



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Council

25 July 2022

Report of: Councillor Kelham Cooke

Leader of the Council



UK Shared Prosperity Fund

The UK Shared Prosperity Fund (UKSPF) is a significant opportunity to secure substantial investment for the District. The purpose of this report is to present to Council the proposed interventions for inclusion in the Investment Plan (for submission to Government) which details projects that meet the requirements of the funding programme and support the growth and prosperity of the district. This will mean that the Council can accelerate plans and build on existing priorities contained within the Corporate Plan's vision to be the best district in which to live, work and visit.

Report Author

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Corporate Priority:	Decision type:	Wards:
Growth	Administrative	All Wards

Reviewed by:	Nicola M ^c Coy-Brown, Director of Growth and Culture	14 July 2022
Approved by:	Karen Bradford, Chief Executive	14 July 2022
Signed off by:	Councillor Kelham Cooke, Leader of the Council	15 July 2022

Recommendation to the decision makers

1. That Council approves the proposed interventions (found at Appendix A – UKSPF Selection Sheet), to form the basis of the South Kesteven UKSPF Investment Plan, with the intention of this being submitted by 1 August 2022 for Government consideration.

1 The Background to the Report

- 1.1 The Corporate Plan (2020-2023) sets out the vision to be the best district in which to live, work and visit. A £3,898,582 allocation from the Government's United Kingdom Shared Prosperity Fund (UKSPF), provides the opportunity to accelerate plans and build on existing priorities to support: growth and our economy, health and strong communities and a clean and sustainable environment.
- 1.2 The UKSPF has been designed to succeed and improve upon funding which South Kesteven District Council and its partners previously had to bid for from the European Union (EU) structural funds. The UKSPF improves on these funds by focusing on UK priorities rather than policies dictated by the EU and provides local areas a greater say in investments by giving more direct accountability to elected local leaders.
- 1.3 The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. Underneath this overarching aim are three investment priorities: communities and place; supporting local business; and people and skills. The prospectus highlights how these investment themes are expected to help realise seven of the twelve missions set out in the Levelling Up White Paper. These range from improving life expectancy to increasing pay, employment and productivity.
- 1.4 The funding is allocated annually and must be invested by March 2025. Most of the funding will be available in the final year of the programme, as EU structural funds in the community come to an end. It is mainly a revenue-based fund, with a limited allocation for capital projects. Some of this allocation may be used for programmes which deliver across more than one local authority area, or by the Council for direct delivery of programmes.
- 1.5 To secure the 30-month funding allocation, an Investment Plan must be submitted by the Council to the Government by 1 August 2022, for consideration and subsequent sign-off.
- 1.6 The UKSPF Prospectus and supporting documents (including the Investment Plan drafting template) are available online (see **background papers**).
- 1.7 In developing the Investment Plan, the Council has worked in partnership with Councillors, Members of Parliament (MPs) and local stakeholders, including business and community representatives.

Resources

- 1.8 £20,000 has been made available to undertake initial preparatory work for the fund, including developing the local Investment Plan for submission in five working days. This funding is in addition to the allocation and will be paid on sign-off by Government of the Investment Plan. Equally, a smaller amount may be used, with the balance being utilised to support fund interventions. All interventions should end by March 2025.
- 1.9 By default, the Council is able to use up to 4% (i.e. £155,943.28) of the allocation to undertake necessary fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement.
- 1.10 Utilising the £20,000 Government has set aside, an approved exemption request form has been used to secure external support in preparing the Investment Plan. The individual selected is also writing UKSPF proposals for two Leicestershire authorities.

1.11 Once the bid writer has provided the relevant services to the authorities they are currently working for, they will cease to provide these consultancy services. It is expected the Investment Plan writer will transition to be the Council's UKSPF Programme Manager with responsibility for the overall integrity and coherence of the programme. This fixed-term post will be funded from the 4% Fund administration pot and report to the Council's Head of Economic Development. An element of job shadowing is proposed for the Council's less-experienced project colleagues to ensure there is corporate learning from this process.

