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**REPORT TO THE MEETING OF THE EXECUTIVE 7 MARCH 2023****PORTFOLIO: FINANCE, CLIMATE AND ECONOMY****REPORT FROM STRATEGIC DIRECTOR AND DIRECTOR OF PLACE****SUBJECT: UK SHARED PROSPERITY FUND: 2023-24 ALLOCATION****1 DECISION BEING RECOMMENDED**

- 1.1 That authority be delegated to the Strategic Director and Director of Place, in consultation with the Portfolio Holder for Finance, Economy and Climate, to operate a grant programme to distribute up to 70% of the Council's 2023-24 UKSPF allocation, in line with the principles set out in this report
- 1.2 That authority be delegated to the Strategic Director and Director of Place, in consultation with the Portfolio Holder for Finance, Economy and Climate, to utilise the remaining proportion of the Council's 2023-24 UKSPF allocation to directly commission eligible projects, in line with the principles set out in this report
- 1.3 That authority be delegated to the Strategic Director and Director of Place, in consultation with the Portfolio Holder for Finance, Economy and Climate, to make minor changes to the principles set out in this report where necessary to enable the most beneficial use of the funding or ensure compliance with Government requirements

**2 REASONS FOR RECOMMENDATION**

- 2.1 On 13 July 2022, the Executive granted delegated authority to the Assistant Director for Place and Environment, in consultation with the Portfolio Holder for Climate and Economy, to prepare and submit an Investment Plan for the UK Shared Prosperity Fund.
- 2.2 On 5 December 2022, the Council was notified by the Department for Levelling Up, Housing and Communities (DLUHC) that its submitted Investment Plan had passed validation and funding was secured. On 19 January 2023, the Executive agreed a process for distributing the Council's allocation for 2022-23.
- 2.3 The Council requires an effective process to distribute funding for 2023-24 in accordance with its approved Investment Plan. By establishing a grant programme, the Council is creating an opportunity for local organisations to access funding towards project that deliver against the Investment Plan and wider local priorities. By retaining some funding, the Council can also directly deliver and commission projects where it is best placed to do so. Not establishing an effective process for distributing fundings risks that funding being spent ineffectively or remaining unspent, either of which could result in

the non-achievement of the Council's Investment Plan and local priorities, and the refunding of unspent funding.

### 3 SALIENT INFORMATION

#### Background

- 3.1 The UK Shared Prosperity Fund (UKSPF) was launched in April 2022 and provides £2.6 billion in funding for local investment by March 2025. It is the government's replacement for the European Structural and Investment Fund (ESIF).
- 3.2 UKSPF supports the ambitions of the Levelling Up White Paper and aims to build pride in place and increase life chances across the country.
- 3.3 All areas of the UK will receive an allocation from the Fund which is calculated using a funding formula. It is not a competitive bidding process.
- 3.4 The UKSPF sets out three key investment priorities:
  - a) Community and Place
  - b) Supporting Local Businesses
  - c) People and Skills
- 3.5 The funding for the first two priorities will commence in 2022/23, while the 'people and skills' priority will commence in 2024/25.
- 3.6 The Council has been allocated exactly £1,000,000 through the UKSPF. This funding can only be accessed following the approval of an Investment Plan which lays out budget allocations linked to local interventions, outputs and outcomes.
- 3.7 An annual funding profile providing a breakdown of the funding for the three financial years has been developed by the Department for Levelling Up, Housing and Communities (DLUHC) for Rochford. The breakdown is as follows:

Year	2022-23	2023-24	2024-25
Allocation	£75,450	£150,899	£773,651

- 3.8 In 2022/23, a minimum of 10% spend needs to be capital expenditure, followed by a minimum of 13% in 2023/24 and 20% in 2024/25. Furthermore, 4% of the fund in each year is deducted to fund administration costs, i.e. staff costs in administering and monitoring the programme.
- 3.9 As lead authority, the Council was responsible for developing a local Investment Plan. On 13<sup>th</sup> July 2022, the Executive granted delegated authority

to the Strategic Director, in consultation with the Portfolio Holder for Climate and Economy, to prepare and submit an Investment Plan for UKSPF.

