

Report

Cabinet



Part 1

Date: 15 June 2022

Subject: Levelling Up Fund Round 2 – National Technology Institute

Purpose To seek approval to submit a bid to the second round of the UK Government's Levelling Up fund that seeks to support the creation of a National Technology Institute in Newport City centre.

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Ward All

Summary Since the £4.8 billion Levelling Up Fund (LUF) was launched in 2021, UK Government have set out their long-term ambitions for the overarching levelling-up policy through the release of the Levelling Up White Paper. This paper details the six capital drivers which UK Government believe will overcome regional inequality. With this refined remit also came the second funding round of the LUF. Similar to the first round, the fund is distributed competitively, with up to £20m of capital funding available for regeneration and culture projects. The deadline for submissions is 12pm on Wednesday 6th July 2022.

Newport sought to leverage £20m of funding from the first funding round for the Northern Gateway Quarter of the City, focusing on the train station area, adjacent streets and public realm. Although this application was unsuccessful, subsequent advice from UK Government officials has highlighted how an adjustment in approach could lead to a successful funding award. With this feedback considered, and with progress in establishing the Newport Knowledge Quarter concept gathering pace with the proposed relocation of the Coleg Gwent campus, there is a clear opportunity to develop a complementary use within the City Centre. This would be the introduction of a City of Newport National Technology Institute (NTI), a collaborative endeavour involving Cardiff Capital Region, further/higher education and employers with a focus on delivering high quality, higher level technical education and training.

This provision would fill a skills and qualification gap which has been identified with employers and would complement and sit alongside the Institutes of Technology already operating in England. It is therefore recommended that the Council submits a bid to UK Government for funding to help 'level-up' the skills and training offer within Newport and the Knowledge Quarter, as well as enhance the overall mix of uses in the City Centre.

Proposal Cabinet are requested to approve the submission of a bid to the second round of the Levelling Up Fund relating to the provision of a National Technology Institute in Newport City Centre.

Cabinet are asked to approve a change in the capital programme, as outlined in the financial summary, to fund the potential 'match-funding' for this project.

Action by Head of Regeneration and Economic Development

Timetable Immediate

This report was prepared after consultation with:

- Chief Executive
- Head of Law and Standards
- Head of Finance
- Head of People, Policy and Transformation
- Cardiff Capital Region

Signed

Background

Following the first round of Levelling Up Funding (LUF) in 2021, UK Government have now opened up applications to the second round of the programme to coincide with the launch of the Levelling Up White Paper. The total value of the second funding round has not been specified, but £3.1bn of the total £4.8bn ringfenced for the entire Levelling Up Fund programme remains available.

The Levelling Up White Paper confirms that the criteria for applications to the second LUF round remains largely the same as the first. Funding bids up to a value of £20m capital spend can be submitted across the following investment areas:

- **Transport investments** including (but not limited to) public transport, active travel, bridge repairs, bus priority, local road improvements and major structural maintenance, and accessibility improvements. We are requesting proposals for 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.

A minimum contribution of 10% match funding must be included in the bid. This can come from a local authority or other third party (public or private sector). Bids must also be supported by the local Member of Parliament. MPs can only provide priority support for one bid within their constituency but can offer general support for other applications. The submission criteria remains the same as the first round and we continue to work with all key stakeholders in support of the bid and expect a number of letters of support to be submitted with the bid.

Newport is still considered a priority category 1 area- in highest need- and the fund still involves a competitive bidding process, which works as follows:

- Stage one is a pass/fail gateway, where standard minimum criteria must be reached (principally concerning eligibility).
- Stage two is where bids are assessed, scored and shortlisted. Bids are scrutinised against the following criteria; each representing 25% of the total score, with the final 25% determined by the aforementioned area priority category:
 - The Strategic Fit, which covers the case for investment, alignment with local/national context, and stakeholder engagement
 - The Economic Case, covering data sources and evidence, the effectiveness of the proposal in addressing identified issues, cost/benefit analysis, and value for money
 - Deliverability of proposal, covering finance, procurement, programme management, and monitoring and evaluation
- Stage three is where Ministers will make the final decision on those areas where funding awards will be made. This check ensures a reasonable thematic split between all projects and a fair geographic spread.

