

UK Shared Prosperity Fund

For Cabinet on 20 July 2022

Summary

Lead Member: Justine Rutland, Cabinet Member for Tunbridge Wells Town and Local Areas

Lead Director: Lee Colyer, Director of Finance, Policy and Development

Head of Service: David Candlin, Head of Economic Development and Property

Report Author: David Candlin, Head of Economic Development and Property

Classification: Public document (non-exempt)

Wards Affected: All

Approval Timetable	Date
Management Board	27 June 2022
Portfolio Cabinet Member	4 July 2022
Communities and Economic Development Cabinet Advisory Board	13 July 2022
Cabinet	20 July 2022

Recommendations

Officer / Committee recommendations as supported by the Portfolio Cabinet Member:

1. That Cabinet endorse the Tunbridge Wells Investment Plan.
2. Delegate to the Head of Economic Development in liaison with the Cabinet Member for Tunbridge Wells Town and Local Areas to approve any necessary minor changes to the Tunbridge Wells Investment Plan prior to submission, for the purpose of presentation or improving clarity.
3. Approve the Terms of Reference for the Local Partnership Group.
4. Delegate to the Head of Economic Development and Property in consultation with the Cabinet Member for Tunbridge Wells Town and Local Areas to approve projects either as
 - a. grants to public or private organisations

- b. commissioning third party organisations
 - c. procurement of service provision
 - d. in-house provision
5. Authorise the Head of Legal Services to complete all legal formalities, agreements, deeds and other documents as are necessary and/or incidental to the recommendations.

1. Introduction and Background

- 1.1 The UK Shared Prosperity Fund (UKSPF) is part of the Government's Levelling Up agenda providing support for places across the UK. The fund launched by the Government in April 2022, nationally provides £2.6 billion for local investment by March 2025. All areas of the UK will receive an allocation from the Fund via a funding formula. The fund acts as a replacement for EU funding and Local Growth Funds (via SELEP).
- 1.2 The initial focus will be on communities and place and local business interventions in 2022-23 and 2023-24, alongside support for people through the *Multiply* adult numeracy programme which will be managed by KCC. People & Skills is the focus for 2023-24.
- 1.3 The fund is an allocation based on a formula rather than a competition. The allocation available to Tunbridge Wells Borough Council is £1m over the three years of the UKSPF.

2. UKSPF Priorities

- 2.1 The UKSPF has three priorities, these are Community and Place, Supporting Local Business, and People and Skills.

2.2 Community and Place

- Strengthening social fabric and fostering a sense of local pride and belonging through investment in activities that enhance physical, cultural and social ties and access to amenities, such as community infrastructure and local green space, and community-led projects.
- Building resilient, healthy and safe neighbourhoods through investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built and natural environment innovative approaches to crime prevention.

2.3 Supporting Local Business

- Creating jobs and boosting community cohesion by supporting local businesses through investments that build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities.

- Promoting networking and collaboration and stimulating innovation and growth through interventions that bring together businesses and partners within and across sectors to share knowledge, expertise and resources.
- Increasing private sector investment in growth-enhancing activities through targeted support for small and medium-sized businesses to undertake innovation, productivity, energy efficiency, low carbon and exporting.

2.4 People and Skills

- Boosting core skills and support adults to progress in work.
- Supporting disadvantaged people to access the skills they need.
- Supporting people furthest from the labour market to overcome barriers to work by providing cohesive, locally tailored support including access to basic skills.
- Funding local skills needs and supplementing local adult skills provision.

2.5 Within the three priorities the Government has set out a number of Interventions. In total there are 41 interventions (Community & Place - 17 interventions, Supporting Local Business - 15 Interventions, People & Skills - 9 Interventions). These cover a wide range of opportunities providing a great deal of flexibility in terms of targeted interventions.

2.6 The Council will be responsible for the delivery of the UKSPF programme and is being given an allocation of £1million. The Government have also set out the funding profile which is heavily weighted to the third and final year of the programme, with almost 72% of the funding being available in the 2024/25 financial year. Funding can be spent on capital (assets) and revenue (day to day running). Again, there remains flexibility in the split between capital and revenue spend with the Government only setting a minimum expectation regarding the level of capital investment in any given year. The table below sets out the funding profile and minimum amounts of capital anticipated in each year.

