



<b>REPORT TO:</b>	South Holland District Council - Cabinet
<b>DATE:</b>	November 15 <sup>th</sup> 2022
<b>SUBJECT:</b>	UK Shared Prosperity Funding and Rural England Prosperity Funding
<b>PURPOSE:</b>	To seek agreement to recommendations necessary to progress the delivery of South Holland District Council's UKSPF programme, and progress decisions required to secure the council's Rural England Prosperity Funding
<b>KEY DECISION:</b>	YES
<b>PORTFOLIO HOLDER/S:</b>	Cllr Nick Worth
<b>REPORT OF:</b>	Michelle Sacks, Deputy Chief Executive
<b>REPORT AUTHOR:</b>	Lydia Rusling, Assistant Director for Economic Growth
<b>WARD(S) AFFECTED:</b>	All
<b>EXEMPT REPORT?</b>	No

## SUMMARY

This report presents the Investment Plan for South Holland for UK Shared Prosperity Funding. It outlines the process for the Council to manage this funding as the accountable body and to put forward an investment plan to government for additional funding through the Rural Prosperity Fund.

The report summarises the aims of the funding, the engagement and consultation that has taken place to date, and proposes working collaboratively as the South and East Lincolnshire Councils Partnership and with established bodies to strengthen capacity, maximise match funding and meet the needs of local businesses, parish councils and communities.

It seeks to secure formal approval from Cabinet to recommend to Council the creation of a budget for spend of UKSPF funds in 2022/23, subject to government providing confirmation of the council's Investment Plan and its funding allocation.

The report also seeks approval to the establishment of a Local Partnership Group consisting of local stakeholders and community representatives, as required by government in accordance with the UKSPF programme. It also seeks approval to progress with the preparation of bidding

prospectuses for the local fund, to guide and assist communities and stakeholders in understanding how they can access the funds and for what purposes.

## RECOMMENDATIONS

1. Subject to Government approval of the Investment Plan, Members are requested to support the Investment Plan and recommend the Council acts as the accountable body for UK Shared Prosperity Funding and Rural Prosperity Funding.
2. That subject to receiving formal approval from government of the anticipated funding allocation of £326,822, Cabinet agrees to recommend to a future meeting of Council the receipt of the grant monies and the creation of a budget for 2022/23, for use in accordance with the UKSPF investment plan.
3. To authorise the Deputy Chief Executive (Growth) in consultation with the relevant Portfolio Holder to submit an addendum to the UKSPF Investment Plan for Rural England Prosperity Funding.
4. To authorise the Deputy Chief Executive (Growth) in consultation with the relevant Portfolio Holder to establish the Local Partnership Group for South Holland.
5. To authorise the Deputy Chief Executive (Growth) in consultation with the relevant Portfolio Holder(s) to work collaboratively as the South and East Lincolnshire Councils Partnership on the development of bidding prospectuses, and where appropriate enter into grant funding agreements with delivery partners.

## REASONS FOR RECOMMENDATIONS

To progress decision required to further prepare and mobilise the council for the delivery of the UK Shared Prosperity Fund and Rural England Prosperity Fund in South Holland.

## OTHER OPTIONS CONSIDERED

**Do nothing.** Under this option, the necessary decisions sought will not be progressed, impacting upon progress towards the council being able to mobilise against the delivery of UKSPF

## 1. BACKGROUND

- 1.1 The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK Government Levelling Up Agenda and replaces the European Regional Development Fund (ERDF) and European Social Fund (ESF). Its primary goal is to build pride in place and increase life chances. There are three key investment priorities of communities and place; supporting local business; and people and skills.
- 1.2 Unlike other funds, it is not a competitive process and all areas will receive a funding allocation. The total value of the fund is £2.6bn, of which South Holland's allocation is £2.7m. The fund will run until March 2025, and is anticipated to be profiled along the following lines;