Timeline

The application window opens on the 31st May 2022, with bids to be submitted to UK Government by noon on the Wednesday 6th July 2022. An announcement on successful bids will be delivered in autumn 2022. Projects must demonstrate spend from the Fund in the 2022-23 financial year, and all funding provided from the Fund must be spent by 31 March 2025 (by 2025-26 on an exceptional basis).

It remains unclear as to whether the Levelling Up Fund will extend to a third round of bidding, but if the proposed National Technology Institute is funded through this round of LUF funding, the Council would be unable to submit another bid for sites in the Newport West constituency.

The Newport Knowledge Quarter

The adopted City Centre Masterplan (2019) was created to build on the City's regeneration credentials and build on the success of the Vibrant and Viable Places programme. Setting the groundwork for the creation of a variety of new city based uses, the document focuses on three areas, all individually characterised by a number of key site development and public realm improvement opportunities.

The City Core area focuses specifically on consolidation through new development, redevelopment, and diversification of existing land uses. The area has benefitted from significant investment in the past few years; highlights include:

- The refurbishment of Chartist Tower from office space to a 135 room 4* Mercure hotel;
- Demolition of dilapidated commercial buildings and construction of 38 affordable apartments at 123-129 Commercial Street
- The creation of public realm space and improvements at St Paul's Walk.

These projects are stimulating further regeneration elsewhere in the City, drawing in renewed footfall and new businesses. This success gives the Council an appropriate platform to deliver a National Technology Institute and in turn realising the full potential of the Newport Knowledge Quarter proposal.

Proposed National Technology Institute (NTI)

Working collaboratively across Further Education, Higher Education and employer partnerships, the NTI will operate as a separate legal entity, with a Board of Directors. It will not be operated by Newport City Council. The focus will be on delivering more targeted and focused courses and qualifications where employer demand is greatest. It is expected to:

- significantly increase the number of learners with higher technical qualifications
- provide the skills that employers need, both now and in the future, which are crucial to local, regional and national productivity growth
- attract a diverse range of learners to address the lack of diversity in some parts of the technical workforce, to maximise their social as well as economic impact
- support adult learners, whether in employment or not, who want flexible access to higher-level education

The National Institute will not compete with existing post-16 provision. It will be a complementary offer which brings together a broad range of stakeholders- specifically employers- to support and lead the technical skills development for our specific sectors. England already has a network of Institutes of Technology (IoT's), but the model is not prescribed; it is built on local sector requirements. For Newport, this is likely to be focussed on Data and Cyber but will be informed by the needs of our existing and future businesses. The City of Newport NTI will be entirely separate to the English IoT network but there is a clear opportunity to complement the IoT provision, particularly in the Western Gateway geography (principally the Swindon and Wiltshire IoT, and the West of England IoT).

The NTI proposal has been developed as a result of ongoing feedback from employers and representatives on the Right Skills Board and Regional Skills Partnership who highlight the need to ensure that there is a pipeline of suitably qualified and trained people in the local area to meet the needs of their businesses. Through engagement with these boards and having seen the success of alternative offers such as the National Software Academy and the Cyber Security Academy, Wales, the One Newport Partnership and Cardiff Capital Region are fully supportive of the NTI concept.

Financial Summary

The total funding available from the LUF for regeneration and town centre investment is £20m. There is a requirement for a 10% match funding. This match funding can come from a local authority or other third party (public or private sector) but cannot be "time in kind." Cabinet will need to agree to ring

fencing up to £1m for match funding for this bid. We are also exploring other third party sources of match funding in order to maximise the bid submitted to UK Government, but the final bid submission will not exceed £20m. The Council's contribution would be capped at £1m.

