

Gloucester City Council

Meeting:	Cabinet	Date:	13 July 2022
Subject:	The UK Shared Prosperity Fund		
Report Of:	Leader of the Council		
Wards Affected:	All wards		
Key Decision:	No	Budget/Policy Framework:	No
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Appendix:	None		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To advise Cabinet of the funding allocated to Gloucester within the UK Shared Prosperity Fund (UKSPF) and to approve the interventions that are proposed to be included within the Investment Plan.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) the work underway to prepare the UKSPF Investment Plan and the interventions identified be noted;
- (2) authority be delegated to the Leader in consultation with the Chief Executive and the Director of Policy and Resources to finalise and submit the Investment Plan to Government.

3.0 Background and Key Issues - Overview of the UK Shared Prosperity Fund

- 3.1 In April the Government published the UK Shared Prosperity Fund Prospectus and identified the delivery geographies for the fund. Gloucester has been allocated the sum of £1.486m and the City Council has been identified as the lead delivery authority.
- 3.2 The programme commenced on 1 April 2022 and will span a 3-year period to March 2025.
- 3.3 The £2.6 billion UK Shared Prosperity Fund (UKSPF) is a core element of the Government's Levelling Up programme, which was set out in the Levelling Up White Paper in 2021, intended to create opportunity and prosperity and overcome deep-seated geographical inequality within the UK. The fund is about *building pride in place, supporting high quality skills training, supporting pay, employment and*

productivity growth and increasing life chances. It is the Government's domestic replacement for the European Structural and Investment Programme (ESIF), which supported local regeneration, employment and skills.

3.4 The UKSPF aims to:

- Boost productivity, pay, jobs and living standards
- Spread opportunities and improve public services
- Restore a sense of community, local pride and belonging
- Empower local leaders and communities

3.5 The UKSPF has three specific investment priorities:

- 1. communities and place;**
- 2. supporting local business;**
- 3. people and skills**

The **communities and place investment priority** will enable places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level. This priority covers a wide range of local interventions, including public realm projects, community-led initiatives, and cultural and heritage projects.

The **supporting local business investment priority** will enable places to fund interventions that support local businesses to thrive, innovate and grow. It will create jobs and increase private sector investment through interventions and support for SMEs.

Through the **people and skills investment priority**, places can use their funding to help 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. This Priority relates only to Year 3 (2024/25) of the programme, intended to pick up projects that were, until that year, supported by European funding streams.

3.6 The Prospectus also emphasises the importance of contributing towards the UK's net zero and nature recovery objectives and prioritises green growth.

3.7 Lead authorities are encouraged to engage widely with local partners, including current deliverers of EU structural fund interventions and managing authorities, arms-length bodies of government, neighbouring local authorities, voluntary and community representatives, civil society organisations higher and further education and business representative and strategic bodies. This includes at a strategic level (ie at a County or Regional geography) where one lead authority might take the role of lead and others might contribute a proportion of their allocation to them.

3.8 Investment Plan

Each lead authority is expected to develop an investment plan to be submitted to the Department for Levelling Up, Housing and Communities (DLUHC) before 1 August 2022. The Plan invites the authority to describe the main challenges and

opportunities facing the area within each of the three Investment Priorities (para 2.5), and to identify those outcomes and interventions that will be addressed by the fund.

The Prospectus gives specific guidance on the form of the Investment Plan, which should be designed in conjunction with local stakeholders on a Local Partnership Group. This group should be convened by the lead authority and should comprise a diverse range of local and regional stakeholders, civil society organisations, employer bodies, businesses and business representative organisations.

Each place's allocation will comprise both revenue and capital funding, with 90% being revenue in 2022/23, 87% in 2023/24 and 80% in 2024/25.

3.9 Financial support for administration

The lead authority's role will include the preparation of the Investment Plan as well as assessing and approving applications, processing payments, day-to-day monitoring and regular reporting to the DLUHC. A one-off sum of £20,000 is available to assist the authority to prepare the Investment Plan, and each authority may also top slice 4% its allocation to pay for the administration of the programme over the three years. For Gloucester this amounts to £20,000 plus £59,440.