- **2022/23** - £326,822
- **2023/24** - £653,653
- **2024/25** - £1,712,574

- 1.3 In addition, the Rural England Prosperity Fund is integrated with the UKSPF and provides top-up of funding to eligible local authorities. It succeeds EU funding from LEADER and the Growth Programme, which were part of the Rural Development Programme for England. South Holland District Council has been allocated £0.7 million over 2023/24 and 2024/25. The profile for this funding has not yet been confirmed.
- 1.4 In order to access the UKSPF fund, it requires the formation of a Local Partnership group of stakeholders and the submission of an Investment Plan that sets out the challenges the area faces, along with how the UKSPF investment will help address these.
- 1.5 South Holland District Council approved the draft Investment Plan on 19 July and delegated authority to the Deputy Chief Executive (Growth), in consultation with the Portfolio Holder for People, Places and Economy to make any amendments that might arise prior to the submission to Department of Levelling Up, Communities and Housing. The Investment Plan was submitted for the deadline of 1 August 2022.
- 1.6 To access the Rural Fund, the Council is required to provide specific additional information as an addendum to the South Holland UKSPF investment plan.

## REPORT

- 2.1 This report outlines the aims of each new fund and the Council's proposed approach through its submission of an Investment Plan and external engagement.
- 2.2 The **UK Shared Prosperity Fund** specific aims include: boosting productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging; Spread opportunities and improve public services, especially in those places where they are weakest; Restore a sense of community, local pride and belonging, especially in those places where they have been lost; Empower local leaders and communities, especially in those places lacking local agency
- 2.3 There are three priority areas for UKSPF:
- Communities and place* - enabling places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level. The intention of this is to strengthen the social fabric of communities, supporting in building pride in place.
- Supporting local business* - enabling places to fund interventions that support local businesses to thrive, innovate and grow.
- People and skills* - helping to reduce the barriers some people face to employment and support them to move towards employment and education. Places can also target funding into skills for local areas to support employment and local growth.

- 2.4 UKSPF Guidance sets out that each local authority is tasked with working with a range of diverse local and regional stakeholders to achieve the outcomes for their area. A Local Partnership Group is required for consultation.
- 2.5 The Government guidance states the Local Partnership Group needs to include local stakeholders such as a representative cross section of Parish and Town Councils, local business representatives, county and district councillors, and local voluntary sector organisations. Ideally, it should encompass not more than 15-20 representatives. Its role will be to add its comments to the proposed allocation of funding to applicants and to suggest connections and linkages with other local activities and priorities. The Council will have the ultimate say so whilst this group is important and required by the guidance its role will be advisory.
- 2.6 The Investment Plan is evidence led and linked to national and local strategies and policies. **See Appendix A.** Meaningful engagement with stakeholders was required and opportunities for collaboration with other districts are encouraged.
- 2.7 The UKSPF public consultation for South Holland formed part a wider ‘Have Your Say’ campaign led by the South and East Lincolnshire Councils Partnership between 13 June and 8 July. The core objectives underpinning the consultation were to present details about the UK Shared Prosperity Fund together with project themes that address the area’s challenges and fit with local priorities, and to gather ideas from stakeholders and residents about what they would like the money to be spent on and what they think will work best locally.
- 2.8 The consultation was widely promoted with letters to stakeholders, social media posts and adverts in the local press. There was also a project website - [www.selcp-haveyoursay.co.uk](http://www.selcp-haveyoursay.co.uk) – that hosted information about the proposal. A newsletter was produced which was emailed to stakeholders and made available at community events. People were invited to provide feedback via an online survey on the website, email, social media, Freepost or Freephone. Hard copy versions of the survey were available upon request. Copies of the newsletter and survey were also sent to council offices and selected libraries to display. The engagement included a series of online and face-to-face meetings with key stakeholders and a range of community events held at market stalls across the area.
- 2.9 Across the Consultation for the sub-region key themes were identified:
- Business ideas linked to health and well-being, food production, tourism, culture and the arts, transport, environmental businesses and the digital sector
  - Social enterprises, i.e. businesses which have a social purpose and make a profit in a way that directly benefits society
  - Projects on the Lincolnshire Coast which help more people between 16-64 to become economically active
  - Projects which bring imaginative new activities and adapt buildings to breathe new life into town centres