	2022/23	2023/24	2024/25	Total
Allocation per year	£91,387.00	£182,774.00	£725,839.00	£1,000,000.00
Revenue	£82,248.30	£159,013.38	£580,671.20	£821,932.88
Minimum Capital (10%/13%/20%)	£9,138.70	£23,760.62	£145,167.80	£178,067.12
4% management	£10,000.00	£15,000.00	£15,000.00	£40,000.00
Capacity Funding	£20,000.00	£0.00	£0.00	£20,000.00

- 2.7 The Council can use up to 4% of the total allocation (£40,000) for administration of the programme. An administration budget of more than 4% could be set on the basis of a detailed explanation as to why additional costs are required.
- 2.8 In addition to the £1million allocation, a fund of £20,000 for development of the Investment Plan has been announced. Further clarity is being sought on the use of this funding.
- 2.9 The annual budget for the UKSPF will be made in full at the beginning of each financial year to enable the Council to fund the programme. Government guidance has highlighted that unspent budget in each year will be returned to the Government. Therefore if the borough is to benefit fully from the Fund we will need to ensure that the financial target in the Investment Plan is met each year.
- 2.10 The Council in managing the UKSPF will be responsible for the development and the delivery of the Investment Plan, managing the budget, processing payments and day to day monitoring of milestones and outputs/outcomes. In assessing and approving projects the Council will have the scope to implement the Fund in four ways:
- grants to public or private organisations
 - commissioning third party organisations
 - procurement of service provision
 - in-house provision
- 2.11 The approach provides a flexible method of delivery of projects within the investment plan. However competitive award is anticipated as the main process for approval. The need for match funding is not stipulated in guidance however if available this should be indicated in the Investment Plan. There should be a general expectation that UKSPF projects should demonstrate the leverage through the fund investment.
- 2.12 Government guidance is still being published with an expectation that full guidance will have been published by the end of July. Guidance on branding and monitoring for example is still to be published. The Government has indicated that it expects monitoring to be a light touch, including formal monitoring on a 6 monthly cycle, with qualitative monitoring in between. In the first year it is anticipated that the formal monitoring will be on a shorter cycle due to proximity of end of year to the likely dates when the Investment Plan will be approved.

3. Investment Plan

- 3.1 To deliver the UKSPF the Council needs to submit an Investment Plan to the Government by 1 August 2022. On receipt of the Investment Plan the Government will review the plan before agreement. It is anticipated that nationally, approvals for Investment Plans will start to be given from October 2022. On approval of the Investment Plan the Council will enter into a

Memorandum of Understanding with the Government. In this instance it will be with the Department for Levelling Up, Housing and Communities (DLUHC). On entering into agreement, the budget for the first year (2022/23) will be released to the Council.

- 3.2 The focus in the Investment Plan is on the types of interventions that the Council wishes to prioritise. There is a recognition that projects will not be fully formed at this point. The Investment Plan will provide indicative outputs and outcomes for the programme.
- 3.3 The layout and scope of the Plan have been set out by the Government with a number of templates being provided. A copy of the draft final Investment Plan is attached in Appendices A to I.

Local Partnership Group

- 3.4 To enable the development of the Investment Plan and wider engagement and delivery of the UKSPF through the three years the Council has started to engage with community and voluntary organisations, business representatives and other key stakeholders. A UKSPF Local Partnership Group (LPG) was established on the 27 May 2022. Terms of reference have been drawn up for the group, see Appendix J.
- 3.5 It is not intended that the LPG will have a legal responsibility for the interventions or projects delivered through the UKSPF however the range of skills and experience of local stakeholders will be utilised to inform development and delivery of the Investment Plan. Initial membership of the Local Partnership Group is proposed as:
 - Cabinet Member for Tunbridge Wells Town and Local Areas
 - Cabinet Member for Rural Communities
 - Parish/Town Council rep/KALC
 - Royal Tunbridge Wells Town Forum
 - Royal Tunbridge Wells Together BID
 - Federation of Small Business
 - Creative Tunbridge Wells
 - Jobcentre Plus
 - DWP
 - West Kent Mind (representing the charitable sector and health)
 - Kent County Council
 - Greg Clark MP or rep from his office