3.10 The Council's Investment Plan was submitted to Government on 1<sup>st</sup> August 2022.

3.11 After consultation with a wide range of community stakeholders as per the UKSPF guidance, the Council prioritised the following interventions in its Investment Plan:

- a) **E1:** Funding for improvements to town centres and high streets, including better accessibility for disabled people, including capital spend and running costs
- b) **E4:** Enhanced support for existing cultural, historic and heritage institutions that make up the local cultural heritage offer
- c) **E23:** Strengthening local entrepreneurial ecosystems, and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks

3.12 The Council has budgeted its £1m UKSPF funding amongst the interventions as follows:

Intervention	UKSPF Allocation	% of Total UKSPF Allocation	2022-23	2023-24	2024-25
E1: Improvements to town centres & high streets	£300,000	30%	£22,635	£45,270	£232,095
E4: Enhancing existing cultural, historic & heritage institutions offer	£600,000	60%	£45,270	£90,539	£464,191
E23: Strengthening local entrepreneurial ecosystems	£100,000	10%	£7,545	£15,090	£77,365

3.13 The submitted Investment Plan identifies priorities within the Council's Business Plan 2020-2023 and Economic Growth Strategy 2022-25 that align with the Investment Priorities of the UKSPF.

3.14 The Investment Plan did not need to identify projects however the Government has identified a range of example projects which give an indication of the types of projects likely to be eligible under each investment. For Rochford, these include but are not necessarily limited to:

- Regenerating a town square
- Public realm improvements, for example street art, street furniture or other decorative improvements
- Regenerating a high street
- The delivery of outreach/engagement/participatory programmes for community spaces, including youth centres and public libraries
- The development, restoration or refurbishment of local natural, cultural and heritage assets and sites
- The delivery of outreach, engagement and participatory programmes for these local assets and sites
- Strengthening local entrepreneurial ecosystems and connecting businesses to wider support on, for example, innovation, trade and skills
- Establishing local peer-to-peer networking/support and learning to improve sharing of best practice
- Development of evidence-based regional entrepreneurial support, led by entrepreneurs, risk capital providers, corporates, academia and government

#### Funding Process for Projects in Future Years

##### *Operation of the Grant Programme*

- 3.15 On 19 January 2023, the Executive approved a process for funding of projects in the 2022-23 financial year. This report is now bringing forward a process for funding projects in the 2023-24 financial year.
- 3.16 As set out in the previous report to Executive, UKSPF identifies competitions for grant funding as the default approach set out in Cabinet Office Grants Standards and we have identified a proportion of the funding to be allocated through this format in future financial year.
- 3.17 A grant programme satisfies Government requirements for the distribution of funding to be competitive, whilst enabling the community to design and directly deliver projects where they are best equipped to do. A grant programme also has the ability to create and fund capacity in project delivery beyond the Council's immediate officer base.
- 3.18 It is proposed that any grant programme would receive applications via an online form on the Council's website, with paper forms available on request. The form would be accompanied by the conditions and eligibility criteria for a

grant, a plain English guide to submitting a grant application (including FAQs), and templates for setting out project budgets and timescales

- 3.19 In order to distribute funding as early in the 2023-24 financial year as possible, it is recommended that the grant programme initially opens at the start of April 2023, for a period of at least four weeks. The grant opportunity would be advertised widely, including direct approaches to known local groups, and a specific workshop on the grant programme for potential applicants will be held in early April.
- 3.20 It is proposed that applicants to the grant programme must request grant funding in the 2023-24 financial year but may also note where further grant funding, if secured, could be utilised for the 2024-25 financial year. This would allow applicants to design projects with a greater scope and lifespan, while not binding the Council to funding should it later determine this funding would better be used in an alternative way.
- 3.21 As above, the Council's UKSPF allocation totals £150,899 for the 2023-24 funding year. It is proposed that funding for Intervention E23 be excluded from the grant as the nature of its intention lends itself better to directly commissioned projects.
- 3.22 However, it is proposed that the Council sets a notional cap on the grant programme of 70% of funding and retains at least 30% of funding to be used on directly commissioned projects. This would create a notional grant budget of up to £105,629.30.
- 3.23 In addition, any unspent proportion of the Council's Year 1 (2022/23) allocation can be utilised within these splits.
- 3.24 It is proposed that no minimum allocation of the funding be made to the grant programme and that decisions on the exact amount of funding released through the grant programme are instead made on the merit and volume of applications received. It may be that there insufficient eligible or favourable applications to utilise the entire grant budget, in which case any unused proportion could be released for further directly commissioned projects.
- 3.25 Directly commissioned projects may include capital or other projects where the Council is best equipped to commission or deliver projects directly, or wider projects where there is insufficient capacity or interest demonstrated through the grant programme.
- 3.26 Whilst applicants to the initial grant programme would be able to apply for funding in principle for the 2024-25 financial year, it is expected that any financial decision on the funding process for that year would be made at a future meeting of the Executive. Should the grant programme be successful, it may be that the grant programme would need to re-open for further applications at the beginning of the 2024-25 financial year, subject to that decision.