What interventions can be funded

1.12 To access the allocation, the Council has been asked to develop a UKSPF Investment Plan that addresses three questions (see **background papers – Interventions, Objectives, Outcomes and Outputs**):

- **Local context:** an opportunity to set out local evidence of opportunities and challenges through the lens of the three investment priorities for UKSPF.
- **Selection of outcomes and interventions:** to identify the outcomes to target based on local context, and the interventions to prioritise, under each investment priority, from the menu of options. These should be clearly linked to local opportunities and challenges.
- **Delivery:** this will represent the most detailed stage of the investment plan.

1.13 Guidance on the interventions list can be accessed online (see **background papers - UKSPF Interventions List**)

1.14 Illustrated in the table below, are the three investment priorities, summary of objectives and example interventions:

Investment Priority	Summary of objectives	Example interventions
Community and Place	<ul style="list-style-type: none"> • Strengthening social fabric and fostering a sense of local pride and belonging • To build resilient and safe neighbourhoods 	<ul style="list-style-type: none"> • Visual improvement to town centres and high streets • Cultural and visitor economy interventions • Litter, waste and graffiti reduction • Projects to fight antisocial behaviour • Projects to fight antisocial behaviour • Community projects
Supporting local business	<ul style="list-style-type: none"> • Creating jobs and boosting community cohesion by supporting local businesses • Promoting networking and collaboration and stimulating innovation and growth • Targeted support to help businesses grow e.g. innovation, productivity, energy efficiency, low carbon and exporting 	<ul style="list-style-type: none"> • Support to increase town centre footfall (e.g. outdoor markets) • Development of cultural, visitor and heritage assets • Targeted business growth and innovation support

People and skills	<ul style="list-style-type: none"> • Boosting core skills and support adults to progress in work • Supporting disadvantaged people to access the skills they need • Funding local skills needs and supplementing local adult skills provision • Reducing levels of economic inactivity and supporting those furthest from the labour market 	<ul style="list-style-type: none"> • Technical and vocational qualifications in areas of local skills shortage • Intensive, wraparound one-to-one support to address barriers to employment • Life skills, basic skills and specialist support including achieving basic qualifications in alternative settings • Work experience, supported employment, enrichment activities, counselling and advice, and community referrals
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1.15 To allow flexibility, it is permissible to select ‘bespoke’ interventions that do not feature in the menu of options. This will require the Council to provide evidence to support the bespoke intervention, including a logic chain or theory of change and demonstrate alignment with UKSPF investment priorities.

1.16 The fund can be used flexibly to support interventions via:

- grant to public or private organisations
- commissioning third party organisations
- procurement of service provision
- in-house provision

1.17 Match funding is not required to unlock our allocation. This provides flexibility, reduces bureaucracy and empowers the Council to tailor the approach to local circumstances. The sourcing of matching funding or leverage will therefore not be a factor in the assessment of the Council’s Investment Plan. Although there is strong encouragement to consider match funding from the private, public and third sectors, along with leverage options, when selecting communities and place and supporting local business interventions to fund. This will maximise the value for money and impact of the fund.

Payment

1.18 The Council will be paid annually in advance. In 2022-23, funding will be paid once the Investment Plan has been signed off. In 2023-24 and 2024-25, payment will be made at the start of the financial year. The Council will receive a grant determination letter and Memorandum of Understanding setting out fund requirements and obligations. The Council will be asked to return any underspends at the end of each financial year if it is unable to provide a credible reason for the underspend and firm plans for expenditure in the following year.