4.0 Proposed arrangements in Gloucester to administer the UKSPF

4.1 Local Partnership Group

Over the past year the Council has drawn together representatives of around 25 local organisations into the Gloucester City Centre Commission. The Commission is midway through the design of a vision for Gloucester City Centre and is chaired by the Dean of Gloucester. The membership comprises a broad spectrum of organisations, including from amongst the local statutory agencies, business representative bodies, the voluntary and community sector, and other interested parties. The group also includes a representative of the MPs office.

At its meeting in early May the Commission members were invited to separately form Gloucester's Local Partnership Group for the UKSPF. The remit of the group is city-wide. The group was invited to submit its views on the challenges and opportunities facing the city and will be invited to review and comment on the draft Investment Plan prior to it being presented for final approval by the Council.

4.2 Preparation of Gloucester's Investment Plan

The timescale given to all Lead Authorities has been tight, and Officers are currently drafting the Investment Plan, aiming to submit it to the Government for approval in late July.

The Council has already been approached by several parties requesting funding from Gloucester's UKSPF allocation. Those parties have, however, been advised that, to follow due process, the Investment Plan needs to be signed off before proposals are considered. It is also important that the allocation process is competitive, transparent and open to scrutiny, particularly as the demand will inevitably exceed the funding available.

4.3 Priorities within Gloucester's Investment Plan

The drafting of Gloucester's Investment Plan has drawn upon:

- A review of relevant strategic documents produced at County and District levels in recent years, including the Council Plan, the Regeneration Strategy, Economic Growth Strategy, Heritage Strategy, Culture Strategy, Visitor Marketing Strategy, Digital Strategy, and Housing & Homelessness Strategy. The review will also include the Gloucestershire Draft Local Industrial Strategy.
- Consultation with the Local Partnership Group, plus other community partners. A survey was undertaken in June with around 100 local organisations, the majority of which are from within the Voluntary and Communities sector. The survey invites views on the top 3 challenges and the top 3 opportunities facing the city.
- Research commissioned by Gloucestershire County Council offering an economic profile of the City economy, plus a review of five issues in the County that are recommended for intervention through the UKSPF.

A separate Prospectus has been produced that summarises the above evidence. This document will form the basis of consultation with the Local Partnership Group.

The following tables present the interventions proposed to be included in the Investment Plan. The text in red indicates relevant interventions defined in Government guidance.

4.4 Interventions proposed within the Communities & Place Investment Priority

A. Restore civic pride in the city centre through:

- Better marketing of the city to visitors and investors, leading to improved perceptions of the city and better pedestrian movement within the city centre.
- Improvements to the built and natural environment in the city centre, through schemes to improve the public realm and to support the owners of private properties to invest in their upkeep and improvement
- celebrating the richness of heritage and culture in the city, using both as a mechanism to engage residents in the city, build the talent pool, and stimulate business growth and investment.
- Taking steps to design out crime through better design of buildings and public realm

E1 – Improvements to town centres and high streets

E5 – Built and landscaped environment to 'design out crime'

E6 – Local arts, cultural, heritage and creative activities

E8 – Campaigns to encourage visits and exploring of local area

B. Improve sports and recreation facilities, reducing health inequalities across the city and increasing activity, particularly in those who are currently inactive.

E10 - Local sports facilities, tournaments, teams & leagues

C. Tackle climate change by taking measures to improve the natural environment:

- In the city centre by providing new green spaces and improving the quality and usage of those existing
- Encouraging and facilitating green travel, including supporting investment in walking, cycling and public transport.
- Enhancing the riverside as the River Severn passes through the city, improving its biodiversity and recreational opportunities.

E3 - Creation of and improvements to local green spaces

E7 - Support for active travel enhancements in local area

D. Address the digital divide by ensuring provision of community based digital facilities and support for users.

E15 - Digital connectivity for local community facilities

E. Empower local leaders and communities through asset based community development (ABCD) to lead on shaping their own community based on local aspirations.

