



REPORT TO:	Officer Decision
REPORT OF:	John Leach – Deputy Chief Executive (Communities)
SUBJECT:	Award of Round Two UK Shared Prosperity and Rural Prosperity Funding: Grants 4 Growth 2
PURPOSE:	The recommendation to fund ‘Grants 4 Growth 2’, as set out in this report, enabling the immediate mobilisation of grants for local business growth and the creation of a growth advisory service. That a proportion of the council’s funding relating to the Supporting Local Business of UK Shared Prosperity Fund (UKSPF) and Rural Prosperity Fund (RPF) is utilised for this purpose.
KEY DECISION:	Yes
PORTFOLIO HOLDER:	Councillor Paul Redgate (Finance, Commercialisation, UKSPF and Levelling Up)
REPORT AUTHOR:	Saul Farrell – Senior Programme Manager (UK Shared Prosperity Fund)
WARD(S) AFFECTED:	All
EXEMPT REPORT?	No

SUMMARY

This paper concerns the recommendation to fund ‘Grants 4 Growth 2’, as set out in this report, enabling the immediate mobilisation of grants for local business growth and the creation of a growth advisory service. That a proportion of the council’s funding relating to the Supporting Local Business of UK Shared Prosperity Fund (UKSPF) and Rural Prosperity Fund (RPF) (£803,131) is utilised for this purpose

RECOMMENDATIONS

- 1) To award £803,131 of the council's allocation of UK Shared Prosperity Funding and Rural Prosperity Funding to Grants 4 Growth 2

REASONS FOR RECOMMENDATIONS

Considerations and conclusions for this investment are made within the text of this report, including the options appraisal below.

OTHER OPTIONS CONSIDERED

Option 1 - Proceed as per the recommendation of this Report

Under this option, the recommendations of establishing both a business grants and advisory support scheme will be implemented. This will support the realisation of the benefits as set out within the report below.

Option 2 – Do nothing

Under this option, the recommendations are not taken forward and neither the business grants nor the advisory scheme will go ahead and consequently, the benefits of the report detailed below will not be realised.

1. BACKGROUND

- 1.1 Launching at the end of January 2023, South Holland District has been awarded a significant allocation of UK Shared Prosperity and Rural Prosperity Funding (£3.2m, less administration). This allocation was based on an Investment Plan which was submitted in the preceding year to the Department for Levelling Up, Housing and Communities (DLUHC), which was itself based on an extensive consultation with local communities and elected Members.
- 1.2 In line with our approved Investment Plan and DLUHC guidance, funding has been split equally across three themes:
 - Communities and Place – Supporting pride in place, improving residents' experiences of their communities
 - Supporting Local Businesses – Supporting local businesses to grow and local productivity, supporting employment growth
 - People & Skills – Reducing economic activity, supporting employment growth and improving the skills of adult learners (to be principally delivered in Financial Year 2023-4).
- 1.3 Rural Prosperity Funding (RPF) has been allocated by the Department for Environment, Food and Rural Affairs. This funding focusses on supporting rural businesses and communities, who

have been historically underrepresented in the allocation of regeneration funding across the United Kingdom. This fund is entirely capital. As there is no allowance for administration within RPF, the two Programmes are administered concurrently by the same Programme Team across the South and East Lincolnshire Councils Partnership.

1.4 The expectation, legally embodied within our contract (Memorandum of Understanding) for funding from DEFRA and DLUHC, is that investments made by Local Authorities directly address the contracted outcomes within the agreed Investment Plan. They must also generate additionality – new activity in the local area rather than the replication of pre-existing service provision. They also stipulate that all projects commissioned must be delivered by the end of March 2025.

1.5 The allocation of funding of both UKSPF and RPF received for South Holland District, less administration (currently at 7.1%, which is within DLUHC guidelines for administration), is as follows:

Category	Capital	Revenue
Communities and Place	£531,765	£802,659
Supporting Local Business	£531,765	£802,659
People & Skills	£54,003	£486,025

1.6 In line with DLUHC guidance, which requested that we undertake to invest allocated 2022-3 funds as rapidly as possible, the council has sought to mobilise a small number of ‘quick to deliver’ projects in late FY 22-23/early FY 23-24 (‘Round One’), These projects represent a small proportion of available funding but were adjudged to be Value for Money and likely to deliver on the contracted outcomes.

1.7 Since the launch of the Prospectus, the Council has recruited a Programme Team (March 2023), held Assessment Panels and conducted the first Theme and locality-based Partnership Groups (April/May 2023). The membership of these groups involves subject-matter experts and community representatives respectively, drawn from organisations and communities in the District. This has resulted in recommendations for the following:

- The appointment of a Delivery Partner for Business Advice, Grants and Support.