2 Consultation and Feedback Received, Including Overview and Scrutiny

2.1 Despite an immovable and compressed timeline, there has been extensive consultation undertaken. In formulating the Investment Plan, Government mandated consultation took place. As the hard stop Investment Plan submission deadline is set for 1 August 2022, having consulted with Democratic Services, it was agreed there was insufficient time to undertake separate or joint scrutiny committees. Taking learnings from the recent Welcome

Back Fund process (see **background papers – Lesson learned from the Welcome Back Fund**), all Members were afforded the opportunity to explore ideas for inclusion in the Investment Plan to optimise the allocation, based on local needs.

- 2.2 To kick start this process, an internal officer group met to create a series of suggested local interventions and activities. On 18 May 2022, Cabinet took the work of the internal officer group and mapped out the UKSPF interventions against the Council's Corporate Plan to decide which meaningful local activities, based on need, should be considered for inclusion in the Investment Plan.
- 2.3 This resulted in over 40 suggested interventions and activities relating to both the communities and place, and support local businesses priorities (see **Appendix A – UKSPF Selection Sheet**).
- 2.4 On 8 June 2022, several of the districts business support practitioners and representatives were consulted on the proposed local businesses priority. Unanimous support for the suggested proposals was received. Whilst no additional requests were made at the session, the group were encouraged to submit any further ideas. To date, Business Lincolnshire Growth Hub have requested £201,941.81 (i.e. 5.2% of the Council's UKSPF total allocation) to achieve economy of scale and buy-in to an existing business support provision to provide a solution for business support post EU funding for two years, commencing 1 April 2023 (see **Appendix B – UKSPF Growth Hub Business Support Framework Model 2**).
- 2.5 At the time of writing this report, a County-wide Officer Group is working together to resolve several issues and questions raised regarding the Growth Hub proposal and offer. Council Officers have ongoing contact with the Business Lincolnshire Growth Hub Team to try and build an offer that suits all parties and most importantly South Kesteven businesses.
- 2.6 What is known so far is that any business can access a core support offer from the Business Lincolnshire Growth Hub, with latest South Kesteven performance figures showing:
 - 638 business engaged
 - 438 businesses supported (medium / High intensity)
 - The percentage of businesses supported by small to medium sized (SME) employee numbers are as follows:
 - 0-9 = 80.86%
 - 10-49 = 15.48%
 - 50-249 = 3.05%
 - 250+ = 0.61%
 - Grants awarded – 157
 - Total value of grants - £446,658
 - Jobs created - 198
- 2.7 As part of their detailed presentation around the services provided, the Business Lincolnshire Growth Hub have supplied case studies involving South Kesteven businesses. Including: Fudged Up, Microcapture, Hawkens Gingerbread, Viking Signs.
- 2.8 As the Business Lincolnshire Growth Hub are proposing a new model, the Council will have the opportunity to input into the design and delivery at a local level. A strong existing

relationship is in place with a start-up provider which is being suggested is maintained as part of any future start up offer for the District.