F. Consult inclusively and meaningfully on opportunities which affect residents across broad demographics and in line with the make up of our population.

G. Celebrate diversity and deliver action to reduce the divide between minority ethnic groups and the wider population, building on the work of the Race Commission 2021 (this can be referenced and used as evidence).

E2 - Community & neighbourhood infrastructure projects

E9: Funding for impactful volunteering and/or social action projects

E11: Capacity building & infrastructure support local groups

E12 - Community engagement schemes, local regeneration

4.5 Supporting Local Business Investment Priority

A. **Supporting the growth of sectors with significant growth potential**, such as digital, cyber, creative, health and green sectors.

B. Continue the **support for start ups and growing businesses** by

- Increase the rate of start ups in the city, targeting support at disadvantaged communities
- continue independent business support and advice to SMEs across all sectors from pre-start up to medium sized business
- provide support and advice to businesses to become more digitally aware and to take advantage of new markets

E23: Strengthening local entrepreneurial ecosystems

E24: Training hubs, business support offers, incubators & accelerators

E21: Development of innovation infrastructure at a local level

C. Marketing the area to inward investors

E30: Business support measures to drive employment growth

D. To provide support and advice to businesses to adapt to climate change

E29: Supporting decarbonisation & improving the natural environment

E. Provide support to businesses in the city centre to

- Attract new occupiers to vacant commercial property in the city centre
- Attract start ups and entrepreneurs to the high street, including identifying and promoting the variety of mechanisms to secure a presence in the city centre, such as markets and market stalls, pop up shops and meanwhile uses.
- Support existing city centre businesses to adapt and diversify.
- Develop the Evening Economy in the city centre

E16: Open markets & town centre retail & service sector

F. Supporting the growth and development of social enterprises within communities that address local needs

E26: Support for growing the local social economy,

4.6 People & Skills Investment Priority (year 3 only)

A. Provision of support to residents (including homeless people) to overcome barriers to economic participation and to support them to play a more active role through employment, training and volunteering.

E33: Employment support for economically inactive people

E35: Enrichment & volunteering activities

E37: Tailored support to help people in employment,

B. Supporting residents through skills development to move out of poverty.

E34: Courses including basic, life & career skills

C. Addressing the digital divide by increasing levels of digital inclusion and providing digital skills

E36: Increase levels of digital inclusion, essential digital skills

E41: Funding to support local digital skills.

4.7 Proposed funding allocations

Funding allocations of the £1.486m are proposed in the following table.

Year 1 allocations are lower than the subsequent years to account for the shorter time remaining during the current year to spend the money as well as the increased expectation of demand in year 3.

Allocations towards Investment Priority 3 (People and Skills) can only be made in year 3 according to the UKSPF Prospectus. This is intended to take account of the withdrawal of European Social Funds, which currently support these types of project.

Proposed UKSPF allocation per year

	Year 1	Year 2	Year 3	Total per Priority
Investment Priority 1 Communities & Place	£100,000	£276,000	£274,000	£650,000
Investment Priority 2 Supporting Local Businesses	£100,000	£200,000	£200,000	£500,000
Investment Priority 3 People & Skills	-	-	£276,000	£276,000
GCC Administration	£12,000	£24,000	£24,000	£60,000
Total per year	£212,000	£500,000	£774,000	£1,486,000

- 4.8 As per paragraph 3.8 the Guidance also requires the UKSPF to be split between capital and revenue. Based on the above allocation, the capital / revenue split would equate to:

	Year 1 (Rev: 90%)	Year 2 (rev: 87%)	Year 3 (rev: 80%)
Capital	£21,200	£65,000	£154,800
Revenue	£190,800	£435,000	£619,200

5.0 Social Value Considerations

The UKSPF presents the opportunity for the Council to direct funding towards several social value priorities, notably those identified within the Government Guidance, namely: communities and place; supporting local business, and people and skills.

6.0 Environmental Implications

The UKSPF presents the opportunity for the Council to direct funding towards projects and services that will have a direct impact on improving the built and the natural environment. The Investment Plan will include improving the environment and tackling climate change as specific interventions within the Communities and Place Investment Priority.

