



Item: 4

Policy and Resources Committee: 16 April 2024.

UK Government Long-Term Plan for Towns Levelling Up Award.

Joint Report by Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.

1. Overview

- 1.1. In its budget on 6 March 2024 the UK Government confirmed an award of funding for Kirkwall under its Long-Term Plan for Towns Levelling Up programme. This report provides an update on the known terms of the announcement and sets out the immediate action that is required.

Key Information

- 1.2. The UK Government established its Long-Term Plan for Towns as a core part of its levelling up programme in September 2023, with an announcement that towns across the UK would receive £20 million in support over 10 years. 75 towns across the UK have now received funding through this programme.
- 1.3. Up to now the funding has been targeted towards capital spend in towns with a population of between 20,000 and 100,000 residents. For Orkney the intention of the UK Government is that spend should not be restricted only to Kirkwall.
- 1.4. Full details on the programme are yet to be received but it is expected that these will closely follow the guidelines provided to other recipients in 2023, which are publicly available documents. Much of the information provided in this report is therefore drawn from the 2023 guidelines and may be subject to change when updated guidelines are received. The overview of the fund as currently understood is provided in sections 3 to 6 of this report.
- 1.5. It is anticipated that a Towns Board will need to be established by 1 June 2024 to develop and oversee a place plan which will require the endorsement of the local MP prior to submission to the UK Government by 1 November 2024 for approval and sign off. The plans are expected to include a 10-year Long-Term plan and an initial 3-year investment plan.
- 1.6. There is expected to be some flexibility in how the Towns Board is established, however it must include an independent Chair, the local Member of Parliament, a senior representative from the Police and at least two local Councillors. There is an expectation of relevant involvement of the local community and relevant partners and interest groups. An initial set of opportunities and strategic principles have been drafted that will be used to prompt initial discussion and establish initial ways of working to guide the work and focus of the Board – these are set out in section 7 of this report.

- 1.7. An initial allocation of funding of £50,000 is expected to be made available to the Council shortly to support the establishment of the Towns Board, with an expected additional £200,000 for further work to support development of the required plans anticipated to be released from 1 June 2024.
- 1.8. Timescales for progressing with the above elements are determined by Government and will require quick action. The initial role of the Council is to establish the Towns Board and thereafter to act as the accountable body (to the UK Government) for funding and executing the agreed Long-Term Plan. Specific actions arising within the investment plan will also require direct delivery or support from the Council.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i note the award of £20M of funding over 10 years, made by the UK Government under its Long-Term Plan for Towns, Levelling Up Fund in the 2024 Spring Budget statement.
 - ii delegate authority to the Chief Executive, in consultation with the Leader and the Deputy Leader, to determine and implement the appropriate structure and appointments to the Orkney Towns Board, including selection and appointment of an independent Chair in line with UK Government guidelines.
 - iii instruct the Corporate Director for Enterprise and Sustainable Regeneration to establish a suitable staff resource within the Council to manage the Long-Term Plan for Towns funding and projects, funded from the resources available within the award, and undertake such procurement, as required and within the available funding awarded, to support the Orkney Towns Board in developing its Long-Term plan and investment plans.
 - iv agree the opportunities and strategic principles that will be used to guide the initial discussions and work of the Orkney Towns Board as set out in sections 7.2 and 7.3.
 - v agree that further reports on progress be brought back for the consideration by the Policy and Resources Committee, with the Long-Term Plan, initial 3-year investment plan, and any subsequent plans or project proposals identified therein being approved by the Policy and Resources Committee prior to submission to UK Government.

3. Background

- 3.1. The UK Government established a Long-Term Plan for Towns as a core part of its Levelling Up Programme in October 2023, with the announcement that 55 Towns across the UK would each receive £20 million in support over 10 years. On 6 March 2024 the UK Government confirmed a second round of awards under the Long-Term Plan for Towns with extension of this funding to a further 20 towns, including Kirkwall.