- 2.9 The role of the Council's economic development function has always been to provide a gateway to other specific services and as such does not provide direct business advice itself. The team are not accredited to provide the in-depth service that is available through the wider network of provision. Should the Council choose not to fund the Business Lincolnshire Growth Hub, it would still be necessary to procure the same services from other providers. This would be an extremely time intensive process as there would be a requirement to assess every potential new business support provider and manage several individual contracts, ensuring at the very least the necessary insurances and legislative compliance are in place to avoid any potential come back on the Council. Conveniently, this already resides with Business Lincolnshire Growth Hub service.
- 2.10 Ultimately whatever is provided by way of the UKSPF to business support, the Council will need evidence of this directly being invested into the District.
- 2.11 Further Member engagement took place throughout June 2022, including four locality-based virtual sessions (Bourne, Grantham, Stamford and The Deepings) on 4 and 7 July with local Ward Councillors and representatives from the respective town council and Charter Trustees.
- 2.12 Engagement took place with the voluntary and community sector umbrella groups who were provided with an overview of the UKSPF and the proposed local intervention headers, requesting if they would like to partner or put forward suggestions to add to the Investment Plan. Further consultation on the UKSPF Selection Sheet occurred with community groups under the leadership of the Councils' Community Engagement Manager.
- 2.13 The Principal and Chief Executive of Grantham College, in their capacity as the Chair of the Federation of Lincolnshire Colleges, has also been consulted. It is understood there are plans afoot to write to all Chief Executives and Leaders of the councils in receipt of UKSPF in Lincolnshire to warn them of the potential gap in funding as European Social Fund (ESF) ends and a plea to fill this gap immediately with UKSPF.
- 2.14 The local MP's endorsement of the process undertaken, the illustrative list of interventions and the eventual Investment Plan is currently being sought and is anticipated to have been secured in advance of the submission to the Government.
- 2.15 The list of all groups and stakeholders consulted with has been shared with members and contains just shy of 30 groups.
- 2.16 Whilst the UKSPF process appears less onerous than EU funding, the complexity arises with the range and quantity of interventions which have come about as a direct result of the consultation process being led by the Director of Growth & Culture and the Head of Economic Development.
- 2.17 This consultation process has been running in parallel with the production of this report. Whilst illustrative interventions for inclusion are found at **Appendix A**, there have been twelve most consistently identified challenges, as follows:
- Need for increased community cohesion
 - Lack of pride of place
 - Pockets of deprivation

- Low adult physical activity
- Increased health pressures
- Cost of living increase
- Lower than average paid workforce
- Stagnant business base
- Poor second year survival rates of new business
- Low employment rates
- Youth unemployment
- Skilled workforce out migration

2.18 Helpfully, the extensive consultation has resulted in five clear investment activity themes, as follows:

- Communities, Health & Wellbeing
- Environment & Infrastructure
- Culture, Arts & Heritage
- Enterprise, Innovation & Growth
- Employability & Skills

2.19 In the Investment Plan Government expect to see high level ambitions, identifying the outcomes the Council wishes to target based on local context, and the interventions the Council wishes to prioritise. Government expects to work with the Council to refine these high-level ambitions as the programme progresses. In line with the ethos of the fund, DLUHC ((Department for Levelling Up, Housing and Communities) will reduce bureaucracy and help the Council make pragmatic choices and adapt ambitions where necessary to maximise impact.

2.20 Government recognises the Investment Plan can only be based on best estimates and that some priorities may change following Investment Plan sign-off, particularly once the Council has more detail on specific projects and programmes of activity. The Government will work with the Council should any changes need to be made to the Investment Plan. It is important to note that Government are looking for high level proposals and outcomes based on local context. The Investment Plan is not an exhaustive document containing detailed project or intervention planning.

2.21 Many consultees have shared a keen interest in ensuring the money goes to areas most in need, in a fair and transparent way.

2.22 On 12 July 2022, the Council's Cabinet gave delegated authority to the Chief Executive, Section 151 Officer in consultation with the Leader and Deputy Leader of the Council), and the appropriate Director, to allocate funding between the approved interventions within the Investment Plan.

3 Available Options Considered

3.1 An alternative option would have been to commission an external provider to develop the Investment Plan on behalf of the Council with no local knowledge or partnership links. This option was discounted because Government have placed importance on leveraging options from the locality when selecting communities and place and supporting local business interventions to fund. Furthermore, the Council, with support from stakeholders, businesses and the community, early on developed its preferred approach to the creation of local investment priorities in the form of the UKSPF Selection Sheet, therefore no alternative approach is available.

4 Preferred Option

- 4.1 The preferred option is for Council to approve the proposed illustrative interventions and activities for inclusion in the Investment Plan. Members can take comfort from the consultation process and assurance the proposals align with priorities outlined in other Council strategies, for example the Sports and Physical Activity Strategy and Carbon Reduction Action Plan. The development of the Investment Plan has been informed by and aligned with, emerging UK Government policy and associated funding opportunities, particularly associated with the Levelling Up White Paper.