- 3.6 Council Officers will facilitate the LPG as required. Further engagement with Helen Grant MP and representatives from her office will be carried out.
- 3.7 The timescale for development and submission of the Investment Plan has been quite limited. As a result engagement with groups and stakeholders has been restricted. Internally Council departments have engaged in the development of project ideas. Two call out requests have been undertaken for project ideas and submissions from Councillors, Town and Parish Councils, the BID, Town Forum and other relevant organisations. Approaches have also been made by others directly to Council officers. Wider engagement has been undertaken with DWP, community and voluntary sector as well as engaging with the West Kent Partnership and KCC regarding pan Kent bids. Two formal briefings or updates have taken place with the Town Forum (16 June) and with all Councillors (17 June) to highlight the UKSPF.
- 3.8 In response to calls for projects the Council has received 74 project suggestions with a potential grant request in excess of £5m. Some hard decisions on priority interventions are therefore required given the budget is limited to £1m. While the need for fully formed projects at this point is not a requirement for the preparation of the Investment Plan, raising awareness and ensuring that there were potential projects available to address interventions in the UKSPF was important in helping to focus the Investment Plan. All of the project submissions have been identified against the key interventions with the best fit intervention being selected.
- 3.9 Cabinet had an initial briefing on UKSPF on 22 June, with a more detailed consideration of the interventions thereafter. Cabinet have selected a shortlist of interventions which has helped to focus the potential projects that could be delivered during the programme. However, it should be recognised that new projects could be identified in future, provided these were meeting the key interventions these could be brought into the programme.
- 3.10 A range of smaller projects have been submitted with the majority seeking less than £10,000. It is proposed that a Community Grants Fund is established within the Investment Plan that will enable these projects to be addressed in a more proportionate application process.

4. Options Considered

- 4.1 There are only a few options to consider related to the UKSPF. The first option is to consider and approve the Investment Plan as developed for submission to Government.
- 4.2 The second option is to reject the Investment Plan missing the Government deadline and opportunity to secure £1m for the borough.
- 4.3 A potentially third option is to reject the current Investment Plan as proposed and identify alternative interventions, outputs and outcomes in the meeting to enable a revised Investment Plan to be written and submitted by the 1 August 2022.

5. Preferred Option and Reason

- 5.1 The preferred option is for Cabinet to approve the Investment Plan to enable its submission to Government by the 1 August 2022. Submission by the due date will enable Government to consider and approve the plan releasing £1m for investment in the borough over the next two and a half years. While the period of engagement has been quite short the priorities identified within the Investment Plan have been aligned with the Council's priorities and Focus on Five. The interventions that have been selected provide some flexibility over the course of the UKSPF to enable the further honing of the projects to be brought forward for approval.

6. Consultation on Options

- 6.1 The period for detailed engagement has been very short given the development of an Investment Plan for the next two and a half years. As a result, engagement with groups and stakeholders has been more restricted than we would have wished. Internal departments have however been consulted, identifying a range of potential projects. Two requests have also been made for project ideas and submissions from Councillors, Town and Parish Councils, the BID, Town Forum. Wider engagement with DWP, community and voluntary sector as well as engaging with the West Kent Partnership and KCC regarding pan Kent bids. The Local Partnership Group has been established with a couple of meetings taking place. Two formal briefings or updates have taken place with the Town Forum (16 June) and with all councillors (17 June) to highlight the UKSPF. Followed by more detailed engagement with the Cabinet on the 22 June.
- 6.2 Recommendation from Cabinet Advisory Board
- 6.3 The Communities and Economic Development Cabinet Advisory Board were consulted on 13 July. Comment from the Cabinet Advisory Board will be provided to Cabinet.

7. Implementation

- 7.1 On approval by Cabinet the Investment Plan will be submitted to Government before the 1 August deadline. Formal response from Government on the Investment Plan is not expected until October 2022 at the earliest. However, in the interim, the Local Partnership Group will be formally established, initial year one interventions will be planned and systems set up so that an operational scheme is ready when Government approval is received.

8. Appendices and Background Documents

Appendices:

- Appendix A: TWBC Investment Plan
- Appendix B: Expenditure Funding Profile
- Appendix C: Match Funding Profile
- Appendix D: Communities & Place Outputs
- Appendix E: Communities & Place Outcomes
- Appendix F: Local Business Outputs
- Appendix G: Local Business Outcomes
- Appendix H: People & Skills Outputs
- Appendix I: People & Skills Outcomes
- Appendix J: Local Partnership Group Terms of Reference

9. Cross Cutting Issues

A. Legal (including the Human Rights Act)

The granting of public subsidies to private enterprise is now regulated by the Trade and Cooperation Agreement (UK-EU TCA). The current “de minimis” threshold is £350,000 over a three-year period. It is understood that further guidance on subsidy control in relation to the UK Shared Prosperity Fund is due to be issued by Government, and it will be important to ensure the Investment Plan as implemented adopts and follows the subsidy control rules in any payments to projects.