- 3.2. Up to now the funding has been targeted towards capital spend in towns with a population of between 20,000 and 100,000. Initial discussions with UK Government officials have indicated their intention is that spend for Orkney should not be restricted only to Kirkwall.
- 3.3. Full detail on the programme is yet to be received from the UK Government so much of the information provided in this report is drawn from the 2023 guidelines made available to previous recipients and may therefore be subject to change in line with any changes to the guidelines when confirmed to us.
- 3.4. A High Streets and Towns Task Force has been established by the UK Government to provide direct Government advisory support for this funding.

4. The Orkney Towns Board

- 4.1. A Towns Board will need to be established by 1 June 2024 to agree a 10-year Long-Term plan and an initial 3-year investment plan to be submitted to the UK Government for approval by 1 November 2024. The local Member of Parliament will be required to state whether they approve of the submission within the documentation submitted to the UK Government for sign off.
- 4.2. There is some flexibility in how the Towns Board is established but it must include an independent Chair, the local Member of Parliament, a senior representative from the Police, and at least two local Councillors. It may also include other community partners. It is expected that the Towns Board will meet on a quarterly basis. To enable the timescales for implementation of the Towns Board to be met it is recommended that authority be delegated to the Chief Executive, in consultation with the Leader and the Depute Leader, to determine and implement the appropriate structure and appointments to an Orkney Towns Board, including selection and appointment of an independent Chair.
- 4.3. Initial funding of £50,000 is expected to be made available to the Council in April 2024 to support the establishment of the Towns Board, with an expected £200,000 to be provided after 1 June 2024 to support further work in developing the required plans. Further information is also expected to be provided by the UK Government on the geographic area that the Towns funding will relate to.

5. Governance and Support

- 5.1. Timescales for progressing with the establishment of the Orkney Towns Board and development of required plans are determined by Government and will require quick action.
- 5.2. The primary role of the Council will be as an enabler to the establishment of the Towns Board and thereafter as the accountable body (to the UK Government) for funding and executing the Long-Term Plan. Actions arising within the investment plan will also require direct delivery or support from the Council. The Council must also provide a secretariat function to the Towns Board.

- 5.3. As a long term programme which will require the oversight of the Council and the capacity to deliver on the agreed long-term place plan and relevant projects it is recommended that a suitable project team resource is identified and established to oversee the funding and the projects as well as support the work of the Orkney Towns Board. Approval is being sought from Committee that the Corporate Director for Enterprise and Sustainable Regeneration should establish this team and undertake procurement as required to assist the Towns Board in developing its Long-Term Plan, investment plan and relevant projects. Both the team and relevant procurements will be funded from within the Long-Term Plan for Towns Funding.
- 5.4. Considering the Council’s role as accountable body, it is being recommended that the Policy and Resources Committee should consider the Long-Term Plan, initial 3-year investment plan, and any subsequent plans and project proposals before submission to UK Government.

6. Focus of investment

- 6.1. The funding will primarily be focused on capital spend, with an allowance of circa 23% of the funds available to be used on capitalised revenue costs associated with developing and progressing the project development phased work. The following funding profile has been provided by UK Government.

Year	Revenue	Capital	Total
2024/25	£250,000		£250,000
2025/26	£672,000	£2,096,000	£2,768,000
2026/27	£449,000	£1,605,000	£2,054,000
2027/28	£449,000	£1,605,000	£2,054,000
2028/29	£449,000	£1,605,000	£2,054,000
2029/30	£449,000	£1,605,000	£2,054,000
2030/31	£454,000	£1,605,000	£2,059,000
2031/32	£467,000	£1,605,000	£2,072,000
2032/33	£467,000	£1,605,000	£2,072,000
2033/34	£467,000	£1,605,000	£2,072,000
Total	£4,574,000	£14,936,000	£19,510,000

- 6.2. There is flexibility to roll-over funding from one year to the next until the end of the programme without impacting on payment of following tranches. Conversely there is no ability to draw down funds more quickly than the profile, however a local authority may be able to front load-investment spend by borrowing against future payments under the fund.

6.3. The guidelines set out three broad investment themes which the Towns Board investment plan will require to demonstrate project alignment with. These are:

- Safety and Security.
- High Streets Heritage and Regeneration.
- Transport and Connectivity.