7.0 Alternative Options Considered

None

8.0 Reasons for Recommendations

It is a requirement of the UKSPF that the Investment Plan is approved by the Chief Executive, the Section 151 Officer and the Leader of the Council. The delegated authority of the Cabinet Portfolio holder is sought to approve the final version of the Investment Plan on behalf of the authority.

9.0 Future Work and Conclusions

If Cabinet supports the recommendation the draft Investment Plan will be issued to the Local Partnership Group for consultation prior to submission to the Leader, Chief Executive and Head of Policy & Resources for sign off and submission.

Once the Council has received notification from the Government that the Investment has been approved it will put in place the governance mechanism and financial controls to administer the allocation and distribution of the fund.

In the meantime, officers will progress the invitation of Expressions of Interest from local organisations to deliver projects and will provisionally commence the recruitment of the administration resource referred to in paragraph 3.3.

Once the Plan has been approved by Government it is proposed that the Council on its own allocates the funding. This is intended to avoid external organisations having conflicting interests and to enable any external party to submit project proposals. It is further proposed that the Leader in consultation with the Head of Place selects those projects to be supported.

Officers will subsequently advise Cabinet annually of how the funding has been allocated and of how the supported projects are delivering against the Outcomes identified in the Investment Plan.

10.0 Financial Implications

It is officers' intention to use the £20,000 available for the Investment Plan plus the 4% top slice (£59,440) offered by Government to employ a dedicated resource to administer the programme over the remaining 2.5 years. Due to the timeframe of the post, a provision should be considered for redundancy.

Consideration should be given to monitoring requirements, to ensure all documentation and records are maintained and that grant expenditure is in accordance with the scheme T&C's. Failure to meet T&C's could result in claw back of funds, which would have to be met from Council resources.

A proportion of the funding will be distributed amongst third parties. Appropriate systems and controls therefore need to be in place so that the Council is able to satisfy itself on procurement, fraud risk, value for money and social value.

11.0 Legal Implications

10.1 None directly arising from this report, but legal advice and support will be provided to support the activities identified.

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12.0 Risk & Opportunity Management Implications

Risks
<p>Risk 1: Underspend or overspend within one financial year Mitigation: Officers will remain in contact with DLUHC scheme managers to keep them informed of the spending profile throughout the year.</p> <p>Risk 2: demand for the UKSPF significantly exceeds the amount of funding available. Mitigation: I. The Council will be explicit at the beginning of each funding round over the amount of funding available, and will emphasise that the funding process is competitive. II. the Council will advise unsuccessful applicants of other potential sources of funding</p> <p>Risk 3: The Council has inadequate capacity to administer the UKSPF appropriately. Mitigation: I. Additional and dedicated staffing resource will be brought in II. Officers will liaise with nearby District Councils to share best practice in the administration of the fund III. Council officers will maintain contact with DLUHC throughout the process</p> <p>Risk 4: The needs of the city's residents and businesses change over the course of the 3 years of the programme. Mitigation: Officers will maintain contact with DLUHC to try to retain flexibility in the programme profile such that funding can be redirected towards priorities midterm.</p>
Opportunities
<p>To direct funding towards several of the Council's identified priorities, notably those identified within the Council Plan, and which correlate with the Government's Investment Priorities, namely, communities and place; supporting local business, and; people and skills.</p>

13.0 People Impact Assessment (PIA) and Safeguarding:

The PIA Screening Stage was completed and did not identify any potential or actual negative impact; therefore, a full PIA was not required.

14.0 Community Safety Implications

The UKSPF presents the opportunity for the Council to direct funding towards projects and services that will have a direct and positive impact on improving community safety within the city.

15.0 Staffing & Trade Union Implications

It is proposed to create one post within the Place Service to administer the UKSPF programme.

Background Documents:

The Government's UK Shared Prosperity Fund Prospectus and associated documents are available at: [UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/94444/UK_Shared_Prosperty_Fund_prospectus.pdf)