Internal rules relating to Grants and procurement (in line with the Public Contracts Regulations 2015 which remain in force) will also need to be followed.

Lucinda MacKenzie-Ingle, Team Leader, 4 July 2022

B. Finance and Other Resources

A budget of £1million has been allocated to Tunbridge Wells by Government to implement the UKSPF scheme. The release of this allocation is dependent upon the Council approving an Investment Plan, delivering it to Government by 1 August 2022 and it subsequently being approved by them.

The allocation will be paid over 3 financial years commencing 2022/23 and will be paid in advance of expenditure. The projects in the Investment Plan will need to demonstrate that there are either no ongoing costs beyond 2024/25 or that they can be funded from existing revenue budgets.

The Council will be expected to report their expenditure on projects, along with their outputs and outcomes on a regular basis throughout the term of the scheme.

Jane Fineman, Head of Finance, Procurement and Parking 5 July 2022

C. Staffing

The UKSPF will require the Council to input staff time to the management and delivery of the UKSPF Investment Plan. While a small administration budget is identified this is insufficient to provide a full-time post to manage the programme and capacity of existing staff will need to be focussed on the delivery of the scheme. The development, appraisal and approval of projects as well as managing payments to projects will cut across a range of departments including but not restricted to economic development, legal and finance. Input from other staff

across the Council can be expected. Staff resources will need to be reviewed on an annual basis; the project is expected to last three years.

Anita Lynch, HR Manager, 30 June 2022

D. Risk Management

Guidance published by the Government sets out the core criteria for the UKSPF scheme. The report sets out the responsibilities of the Council in managing the grant including the eligibility, delivery and monitoring process. Risks include over demand, capacity of staff to process and the manage the process in the timescales. Other risks include fraud however through a robust application process projects can be assessed before grant is distributed.

Report Author, 4 July 2022

E. Environment (inc. Biodiversity) and Sustainability

A Climate Emergency Impact Assessment has been undertaken regarding the Investment Plan. The interventions set out what is expected to be delivered but does not commit to the delivery mechanism, and who will be delivering. Without fully defined projects, nor decisions as to whether the Council will be directly responsible for the delivery, estimating savings or costs related to carbon reduction directly for the Council cannot be set out at this stage. However, the contribution by intervention to meeting the Council's climate emergency goals for the borough will be sought from project promoters in submissions for the funding over the three years. While it is expected that some interventions will be neutral, others will contribute positively to the goals. Project promoters will be asked to provide evidence of the longer-term sustainability.

Report Author, 4 July 2022

F. Community Safety

The UKSPF provides a broad spectrum of interventions including those related to community safety. The Council have selected the interventions it wishes to address based on evidence. Projects that are not specifically tailored to improve community safety are not expected to have a negative impact.

Report Author, 4 July 2022

G. Equalities

Under s.149 Equality Act 2010 (the "Public Sector Equality Duty") the Council should have regard to eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Act, advance equal opportunity and foster good relations between those that have relevant protected characteristics and persons who do not. As outlined in the Investment Plan consideration was given to whether the initial project proposals would have a positive, neutral

or negative impact on our equality duty. All of the project proposals identified for inclusion within the Investment Plan are considered to have a positive or neutral impact on the three aspects of the duty. In appraisal before delivery the assessment (EqIA) for each project will be reviewed.

Report Author, 4 July 2022

H. Data Protection

There are no specific data protection issues related to the report in the approval of the UKSPF Investment Plan. The Council will put in place processes to manage the approval and distribution of the grant taking into account any personal data that is required to facilitate the process. In the establishment of the Local Partnership Group and appointment of representatives the obligations related to data protection will be highlighted.

Report Author, 4 July 2022

I. Health and Safety

There are no specific health and safety issues related to the report and the approval of the UKSPF Investment Plan.

Report Author, 4 July 2022

J. Health and Wellbeing

The objectives of the UKSPF are outlined in the report which includes supporting areas of deprivation, supporting disadvantaged people to access the employment market, including overcoming barriers to work.

Report Author, 4 July 2022