

Report to: Cabinet



Date of Meeting 29 June 2022

Document classification: Part A Public Document

Exemption applied: None

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Axe Valley Project and Levelling Up Fund Round 2

Report summary:

The report provides information on bid preparation for the Axe Valley bid for Levelling Up Fund Round 2 and makes recommendations on the projects to be included, the costs of those projects and the suggested match funding contribution from the council.

The total cost is estimated at £15.58m. A cash contribution of £4m is being requested from the council which is greater than the minimum 10% contribution required by the LUF. This will sit alongside an in-kind contribution of £403,000 relating to land value. This results in a total ask of £11.18m from the Levelling up Fund.

The funding application deadline is 6 July 2022. East Devon District Council is now within the priority 2 category (up from 3 previously).

Further stakeholder engagement has taken place with local stakeholders and written letters of support will be sought from local stakeholders subject to the recommendations in this report being approved.

The projects included within the bid no longer includes the Axminster town centre public realm project as they have not had the opportunity to look at the traffic impact of the proposals and will not have sufficient time to do this before the bid submission deadline.

DCC has however confirmed that it is able to support the Seaton Seafront Enhancement scheme which is a more advanced project given its previous planning permission, and therefore support the bid as a whole.

The council requires the support of the MP and at the time of writing, we currently await the outcome of the Tiverton and Honiton by-election. The MP is able to support more than one bid, but only offer **priority support to one bid**. Mid-Devon District Council is re-submitting their bid for the Collumpton Relief Road. The candidates have been written to with a briefing on the Axe Valley project and the proposed LUF bid and invited to support this council's bid.

Is the proposed decision in accordance with:

Budget Yes ☐ No ☒

Policy Framework Yes ☒ No ☐

Recommendation:

That Cabinet

1. Approves the inclusion of the Axe Valley projects within the Axe Valley Levelling Up Funding bid as set out at paragraph 2.1 of this report.
2. Notes the removal of the Axminster Public Realm project from the bid.

3. Notes the total estimated cost of the Levelling Up programme at £15.58m
4. Approves the use of Council land to enable project delivery which following valuation results in an in-kind contribution of £403,000.
5. Agrees with the cash contribution of £4m from the council subject to approval by Full Council noting that should such approval not be given, the bid submission will be withdrawn.
6. Gives delegated authority to the Service Lead for Place, Assets & Commercialisation in consultation with the Strategic Lead for Finance and the Portfolio Holder for Economy and Assets to submit the final bid documents and complete any related documentation if the bid is successful.

That Cabinet recommends to Council:

7. To approve the £4m commitment of funding from the Council should the bid be successful.

Reason for recommendation:

To enable the Project Team to submit a Levelling Up Round 2 funding bid for Axe Valley in order to meet the funding application deadline of 6 July 2022.

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Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
- ☐ Coast, Country and Environment
- ☐ Council and Corporate Co-ordination
- ☐ Democracy, Transparency and Communications
- ☒ Economy and Assets
- ☐ Finance
- ☐ Strategic Planning
- ☐ Sustainable Homes and Communities
- ☐ Tourism, Sports, Leisure and Culture

Equalities impact Low Impact

Climate change Medium Impact

Risk: Medium Risk; There are risks associated with the delivery of capital projects such as those described in this report, relating to planning and changes in the market place, as well as other technical issues that are unforeseen at this stage. Whilst a decision to bid for funding does not directly result in exposure to these risks, where a funding bid is successful, there is then a requirement to deliver on the agreed project package. There can be reputational damage relating to the council's credibility where there is a failure to deliver on the spending requirements. Further details of project risks and mitigations are set out in Appendix 1, section 7 of the Axe

Valley Regeneration Project – Stage 1 Study, Avison Young report. This is provided in the Link below.

Links to background information [Axe Valley cabinet report 4 May 2022](#) Appendix 1 - Axe Valley Regeneration Project – Stage 1 Study, Avison Young report; [Link to cabinet report on Axe Valley, 2 March 2022](#); Appendix 2 - Levelling Up Fund Briefing Paper; Appendix 3 - Table of Funding Options

Link to [Council Plan](#)

Priorities (check which apply)

- ☐ Better homes and communities for all
 - ☐ A greener East Devon
 - ☒ A resilient economy
-