5 Reasons for the Recommendation

- 5.1 The reason for the recommendation is to ensure the Council is properly prepared for the introduction of the UK Shared Prosperity Fund and can access the allocated funds.

6 Next Steps – Communication and Implementation of the Decision

- 6.1 For Council to approve the illustrative interventions gathered from the consultation process form the basis of the Investment Plan for submission by 1 August 2022 for Government consideration and subsequent endorsement.
- 6.2 As reported to 27 June 2020 Finance, Economic Development and Corporate Services Overview and Scrutiny Committee, there is a separate, yet complimentary piece of work underway to progress a new five-year Economic Development Strategy for the District. The aim is to establish a Local Economic Forum to identify and support addressing the key economic factors relevant to the area. Membership will include representation from both private and public sector representatives from across the District and will be a sense checker for projects identified for delivery through the UKSPF.
- 6.3 Subject to Council's approval of the illustrative interventions forming the basis of the Investment Plan, the next steps are for the soon-to-be-established Local Economic Forum and relevant Overview and Scrutiny Committees, to be allocated investment activity themes to provide the checks and balances on the decisions taken by those with delegated authority to allocate the funding.

7 Financial Implications

- 7.1 The allocation made to South Kesteven District Council totals £3,898,582.00.
- 7.2 The Prospectus details that the proportion spent on capital should be 10% in year one, 13% in year two and 20% in year three. It has been confirmed that this is a minimum proportion of capital spend. The expectation is for the Council to set out their preferred mix of capital and revenue funding in the Investment Plan, subject to the minimum proportion and taking account of local need and opportunities.
- 7.3 In practice this means the Council can decide how to spread the allocation over the three financial years but must maintain the minimum capital allocation in accordance with the criteria to ensure funding is not put at risk. Appendix A has not yet been costed and so it is not possible to confirm that the proposed 'suggested responses' match the funding.

Financial Implications reviewed by: Alison Hall-Wright, Assistant Director of Finance

8 Legal and Governance Implications

- 8.1 It is a requirement of the UKSPF that the Council agrees to and submits a Local Investment Plan, to draw down the funding. In accordance with the Constitution, following the recommendation from Cabinet, approval to receive the funds and to submit the Investment Plan requires agreement from Full Council.

Legal Implications reviewed by: Graham Watts, Assistant Director of Governance and Deputy Monitoring Officer

9 Equality and Safeguarding Implications

- 9.1 The Government has highlighted boosting productivity and tackling inequalities as two key objectives of the UKSPF. The UKSPF provides the Council an opportunity to embed equality and tackle discrimination. Once the Investment Plan has been endorsed by Government, in circumstances where local activities meeting the interventions result in an identified need to tackle equalities, an Equality Impact Assessment will be produced prior to the delivery phase.

10 Risk and Mitigation

- 10.1 There have been several key risks relating to the Investment Plan preparation process, particularly around the timing set by the UK Government. The timescales given have been very short. Whilst there is an expectation of future rounds of funding, there is an expectation the initial funds allocated are spent by the same deadlines.

- 10.2 Key risks include:

Risk	Mitigation
Strategic – The UKSPF Investment Plan misaligned or contradictory to the Council’s economic and investment ambitions	The UKSPF Investment Plan is purposefully based upon the Council’s Corporate Plan. This structure has been shared and discussed with elected members who are supportive of the approach. Continued engagement is taking place with communities and stakeholders.
Financial - Not able to fund all the Council’s investment aspirations through the UKSPF	There is no set percentage split of how much funding should be spent against each of the three investment priorities. The Council will need to decide how to prioritise interventions. The Investment Plan proposes a flexible approach to bringing forward priority investment projects that will allow the programme to be rationalised or adapted as necessary. The Plan will also be used as the investment rationale for future bids to other funds outside of the UKSPF process.