- 3.27 Notwithstanding the above, further rounds of the grant programme could be operated within 2023-24 subject to an assessment of demand and funding priorities.

*Principles and Criteria of Grant Programme*

- 3.28 In order to attract the greatest number of applications, it is proposed that eligibility criteria are only set where needed to ensure projects fit the overall conditions of the UKSPF funding and will be clearly effective and deliverable. It is proposed that the below conditions become the overarching principles for any grant programme:
- Projects must either enhance local high streets / town centres (Intervention E1); or enhance existing cultural or historic institutions (Intervention E4); or both<sup>1</sup>
  - Applicants must clearly specify the value of their funding request and whether that request is for revenue funding and/or capital funding, or both;
  - Applicants would be able to secure a grant in 2023/24 to a minimum value of £5,000 or maximum value of £15,000. It is proposed that this maximum value could be exceeded in exceptional cases where justified by the extent of outcomes and it is clear that the project has a clear legacy
  - Applicants must commit to delivering at least one output and one outcome Applicants must have the capacity and agree to communicate the progression of their funded projects, meet all UKSPF criteria, and submit regular monitoring reports demonstrating progress and achievements of key outputs and outcomes.
  - Applicants must hold or commit to achieve all relevant licenses, permissions and insurances and be financially robust.
- 3.29 The above principles will function as 'pass-fail' criteria for all applications, however it is recognised that subjective criteria will also be required in judging whether to award a grant to a specific applicant. It is proposed that the Council uses the below assessment criteria, appropriately weighted, to determine whether to award a grant to an applicant:
- Applicants must clearly demonstrate how their funded projects would enhance local high streets / town centres (Intervention E1); or enhance existing cultural or historic institutions (Intervention E4); or both
  - Applicants must demonstrate how their funded projects would deliver the outputs and outcomes set out under their target intervention(s)

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<sup>1</sup> The full objectives, outcomes and outputs of the Council's UKSPF priorities would be set out in any grant material

- Applicants should identify how their funded projects would help support the delivery of wider Council strategies (e.g. the Business Plan or Economic Growth Strategy)
  - Applicants should set out how their funded projects would help to 'level up' the area, improving outcomes or providing opportunities for local residents, businesses and wider communities, socially, economically and/or environmentally
  - Applicants must provide details of their project team, and any other organisations they would work with, the relevant experience held by the project team on similar projects and the capacity the project team holds to deliver any funded projects
  - Applicants must set out a realistic timetable for delivery of all project outputs and detail how these timetables would be managed and achieved, including an initial risk analysis with mitigation
  - Applicants should demonstrate how their funded project would have a positive legacy and any ambitions to become self-sustaining in the long-term
  - Applicants should demonstrate any intention to achieve match funding and details of any successful match funding applications on similar projects in the past
  - Applicants should demonstrate how their funded projects would achieve equality and diversity objectives, and include / benefit harder-to-reach or less represented groups in the community
  - Applicants should demonstrate how their funded projects would support local sustainability goals and how carbon and environmental objectives would be achieved
- 3.30 Decisions on whether to award a grant would be made by a panel under the delegated authority sought in this report. However it is expected that the principles and outcomes of the grant programme will be reported and scrutinised at least quarterly to the local UKSPF Partnership Group (consisting of stakeholders and partners); the Executive and through all-Member briefings.
- 3.31 Feedback received from the UKSPF Partnership Group meeting held on 1<sup>st</sup> March 2023 and the Member briefing session on 8<sup>th</sup> March 2023 will be used to refine the grant process before any launch.

