

**Meeting: Overview and Scrutiny Board**

**Date: 15 March 2023**

**Report Title: Levelling Up Round 2 Outcome**

**Contact details: Alan Denby, Director of Pride in Place, [alan.denby@torbay.gov.uk](mailto:alan.denby@torbay.gov.uk), 07788691912/ Councillor Long, Cabinet Member for Economic Regeneration, Tourism and Housing, [swithin.long@torbay.gov.uk](mailto:swithin.long@torbay.gov.uk)**

---

- 1.1 The **Levelling Up Fund** is a £4.8billion UK wide fund allocated over 4 years and is designed to drive growth and regeneration in places that Government has assessed need it most to reduce economic inequality and support recovery from the pandemic's economic impact.
- 1.2 Funding proposals are to be led by Local Authorities with support and endorsement from stakeholders particularly MPs. The Government's Spring Statement saw the launch of Levelling Up Fund Round 2 on Wednesday 23<sup>rd</sup> March 2022. Torbay's decision was to resubmit an updated version of the round one bid which was for a programme of two projects including investment at Brixham to improve the capability and capacity at the fish quay through a market extension and separately an electronics and photonics production park to provide grow on and production space for businesses in the electronics and photonics sector.
- 1.3 Ahead of the announcement of round 2 informal discussions testing an updated resubmission of the round 1 bid took place with the MPs which was supported and the rationale around the need for economic growth that led to the Council submitting the round 1 bid had not changed.
- 1.4 Alternative projects that were considered and discounted include town centre investment to complement Town Deal or Future High Street Fund programmes in Torquay and Paignton, each programme would benefit from additional funding. From a cultural perspective there is a rationale to consider investment for instance at Princess Theatre and Torbay's recent

designation as a “levelling up for culture” location means that there may be benefit here however the direct and indirect economic benefits of such a scheme were considered to be lower than the round 1 bid. There were no strategically important transport projects that could have been submitted.

- 1.5 In the round resubmission of the round 1 bid was considered to provides the right opportunity for Torbay to win funding to support the delivery of the Economic Repositioning Plan, Economic Strategy and Community Plan and also support the Thriving Economy objective of the Community Plan.
- 1.6 Government announced the outcome of the application process in January. Some 530 applications were submitted with circa 80% of those bids unsuccessful and there is an explanatory note on the .gov.uk website here <https://www.gov.uk/guidance/levelling-up-fund-round-2-explanatory-note-on-the-assessment-and-decision-making-process>
- 1.7 Government feedback recognised Torbay’s bid focuses on regeneration initiatives to drive up productivity, earnings and economic performance to level up Torbay. Two strategically important sectors are electronics and photonics, and fishing. Both offer long term sustainable jobs in a coastal community dominated by seasonal employment and disproportionately impacted from the pandemic.
- 1.8 The feedback received said that Torbay’s bid was “a relatively strong bid with clear strengths across Strategic Fit and Economic Case with notable focus on key sectors, one traditional and one relatively new hi-tech.” The headline critical comments were on insufficient detail provided on expenditure to give confidence in the deliverability of the project which links to an area that Overview & Scrutiny has already highlighted in respect of the capital programme. They also noted limited information on procurement.
- 1.9 More detailed feedback on the strategic fit was that this was strong with engagement with stakeholders thorough and was well-established. Feedback noted that the case for investment demonstrated a clear rationale for why the proposed interventions would address the challenges identified and why Government support was needed. It was clear that the component project elements were aligned and that both projects sit well within Government, national, regional and local priorities.
- 1.10 The bid provided comprehensive analysis on the problems faced by Torbay with reference to a number of relevant metrics, with data from reliable sources, and suitable comparisons made with regional and national benchmarks. Some temporal comparisons were also made

to highlight important trends. To improve, some more evidence could have been given to cover gaps around some assumptions.

- 1.11 The application set out a strong Theory of Change (ToC) for how the outputs of the proposal would address the problems identified and set out the assumptions underlying the expected impacts. Evidence was used to demonstrate clear bottlenecks limiting growth opportunities in the fishing and electronics/photonics sectors.
- 1.12 The feedback did challenge on deliverability noting that the expenditure and funding profile information was high-level. The bid did not include a procurement strategy which led to questions on the rationale for the procurement process proposed.
- 1.13 The delivery plans which were provided for the projects covered some areas to a good level of detail, but also had some weaknesses. The risk register was comprehensive although clarity on dependencies within the programme timescale, and risks around land acquisition and occupation rate post-completion would have been helpful.
- 1.14 The feedback above suggests that while Torbay's bid had some areas that could be improved or provide further assurance to officials it was good in terms of the strategic and economic cases at least. Since the decisions were announced there has been further commentary in media on the process for decision making. Generally, the approach taken by successive Governments to growth funds has seen a closer involvement of Ministers than previously, section 4.1 of the explanatory note, provides some insight on how this has applied in Levelling Up Fund round 2. What the feedback above does not reveal is where Torbay featured on the shortlist that was presented to Ministers and whether Torbay's position was adjusted consequently.
- 1.15 The failure of the bids does present a challenge to delivery of the aspirations that the Council has for economic growth in Torbay. Since the decision officers have begun the preparation of alternative funding strategies and reviewing the projects to see what can be taken forward. Representatives of each of the fisheries and electronics/photonics sectors have sought reassurance on these next steps and the Council remains committed to delivery of these projects.