11 Community Safety Implications

- 11.1 Strategically, the anticipated indirect benefits of the Investment Plan request to Government will be to support the Council and its partners to deliver investment in the District in order to lead to positive outcomes for South Kesteven residents and businesses.
- 11.2 One of the key benefits of the UKSPF is to support the whole of the District, in particular the most rural and deprived areas. Through the consultation period, every effort has been made to capture issues to ensure a fair proportion of funding.

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

- 12.1 All subsequent projects and interventions bids underpinning the Investment Plan will be fully assessed for their contribution to the Council's stated targets in respect of the declaration of a climate emergency.

13 Other Implications (where significant)

The national 'Multiply' programme

- 13.1 Lincolnshire County Council (LCC) has been allocated £4,021,671 for the Multiply Adult Numeracy Programme to spend between 2022/2023 and 2024/2025. This will create free numeracy courses that complement existing activities funded by Adult Education, course provision and delivery will be innovative and will target unreached groups through enhanced forms of community engagement and responsive to business needs. In effect, meaningful participation to achieve formal qualifications and to allow more people to enter the workplace or to progress within it.
- 13.2 Officers from the Council's Economic Development Team are inputting into LCC's Multiply Investment Plans, sharing what has worked and addressing any gaps in our area. This approach has further strengthened other provisions within the Council's UKSPF Investment Plan.

Additional guidance

- 13.3 UKSPF frequently asked questions are provided in the background section on this report. DLUHC (Department for Levelling Up, Housing and Communities) will set out the reporting requirements and related asks as part of the additional guidance which will be published in July 2022. At the time of writing, this information was not available to append to this report. Assurance has already been given by Government, the additional guidance will not contain information that should in anyway delay the development of Investment Plans and will be there to provide clarification only.

14 Background Papers

- 14.1 *UK Shared Prosperity Fund*, Report to Cabinet, published 12 July 2022, available online at: <http://moderngov.southkesteven.gov.uk/documents/s35100/Covering%20Report.pdf>
- 14.2 *Scoping a new Economic Development Strategy for South Kesteven*, Report to Finance, Economic Development and Corporate Services Overview and Scrutiny Committee, published on 27 June 2022, available online at: http://moderngov.southkesteven.gov.uk/documents/s34870/FEDCO%20Eco%20Strategy_V2.0%20FINAL.pdf

- 14.3 *UK Shared Prosperity Fund: Prospectus*, published 13 April 2022, available online at: <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus>
- 14.4 *UKSPF Interventions, Objectives, Outcome and Outputs – England, Version 1*, published April 2022, available online at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1068875/UKSPF_England_Outputs_and_Outcomes.pdf
- 14.5 *UKSPF Interventions List (England)*, published 13 April 2022, available online at: <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-interventions-outputs-and-indicators/interventions-list-for-england>
- 14.6 *UKSPF allocations*, updated 15 June 2022, available online at: <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/ukspf-allocations>
- 14.7 *Delivery geographies*, updated 15 June 2022, available online at: <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/delivery-geographies>
- 14.8 *UK Shared Prosperity Fund: frequently asked questions*, updated 15 June 2022, available online at: <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-frequently-asked-questions>
- 14.9 *Lessons learned from the Welcome Back Fund*, Report to Culture and Visitor Economy Overview and Scrutiny Committee, published 14 June 2022, available online at: <http://moderngov.southkesteven.gov.uk/documents/s34708/Welcome%20Back%20Fund%20Report.pdf>
- 14.10 *UK Shared Prosperity Fund Investment Plan Drafting template, Version 2*, published May 2022, available online at: [UKSPF Investment Plan drafting template.docx \(live.com\)](https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/ukspf-investment-plan-drafting-template.docx)
- 14.11 *The Levelling Up White Paper*, published 2 February 2022, available online at: <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

15 Appendices

- 15.1 Appendix A – UKSPF Selection Sheet
- 15.2 Appendix B – UKSPF Growth Hub Business Support Framework Model 2