#### Retained Spend

- 3.32 Any funding not distributed through the grant programme would be retained by the Council for use on directly delivered or commissioned projects. It is

likely that some projects, by their nature, are better suited for direct delivery, particularly any capital projects that are unlikely to be undertaken by third-parties.

- 3.33 Some indicative projects have been identified for this funding, however it is anticipated that a firmer list of projects will be worked up after the launch of the grant programme, informed by further engagement with the UKSPF Partnership Group and all-Member briefings.

#### **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The Council is not obliged to spend its UKSPF allocation but a decision not to do so would forego the potential for this funding to further local ambitions and objectives, with respect to 'levelling up' and improving local outcomes and opportunities.
- 4.2 Furthermore, the Council could seek to distribute all of the funding through a grant programme, or all through directly commissioned activities, however the proposal set forward in this report is considered to provide balance in the absence of a detailed understanding of the quality and volume of grant applications.

#### **5 RISK IMPLICATIONS**

- 5.1 The Council has a responsibility to ensure that its UKSPF allocation is spent in a timely and effective way, or else risks the opportunities it presents to fund activities that positively impact local communities being missed. By putting in place an effective mechanism for identifying funding opportunities and subsequently funding appropriate projects, in a way that is inclusive and collaborative, the Council is helping to reduce any risks that the funding is used ineffectively or wasted.
- 5.2 As set out in this report, the UKSPF process will be inclusive and include co-operation and collaboration with various stakeholders, including the local UKSPF Partnership Group and a commitment to regular all-Member updates. This process will help to ensure any operational or performance risks are identified in partnership.
- 5.3 To mitigate operational risks, the Council is working as one team with Brentwood Borough Council as it puts in place plans for utilising its own UKSPF allocation. This approach ensures resilience in officer capacity and ensures that any technical requirements (e.g. procurement, publicity, monitoring etc.) are well understood as a collective.
- 5.4 Project-level risks will be identified and assessed at the project level. Grant applications will need to include an initial risk analysis which can be considered and monitored to ensure project outputs are achieved.



**6 ENVIRONMENTAL IMPLICATIONS**

- 6.1 There are no direct environmental implications arising from this decision, however individual funding decisions may have environmental implications. These environmental implications will be considered through an appropriate assessment criterion, as suggested earlier in this report, at the grant application stage.

**7 RESOURCE IMPLICATIONS**

- 7.1 A percentage (4%) of the Council's UKSPF allocation can be utilised on administration costs. This percentage is being invested to increase officer resource to enable the delivery of administrative and planning activities relating to UKSPF, in partnership with Brentwood Borough Council.
- 7.2 It is expected that the UKSPF programme will be met within existing officer resource across the authority.

**8 LEGAL IMPLICATIONS**

- 8.1 All spend associated with the Fund must be compliant with the Public Contracts Regulations 2015 and follow the Council's procedures.

**9 PARISH IMPLICATIONS**

- 9.1 There are no direct parish implications, however it is expected that parish and town councils, and other local community groups, would be encouraged and supported to access the grant programme.

**10 EQUALITY AND DIVERSITY IMPLICATIONS**

- 10.1 The decision is not considered to have any direct equality or diversity implications, however it is recognised that funding decisions, including through the grant programme, could in principle disproportionately benefit or disbenefit those who do or do not hold a protected characteristic.
- 10.2 The Council proposes to include an assessment criterion which requires grant applicants to consider the equality and diversity implications of their funding proposal, as well as provide positive opportunities to engage and support harder-to-reach groups.
- 10.3 This approach will enable project-level decisions to be made with a fuller understanding of any equality and diversity implications, and ensure there are no unlawful impacts on protected groups as defined under the Equality Act 2010.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.



LT Lead Officer Signature: \_\_\_\_\_  
Director of Place

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**Background Papers:-**

None.

For further information please contact Daniel Goodman (Team Leader, Strategic Planning and Economic Development) on:-

Phone: 01702 318043

Email: [Daniel.goodman2@rochford.gov.uk](mailto:Daniel.goodman2@rochford.gov.uk)

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