2. DETAILS OF THE PROJECT

2.1. As the partial replacement for European Regional Development Funding (ERDF) and European Social Funding (ESF), our contract with government requires UK Shared Prosperity Funding to support business growth and improved business productivity (including through training). This is a key priority of the fund nationally and the council has committed to ambitious contracted targets in this area.

2.2. As UKSPF has replaced ERDF and ESF, this means that pre-existing business advice and support provision in the county, previously provided by the Business Lincolnshire Growth Hub, has now ceased, as has the locally delivered business grants scheme previously operated by South Holland District Council across Greater Lincolnshire and within South Holland District itself ('Grants 4 Growth').

2.3. In the absence of this grant aid provision, the Partnership has had a number of direct applications to the mainstream UKSPF/RPF Programme from local private sector businesses. While the UKSPF/RPF team has a specialism in the administration and award of grant funding, the evidence strongly suggests that appraisal benefits from specialist knowledge and support, as well as direct support to businesses to enable them to develop impactful projects that enable the Programme to achieve outcomes. Similarly, the end of EDRF-funded business growth advice has created a substantial gap in service provision that is being keenly felt within the private sector. Therefore, it is the Council's desire for the Programme to establish a scheme to lead in the administration of grant funding to local businesses and/or the provision of specialist advisory support.

2.4. The Partnership received four significant Expressions of Interest from organisations seeking to become our delivery partner for business growth and advice:

- Business Lincolnshire Growth Hub – Greater Lincolnshire LEP
- Oxford Innovation
- Lincolnshire Chamber of Commerce
- Grants 4 Growth 2 – South and East Lincolnshire Councils Partnership

2.5. These Expressions of Interest have, in line with the agreed governance for UK Shared Prosperity and Rural Prosperity Funding in South and East Lincolnshire, been reviewed by the relevant Theme and Partnership Groups. Furthermore, the council has commissioned an external consultant (Amion) to review all four applications. They adjudged the Grants for Growth 2 application to be the strongest.

2.6. The Grants 4 Growth 2 Proposal involves the expansion of the pre-existing Grants 4 Growth programme (hosted within South Holland District on behalf of the Partnership). It is by far the largest proposal – at £2,779,000 for the entire package of grant aid and advisory support across the South and East Lincolnshire Councils Partnership. However, it also proposes to leverage nearly £4m of extra private sector investment into the local area and due to its sheer size, it is the most comprehensive package of grant-funded support available to businesses locally in South and East Lincolnshire. The directly commissioned model of business advice and support (whereby specialist business advisors will be procured and utilised on a sector-led 'needs' and 'pay as you go' basis rather than a 'first come, first served' model) proposed allows for flexibility and the ability to tailor provision to the distinctive sectoral mix in South and East Lincolnshire. This allows us to focus closely on the growth of priority sectors (for example, agriculture and logistics). The UKSPF/RPF outcomes proposed for this intervention are substantial, accounting for around a quarter of jobs created and safeguarded proposed in the initial Investment Plan. This is therefore the preferred option.

2.7. In terms of next steps to be taken after this decision, it is anticipated that the scheme will be mobilised on the following timeline:

- June 2023 – Referral of all existing business grant applications within the UKSPF/RPF scheme to G4G 2
- June 2023 - To finalise financial and payment processes for business and community grants.
- July 2023 - To recruit business advisors and to formally launch the Grants 4 Growth 2 Scheme to local businesses – Anticipated date of launch: 3rd July 2023.
- July 2023 - To mobilise a grants and assessment panel for business grant applications (July 2023).

CONCLUSION

3.1 Recommendation: To proceed upon the basis of awarding £803,131 to South and East Lincolnshire Councils Partnership (consisting of Boston Borough Council, East Lindsey District Council and South Holland District Council) from South Holland District’s UK Shared Prosperity and Rural Prosperity Fund for the purposes of delivering the Grants 4 Growth 2 Project.

EXPECTED BENEFITS TO THE PARTNERSHIP

These recommendations will allow the Partnership to meet the commitments that it has given to DLUHC through the UK Shared Prosperity Fund. It will also meet the key political commitment of ensuring that funding is distributed equitably and widely to businesses within the Partnership area, as well a commitment to support local economic growth, employment growth and improvements to productivity within our local businesses.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

This project will be hosted within South Holland District Council but the funding will be shared proportionately across the three councils, drawn from each individual Council’s allocation of UKSPF/RPF. It is anticipated that the lead officer for G4G 2 will be given S113 status (a detailed proposal for this is to be submitted for a later decision). By delivering across the Partnership in this manner, it allows this project to realise significant cost efficiencies and allows for the commissioning of business growth advisors at an appropriate scale to support the sub-region’s priority sectors.

