlock 2016 -2031’.
- 5.2 The expansion of Dover Port is included as a National Priority in LTP4 ‘Delivering Growth without Gridlock 2016-2031’.

## 6. Equalities Impact Assessment

- 6.1 Equalities Impact Assessments for both schemes are being progressed and will be submitted with the individual project reports which will come to the November meeting of this Cabinet Committee for recommendations to proceed with delivery should the LUF funding bids be successful.

## 7. Local Members

- 7.1 Local Members will continue to be consulted on the proposals prior to the individual project reports which will come to the November meeting of this Cabinet Committee for recommendations to proceed with delivery should the LUF funding bids be successful.
- 7.2 Helen Whately MP gave her support for the M20 Junction 7 Capacity Improvements bid.
- 7.3 Natalie Elphicke OBE MP gave her support for the Dover Access Improvements bid.

## 8. Conclusion

- 8.1 Two bids have successfully been submitted by KCC to Round 2 of Government's LUF fund. Announcements of successful bids are expected in Autumn 2022.
- 8.2 Should the bid(s) be successful, further reports will be brought to the November meeting of this Cabinet Committee for recommendation to accept the LUF funding and proceed with scheme delivery for each successful scheme.

## 9. Recommendation(s)

### **Recommendation(s):**

The Environment and Transport Cabinet Committee is asked to comment on and note the contents of this report.

## 10. Background Documents

[Appendix A – Dover Access Improvements Bid 1<sup>st</sup> August 2022](#)  
[Appendix B – M20 Junction 7 bid 2<sup>nd</sup> August 2022](#)

## 11. Contact details

Report Author

Kerry Clarke/Lee Burchill – Major Capital Programme Team  
[kerry.clarke@kent.gov.uk](mailto:kerry.clarke@kent.gov.uk)  
[lee.burchill@kent.gov.uk](mailto:lee.burchill@kent.gov.uk)

Relevant Director:

Philip Lightowler - Interim Director of Highways & Transportation  
[philip.lightowler@kent.gov.uk](mailto:philip.lightowler@kent.gov.uk)