- Programmes for smaller places which will improve and widen the use of community buildings including village halls
  - Projects which increase the availability of decent broadband connectivity in rural places
- 2.10 In addition to the public consultation, stakeholder engagement workshops have been held with potential strategic delivery partners who can bring support, expertise and added value to the UKSPF programme. The UKSPF funding allocation is split into three themes, focused on skills, business and place and we propose forming three expert clusters from established bodies who have a track record of currently delivering against these themes. They will support with writing the bidding prospectus for each theme using their expertise. They will assist with evaluating bids, particularly looking at how they can bring match funding and encouraging individual bids to align with other activities and projects to reduce duplication and improve outcomes.
- 2.11 The strategic partners and agencies supporting the theme groups will not be paid for their support and they do not have the final decision for distribution of funding. They will be able to bring forward their own project ideas whilst declaring an interest as appropriate. The recommendations from each bidding round will be reported to the Local Partnership Group. The Council's Executive will have the final decision, subject to further delegation to officers in consultation with the relevant portfolio holder.
- 2.12 Whilst keeping a focus on 3 separate funding pots for each local authority, the South and East Lincolnshire Councils Partnership will consider applications to all three areas as a whole through an integrated approach rather than running three separate systems. We have invested far more time and effort to significant acclaim in consulting on how to deliver UKSPF than other authorities locally. We are working in partnership with current grant management organisations (like the Community Foundation) and thematic bodies like Active Lincolnshire to ensure we attract matched resources and avoid duplication.
- 2.13 The intent is that the administration of the process will be undertaken by a council team and paid for by a 4% allocation (maximum allowable) from the UKSPF funds. The 4% will pay for the cost of delivery over the next 2.5 years from the fund, including any additional capacity required. A detailed resourcing strategy is being developed. However, this report proposes South Holland works collaboratively as the South and East Lincolnshire Councils Partnership, using a single team to manage the funds across all three areas so as to provide efficiency and resilience. A detailed resourcing strategy is being developed. Each local authority has different funding allocations, including £4.4m for East Lindsey and £2.2m for Boston. Therefore, if we take the collective amount of UKSPF and REPF across the three Councils, the total 4% administration allocation is approaching £480,000.
- 2.16 It is proposed that council staff will lead the process and the Council's Executive will have the final decision on grant awards, subject to any further delegation to officers in consultation with the relevant portfolio holder. As part of the bidding process the Council can put forward their priorities and projects.

- 2.17 We intent to operate in as agile a way as possible – using one team to manage the funds across all three areas and harnessing the expertise of the partner organisations to shape the programme at no additional cost for delivery. A detailed resourcing strategy is being developed.
- 2.18 The Council will need to consider how it maximises impact and outcomes through the available funding. It will not be possible to do everything, and so a process of prioritisation will be required. Working with delivery partners will not exclude Council-led initiatives, which will also be actively encouraged in consultation with relevant Portfolio Holders.
- 2.19 The funding is ring-fenced for each Council but it is possible to combine funding for joint schemes, and the Guidance actively encourage collaboration and working across geographical boundaries.
- 2.20 Spend can occur at risk from 1<sup>st</sup> April 2022 until the Investment Plan is approved (expected in November).
- 2.21 The Rural Prosperity Fund is integrated into the UKSPF and is a rural top-up to UKSPF allocations. It supports both the aims of the Government’s Levelling Up White Paper and the Future Farming Programme. The funding is aimed at capital projects for small businesses and community infrastructure to improve productivity and strengthen the rural economy and rural communities.
- 2.22 The Rural Funding is for capital grants for business or community purposes. Projects must be in a rural area – towns, villages or hamlets with populations below 10,000 or a market/hub town with populations of up to 30,000, if they serve as a centre for employment or services to rural areas.
- 2.23 An addendum to the South Holland UKSPF Investment Plan is required to be submitted prior to 30 November. The assessment period will run between November 2022 and January 2023 with first payments expected to lead authorities by April 2023. The funding period is April 2023 to March 2025.