Report in full

1. Levelling Up Bid Preparation

- 1.1 The 4 May cabinet report on the Axe Valley project and Levelling Up Funding bid submission, provided options for the projects to be included in a Levelling Up Funding bid. Cabinet approved that Option 2 would be pursued, which included the 3 employment sites, the Axminster town centre public realm project and the Seaton Seafront enhancement scheme. Since that meeting, officers have been working with our consultants, led by Avison Young, to finalise the project costs and prepare the bid documentation.
- 1.2 Following further work on the project feasibilities since May, there have been some adjustments to two of the projects as follows:
 - The Cloakham Lawns project has reduced in size to reflect likely demand and the existing s.106 Agreement requirements, and will offer more flexibility in terms of its uses.
 - The Moridunum project has been included within the Seaton Seafront Enhancement Project as approved by cabinet on 4 May.
- 1.3 As part of the bid submission the council is required to demonstrate stakeholder support for the bid. The council has held 2 further Stakeholder events in Axminster and Seaton to discuss the outcome of the Axe Valley Stage 1 Study and the recommended way forward for the bid. There is support for the council's approach and the council is in the process of securing letters of support to accompany the application form.
- 1.4 The council also needs the support of the County Council in relation to the public realm projects as these involve land in the control of the Highways Authority. The County Council was unable to offer support for the Axminster public realm works as they have not had the opportunity to look at the traffic impact of the proposals and will not have sufficient time to do this before the bid submission deadline. DCC has however confirmed that it is able to support the Seaton Seafront Enhancement scheme which is a more advanced project given its previous planning permission, and therefore support the bid as a whole.
- 1.5 In addition, the council needs the support of the local MP. At the time of writing we await the outcome of the Tiverton and Honiton by-election and have therefore not been able to confirm whether priority support will be offered. The MP is able to support more than one bid, but only offer **priority support to one bid**. Mid-Devon District Council will be

submitting their bid for the Collumpton Town Centre Relief Road again (having been unsuccessful in LUF Round 1) which forms part of the Devon County Council's Strategic Transport Plan.

1.6 As previously reported, the council had kept the former MP, Neil Parish, informed about the Axe Valley project. Through these communications with the previous MP, this council had been advised by the former MP, Neil Parish, that he would offer priority support to the council for the Axe Valley bid for LUF Round 2, as he supported the Collumpton Relief Road in LUF Round 1. The council has written to all of the candidates in the by-election and advised them of this council's bid for the Axe Valley to ensure that when the new MP is elected, they will already be informed about our proposals when we make contact.

1.7 Full Council approval is required in relation to the financial contribution being requested of the Council for the overall funding of the projects. Due to the timing of the next Full Council meeting being after the date of bid submission on 6 July it is being recommended that the contribution is subject to Full Council approval and that if this is not forthcoming, the bid would be withdrawn.

2.0 LUF Bid composition.

2.1 Following the changes detailed above, it is now proposed that a bid comprising the following projects is submitted:

		Use
1	Axminster and Seaton Employment Sites	<p>Colyford Road site, Seaton 10 no. units of 66 – 93 sq m Total = 834 sq m</p> <p>Harepath Road site, Seaton 8 no. units of 83 – 135 sq m Total = 1098 sq m</p> <p>Cloakham Lawns site, Axminster 32 no. units of 18 – 25 sq m Total = 1286 sq m</p> <p>TOTAL = 50 units, 3,218 sq m</p>
2	Seaton seafront Enhancement scheme including the Moridunum site	<p>Phase 1. Similar to part of the original planning permission (public realm in front of commercial premises, existing roundabout and Fisherman's Gap) and including the Moridunum site.</p>

2.2 The revised costs for the bid are set out below:

Costs £m		Funding £m			
Employment Sites package	Total Project Cost (£m)	LUF	EDDC cash match	EDDC land match	Total
Cloakham Lawns	3.16				
Colyford Road	1.41				
Harepath Road	1.91				
Land	0.40			0.40	
Additional cost to meet BREEAM excellent standard	0.31				
		2.79	4.00		
Public Realm					
Seaton Seafront	8.39	8.39			
Land	0.00				
TOTAL	15.58	11.18	4.0	0.4	15.58

3.0 Funding Request and Match Funding

3.1 The Total costs are £15.58. It is recommended that the council requests a LUF contribution of £11.18m and offers match funding of £4,403,000 towards the overall project costs. This includes a land value of £403,000 which represents the value of the employment sites. In addition, a cash contribution of £4m is proposed. Funding bids which offer more match funding tend to be considered more favourably as it enables the government funding pot to have a wider reach. The council's contribution would be repaid from the rental income received from the commercial units.

Financial implications:

The financial details are covered in the report. EDDC contribution to the projects totals £4m cash and £403,000 in land value. The £4m capital budget requested (cash) will be financed in line with the Treasury Management Strategy in terms of our overall capital commitments with funding to come from a combination of any capital receipts received in year, internal borrowing or borrowing from the Public Works Loan Board. The most costly is likely to borrow the full sum from the PWLB but it is estimated associated costs will be comfortably recovered from the rental income to be derived from the employment sites to be delivered through the bid.

Legal implications:

The report relates to the submission of a bid and related commitments by the Council. There are no specific legal implications arising from this. Individual projects will be subject to more detailed consideration if the bid is successful and projects progress. Legal will also need to be involved in reviewing any documentation that is required following a successful bid.