As outlined in the 2022/23 Capital Strategy, the Council is working to a prudent authorised limit in terms of capital expenditure commitments funded from borrowing and there is currently insufficient headroom within this to commit this value. However, officers are undertaking a detailed review of the capital programme and whilst still in progress, an existing capital project in the overall programme ('renewable energy investment') is not yet able to commence due to capacity issues with the Grid. It is therefore recommended that this project is deleted from the current capital programme and the borrowing headroom released and allocated to this project. This renewable energy project will be reconsidered in the future when Grid capacity allows.

In terms of revenue funding, the NTI model principally operates on the basis of businesses funding training courses and securing newly trained and qualified workforce as a result. Courses can be full time and part time and the actual course offer will be flexed to meet the needs of the specific sector. It is therefore expected that the operating model, which will sit independent of the Council and will be self financing. Some seed funding may be required to help establish the facility but this is expected to be sourced from other partners and organisations.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
UK Gov rejects the bid	M	M	The LUF is a competitive bidding process and whilst Newport is a priority one area, we are not the decision makers on this funding. In the event of an unsuccessful bid, whilst this would represent a set back in our plans to develop the Knowledge Quarter/NTI concept. It is unknown as to whether a third round of levelling up funding will be made available. However other sources of funding would be sought.	Head of R&ED
Suitable location cannot be found in City Centre	M	L	There are a number of premises within the City Centre which could accommodate this use, if the bid is successful.	Head of R&ED
There is no suitable operating model established	M	L	The operating model for the facility will need to be established in the form of a separate legal entity	Head of R&ED

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

This development would be in keeping with the adopted Local Development Plan, Economic Growth Strategy, City Centre Master Plan, Corporate Plan and Local Well-being Plan.

Council Commitments / Priorities

This proposal meets the following commitments and well-being objectives of the council as specified in the Corporate Plan 2017 – 2022

Thriving City

- Real progress on transforming Newport city centre through placemaking and investment.

Aspirational People

- The City has modern, increased tertiary education capacity that meets the needs of Newport's future economic and social changes.
- 1. People feel good about living, working, visiting and investing in Newport**
The Newport "Offer" should attract and retain people and businesses to the City, recognising that desirability to work and live in the City is the result of the "complete package" including employment, housing solutions, infrastructure, environment, cultural opportunities and public services.
 - 2. People have skills and opportunities to find suitable work and contribute to sustainable economic growth**
People can access skills and education programmes that align with current and future local employment opportunities, enabling individuals and the city's economy to achieve their potential.
 - 3. People and communities are friendly, confident and empowered to improve their well-being**
Working with the community and a range of organisations to identify assets and needs, developing a targeted, preventative place-based approach with local communities that considers the long term and empowering local people to lead and develop their local community..
 - 4. Newport has healthy, safe and resilient environments**
Newport is a greener, healthier and safer place where all communities have easy access to quality greenspace for health, play and recreation.

The proposal also supports the Council's Covid Strategic Recovery Aims (Cabinet Report July 2020), specifically:

- Strategic Recovery Aim 2 – Supporting the Environment and the Economy Well-being Objectives

Options Available and considered

- 1) Approve the submission of a Levelling Up Funding bid for the provision of a National Technology Institute in Newport City Centre with a capped £1m of match funding from the Council.
- 2) Do not agree to submit a bid for Levelling Up Funding for the delivery of a National Technology Institute.

Preferred Option and Why

- (1) Approve the submission of a Levelling Up Funding bid for the delivery of a NTI in Newport City Centre with a maximum £1m of match funding from the Council. The final bid will not exceed £20m and will be capped to match the total available match funding which has been secured through the Council's contribution and any additional match funding from third parties. The funding will 'level-up' the technical skills offer in the Newport and the wider region as well as complement the Newport Knowledge Quarter concept. It would encourage new investment from the private and higher education sector in the development of Newport's high growth sectors. Establishing this landmark facility will also support the broader realisation of the Cardiff Capital Region's Skills Partnership ambitions and through partnership working, will also realise the regional pan-national ambitions of the Western Gateway partnership.