CORPORATE PRIORITIES

None

STAFFING

Recruitment will be required to support

CONSTITUTIONAL AND LEGAL IMPLICATIONS

This is a Delegated decision, made by the Deputy Chief Executive (Communities) in consultation with the relevant Portfolio Holder and in this specific case, the Leader of the Council. The funding for the scheme has already been provided by Central Government and accepted by the Council, and forms part of the councils approved budget.

DATA PROTECTION

None

FINANCIAL

The combined allocation of £803,131 in UK Shared Prosperity Funding and Rural Prosperity Funding from the 'Supporting Local Business' Theme.

RISK MANAGEMENT

Risk management shall be undertaken within the context of the contract management process. The applicant has produced a project-specific risk register, and this is being kept under review. The three key risks are as follows:

- **Non-attainment of key contracted Programme outcomes** – If the council does not deliver against its contracted investment plan (both in terms of outputs and outcomes), there is a risk in terms of handing funding back to central government, as well as the future allocation of funding to the area. This is being managed closely through the application assessment and contracting process, as well as in conversation with DLUHC.
- **Delaying decision-making further** – This substantially increases the risk of underspend and decreases the chance of completing programme delivery by the end of March 2025. This means that either the council will under-perform on its contracted outcomes or, in the worst-case scenario, be required to hand funding back to central government.
- **Failure to deliver on community priorities** – Failure to meet the expectations that our businesses and communities have of us would incur severe reputational damage to the Council. This will be a priority throughout the lifetime of the Programme.

- **STAKEHOLDER / CONSULTATION / TIMESCALES**

These projects have been assessed between April and June 2023 through the agreed UKSPF/RPF Assessment process. This has included the following:

- Processed at Expression of Interest and full application stage through the internal Assessment Panel of Officers
- Consultation within the relevant Theme Group of specialists (Supporting Local Business)
- Consultation within the South Holland UKSPF/RPF Partnership Sub-Group of the Town Deal Board
- Consultation with the relevant Portfolio Holder
- Consultation with the Leader of the Council
- Consultation with Senior Leadership Team within the South and East Lincolnshire Councils Partnership

REPUTATION

No specific reputational risks arising in this case. However, there is a substantial reputational risk associated with not committing UKSPF/RPF funding in a timely manner and to high quality projects that meet the outcomes that the Local Authority has committed to within the UKSPF/RPF

Investment Plan, such as this one. At a project level, under-delivery is likely to carry substantial reputational risk and this will be managed closely through the contract management process.

CONTRACTS

The project will be managed through a UKSPF/RPF Grant Funding Agreement which will function simultaneously as a Service Level Agreement (SLA) between the UKSPF/RPF Programme Team and Economic Development within the three councils. This will be managed by a dedicated contract manager within both services, with further oversight provided by senior leadership external to the Growth directorate.

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

The council has considered equalities, diversity and inclusion in formulating this recommendation, including compliance with relevant legislation. This includes protected characteristics under the 2010 Equalities Act and subsequent amendments. It is the view of the author that there are no implications in this regard in respect of this report recommendation. The proposed grant funding and advisory support shall be open to all within our local community and there shall be reasonable adjustments for those facing barriers to access. This shall be monitored through the contract management process.

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

MISSIONS	
This paper contributes to the follow Missions outlined in the Government's Levelling Up White paper.	
Living Standards	By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.
Research and Development	By 2030, domestic public investment in Research & Development outside the Greater South East will increase by at least 40% and at least one third over the Spending Review period, with that additional government funding seeking to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.
Skills	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.

ACRONYMS

DLHUC – Department for Levelling Up, Housing and Communities

APPENDICES	
None	
APPENDIX A	<i>(Title of document)</i>
APPENDIX B	<i>(Title of document)</i>
APPENDIX C	<i>(Title of document)</i>

BACKGROUND PAPERS	
<i>(If none then insert the working ‘No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.’ Also delete the below text/boxes.)</i>	
Background papers used in the production of this report are listed below: -	
Document title	Where the document can be viewed
UKSPF Prospectus	https://www.e-lindsey.gov.uk/article/23065/UK-Shared-Prosperity-Fund

CHRONOLOGICAL HISTORY OF THIS REPORT
A report on this item has not been previously considered by the Council.

REPORT APPROVAL	
Report author:	Saul Farrell Senior Programme Manager – UK Shared Prosperity Fund/Rural Prosperity Fund
Signed off by:	Michelle Sacks (Delegated Decision) Deputy Chief Executive - Growth
Approved for publication:	N/A