### **3. CONCLUSION**

- 3.1 This reports presents the Investment Plan for South Holland for UK Shared Prosperity Funding at **Appendix A**.
- 3.2 It outlines the role of the Council to manage this funding as the accountable body and to draw down additional funding through the Rural Prosperity Fund.
- 3.3 The report summarises the aims of the funding, the engagement and consultation that has taken place to date, and proposes working with delivery partners to strengthen capacity, maximise match funding and meet the needs of local businesses and communities.

- 3.4 Council-led initiatives will be encouraged and will form part of a prioritisation process to meet the requirements of the Investment Plan and South Holland's corporate priorities.
- 3.5 The Government guidance also requires the establishment or designation of a Local Partnership Group. Comprehensive and balanced local partnerships are a core component of how the Fund is administered locally, providing advice on strategic fit and deliverability.
- 3.6 Finally the report recommends that subject to receiving formal approval from government of the anticipated funding allocation of £326,822, Cabinet agrees to recommend to Council the creation of a budget for 2022/23, for use in accordance with the UKSPF investment plan.

## **IMPLICATIONS SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP**

In delivering the UKSPF Programme, it is anticipated that a collaborative approach will be taken across the SECLP with a view to bring about resilience, sharing of ideas and capacity to support the programme. However, in taking this collaborative approach, it is also recognised that each authority within the SECLP has different needs and priorities. Therefore, it is expressly intended that investment of SHDC's UKSPF funds will directly support local priorities and objectives within the district of South Holland.

## **CORPORATE PRIORITIES**

The Investment Plan reflects the Corporate Priorities identified in South Holland's Corporate Strategy, including Your Place and Your Opportunity.

## **STAFFING**

*See Financial section below.*

## **CONSTITUTIONAL AND LEGAL IMPLICATIONS**

*None arising from the report.*

## **DATA PROTECTION**

*None arising from the report.*

## **FINANCIAL**

South Holland District Council will receive £2.7m from the UK Shared Prosperity Fund. The fund is profiled over three years with a minimum spend on capital each year. A total of 4% of the fund can be used for administration purposes. As the Council is the lead authority for administering the fund, the council will have a significant amount of work to do to oversee the programme of projects and meet the regular reporting requirements to government. The 4% of the UKSPF fund is the equivalent to £108,000 over the three years (increasing to £136,000 including 4% from REPF). A detailed resourcing strategy incorporating the use of these funds is being developed.

If an underspend occurs in year, authorities will be expected to provide the government with credible spending plans on how any underspend will be utilised within the following year, and the government may withhold payments of the next years allocation in the absence of a credible plan. All of the fund must be spent by March 2025, and any underspends at this point would need to be repaid to the government.

The report seeks agreement that, subject to receiving formal approval from government of the anticipated funding allocation of £326,822, Cabinet agree to recommend to Council the creation of a budget for 2022/23, for use in accordance with the UKSPF investment plan.

## **RISK MANAGEMENT**

The risks related to this proposal are:

**Financial Risk.** The Investment Plan requires the Council to set out the outputs and deliverables from the funding, and ongoing monitoring will take place through the life of the fund. If those outputs are not achieved, the Council may be required to pay back the funding. However, the Council and South and East Lincolnshire Councils Partnership have wide experience of delivering projects of these types so it is not anticipated that this will present significant risk.