Comments of Chief Financial Officer

This report outlines the ambitions to establish a National Technology Institute within Newport and the Knowledge Quarter. Whilst there is a degree of inherent uncertainty on the final proposals and scale, a commitment of up to £1m capital funding is required, with the requirement that some of it is spent in 2022/23 financial year in order for a bid to be made.

The financial summary explains the current position as regards available capital resources and the opportunity for this project to be funded from the release of resources from an existing project which cannot proceed, due to circumstances outside of the Council's control. The Cabinet recommendation includes the deletion of that project and use of the resources for this proposed 'National Technology Institute project'. This provides the funding solution which is required and it is therefore recommended.

An up-to-date position on capital resources / headroom will be given to the Cabinet in their July meeting which will incorporate this and other recent developments and decisions.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report at this stage, as Cabinet are only being asked to approve the submission the proposed second round bid to the Levelling Up Fund in relation to the provision of a National Technology Institute in Newport City Centre. To facilitate the submission of the grant bid, Cabinet will also need to set aside provision within the capital programme for the Council's capped contribution and match-funding of £1m. The proposed NTI is consistent with strategic well-being and corporate objectives in relation to economic regeneration and work and skills. In the event that the bid progresses through the gateway approval stages and the grant funding is awarded, then there will be significant legal issues that will need to be addressed in terms of securing an appropriate City Centre location, establishing the NTI delivery model and implementing the scheme.

Comments of Head of People and Business Change

The bid has the potential to provide well-being benefits to communities by improving and regenerating the city centre, and through the development of skills and employment. The report writer has fully considered the council's Well-being objectives and the sustainable development principle of the Well-being of Future Generations Act when developing this report.

From an HR perspective there are no staffing implications to this proposal.

Progressing with the bid is in line with the Council's strategic recovery aims and its Well-being Objectives and will support the Newport Offer and Right Skills interventions within Newport's Well-being Plan.

Scrutiny Committees

None.

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

The council has a number of legislative responsibilities to assess the impact of any strategic decision, proposal or policy on people that may experience disadvantage or inequality.

- Stakeholder engagement has taken place with industry specialists, employers, FE/HE representatives, previous representatives of the Newport Economic Network, the One Newport Partnership through the Right Skills Board, Welsh Government and Cardiff Capital Region through the Regional Skills Partnership and it has been acknowledged that there is a skills and qualification gap within the existing tertiary offer. Stakeholder engagement is ongoing as we recognise that

industry and business is changing at pace and the traditional offer is not meeting the future needs of employers and affecting their ability to grow and flex.

- There is considered to be a positive impact in respect of both age, disability, sex and pregnancy/maternity. The facility will be accessible to anyone of working age and will enable individuals to upskill and reskill, not only at the start of their careers, but also part way through as technology and industry changes. This will support people to access STEM and digital/cyber courses which they traditionally may not have, and will also support those considering career changes.
- If the application for funding is successful, it will lead to a further tertiary education provider in the City Centre and will be the first such facility in Wales. It is therefore reasonable to expect it will generate national/international attention, elevating awareness of Newport, Wales and its culture in general.
- The proposal supports the sustainable development principle and 5 ways of working set out in the Wellbeing of Future Generations Act (2015) through the provision of a facility which seeks to address employment, skills and training needs of the future workforce to meet the changing needs of businesses. This will lead to more investment and more jobs which are skilled and better paid. The proposal also seeks a sustainable reuse of a prominent city centre property which will increase footfall and help support existing uses and businesses in the city centre.

Consultation

None.

Background Papers



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Dated: 10 June 2022