7. Opportunities and Strategic Principles

7.1. While there is a good deal of flexibility in determining interventions within the themes set out at section 6.3, they are not exhaustive. Notably development of housing or energy efficiency measures are not interventions that would fit within the investment themes.

7.2. There are however opportunities presented by the funding investment streams that could be used to restore the unique role of towns within an island community such as Orkney – the historic role of towns as routes to market for local produce; gateways to Orkney and as civic and cultural hubs that would have an impact on and relevance to all of the communities of Orkney – not just those located within towns. These opportunities will be explored and presented to the Orkney Towns Board to support initial deliberations and consideration of the development of the overall investment plan and strategy.

7.3. The new Orkney Towns Board will be tasked to develop the investment plan and programme and it is proposed that the following strategic principles are established as a starting point to guide the work and focus of the Board which should seek to:

- Build on existing approved place plans or development plans which have already been the subject of community consultation.
- Avoid placing any additional revenue burden on the Council or partners beyond what can be met by the allocated funding.
- Seek to spend as early as possible in the programme to maximise the impact and benefit of capital funding.
- Consider awarding capital grants to other bodies to deliver projects where this is the most cost-effective way of securing the best outcome for communities.
- Consider linkages with and lessons learned from Islands Growth Deal projects.
- Prioritise inclusion of relevant plans, projects and aspirations that have clear evidence of support from local communities and are currently being advanced.
- Prioritise projects that have the potential to reduce future revenue costs for partners to ensure a legacy of sustainable projects and investment.
- As far as practicable, enable a programme of towns infrastructure development which will have positive impact across Orkney.

For further information please contact:

Sweyn Johnston, Head of Enterprise and Economic Growth, extension 2348, Email sweyn.johnston@orkney.gov.uk.

Implications of Report

1. Financial: The Council will be responsible for the funding received, the governance and oversight of the funds and the projects will require to comply with all financial regulations.

2. Legal: None directly related to the recommendations in this report.

3. Corporate Governance: The Council will be responsible for the funding received and the governance and oversight of the funds and the projects will require to comply with all relevant regulations and corporate governance requirements.

4. Human Resources: A specific project resource will require to be established to support and oversee the work of the Orkney Towns Board and to ensure compliance with financial and corporate governance requirements. This will be funded from within the funding received. The establishment of new posts can be approved under the Chief Executive's delegated authority. These will require to be job evaluated to establish their grading and will be recruited to in accordance with the Council's existing policy on recruitment and selection.

5. Equalities: As the Council will be responsible for governance and oversight of the funds and individual projects, any impact on equalities will be considered on a case-by-case basis, if required.

6. Island Communities Impact: As the Council will be responsible for governance and oversight of the funds and individual projects, any Island Communities Impact will be considered on a case-by-case basis.

7. Links to Council Plan: The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:

- Growing our economy.
- Strengthening our Communities.
- Developing our Infrastructure.
- Transforming our Council.

8. Links to Local Outcomes Improvement Plan: The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:

- Cost of Living.
- Sustainable Development.
- Local Equality.

9. Environmental and Climate Risk: None directly related to the recommendations in this report.

10. Risk: None directly related to the recommendations in this report.

11. Procurement: The Council will be responsible for the funding received and the governance and oversight of the funds and the projects will require to comply with all relevant procurement regulations and processes.

12. Health and Safety: None directly related to the recommendations in this report.

13. Property and Assets: None directly related to the recommendations in this report.

14. Information Technology: None directly related to the recommendations in this report.

15. Cost of Living: None directly related to the recommendations in this report.

List of Background Papers

Letter from Jacob Young MP, Minister for Levelling Up, UK Government Department for Levelling Up, Housing and Communities on 6 March 2024 informing Orkney Islands Council of award of Levelling Up Long-Term Plan for Towns Funding.

Letter from Jacob Young MP, Minister for Levelling Up, UK Government Department for Levelling Up, Housing and Communities on 19 March 2024 providing details on award of Levelling Up Long-Term Plan for Towns Funding to Orkney Islands Council.

Long-Term Plan for Towns – Guidance for Local Authorities and Town Boards, Department for Levelling Up, Housing and Communities, December 2023.