**Reputational Risk.** When embarking on any projects, there is a risk that if what is delivered is not in line with expectations – whether realistic or not - the Council may suffer an impact to its reputation. To ensure that residents and others are clear as to what can be expected and what will be delivered, there will be a clear communications strategy and programme put into place before commencement. A contractual structure will be developed, to support the payment of grants awarded under the scheme

## **STAKEHOLDER / CONSULTATION / TIMESCALES**

Prior to the submission of the investment plan for UKSPF, substantial public engagement was undertaken to seek thoughts, views and ideas from members of the community on the use of the fund. This engagement included members of the public, businesses and parish councils. Going forward, there is both a need and an expectation from government to maintain community engagement to support with the delivery of the UKSPF. The formation of a Local Partnership Group, as recommended and detailed within this report, will seek to bring together local stakeholders to oversee the delivery of the UKSPF programme. It is anticipated that this group will include business representatives, different tiers of local government (including parish council representation) and local interest groups.

Coupled with the Local Partnership Group, engagement has also taken place with a SELCP-wide group of potential strategic partner agencies who officers anticipate will be able to bring value to the programme through expertise, support for bidding groups and potential access to complementary sources of funding.

In terms of timescales, the plans set out within this report are dependent upon central government confirming and approving SHDC's UKSPF investment plan, and finalising any necessary grant agreements with central government concerning the council's role as accountable body.

## **REPUTATION**

See Risk Management above.

## **CONTRACTS**

Once the funding is awarded, the Council will have flexibility over how they deliver the Fund. They may wish to use a mix of competitions for grant funding (which is the default approach set out in Cabinet Office Grants Standards), procurement, commissioning or deliver some activity through in-house teams. For example, some community level interventions may require a commissioning or



in-house approach, recognising that competitions for grant may create barriers to participation in left behind communities.

All spend associated with the Fund must be assessed in advance to ensure that proposed investment is compliant with Public Contracts Regulations 2015 and follows local constitution and grant rules, processes, and procedures as and where relevant.

The Council should also design their project selection and contracting processes so they have mechanisms to recover funding where beneficiaries do not comply with fund parameters, UK law or any local requirements.

**CRIME AND DISORDER**

None arising from the report.

**EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

None arising from the report.

**HEALTH AND WELL BEING**

The UKSPF is intended to build pride in place and increase life chances. Such investments will assist the health of the population and improve general wellbeing of residents.

**CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

Investment made under the UK Shared Prosperity Fund should demonstrate:

The extent of contribution to net zero and nature recovery objectives, including the UK’s legal commitment to cut greenhouse gas emissions to net zero by 2050, wider environmental considerations, such as resilience to natural hazards and the 25 Year Environment Plan commitments.

Support for green growth and how projects can work with the natural environment to achieve project objectives, and – at a minimum – consider the project’s impact on our natural assets and nature.

**LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER**

<b>MISSIONS</b>	
<b>This paper contributes to the follow Missions outlined in the Government’s Levelling Up White paper.</b>	
<b>Skills</b>	By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.
<b>Health</b>	By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035, HLE will rise by 5 years.
<b>Wellbeing</b>	By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.
<b>Pride in Place</b>	By 2030, pride in place, such as people’s satisfaction with their town centre and engagement in local culture and community, will have risen in every

	area of the UK, with the gap between the top performing and other areas closing.
--	--

**ACRONYMS**

- UKSPF (UK Shared Prosperity Fund)

<b>APPENDICES</b>	
Appendices are listed below and attached to the back of the report: -	
<i>APPENDIX A</i>	<i>South Holland UKSPF Investment Plan</i>

<b>BACKGROUND PAPERS</b>
No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

<b>CHRONOLOGICAL HISTORY OF THIS REPORT</b>	
<b>Name of body</b>	<b>Date</b>

<b>REPORT APPROVAL</b>	
Report author:	Lydia Rusling, Assistant Director Economic Growth
Signed off by:	Michelle Sacks, Deputy Chief Executive
Approved for publication:	CLr Nick Worth