

Regeneration and Property Committee	
Meeting Date	7 th July 2022
Report Title	UK Shared Prosperity Fund
EMT Lead	Emma Wiggins, Director of Regeneration and Neighbourhoods
Head of Service	Joanne Johnson, Head of Regeneration, Economic Development and Property
Lead Officer	Kieren Mansfield, Economic Development and External Funding Manager
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. To agree to prioritise interventions and outcomes which best support delivery of the Council's adopted strategy framework and agreed member priorities 2. To agree that we seek to broadly allocate funding across Faversham, Sittingbourne and the Isle of Sheppey, taking account of population and deprivation on a 70:30 basis. 3. To agree to the political membership of the Member Working Group and the Local Panel. 4. To delegate the submission of the final Local Investment Plan to the Head of Regeneration, Economic Development and Property, in consultation with the Chair of the Regeneration and Property Committee

1 Purpose of Report and Executive Summary

- 1.1 This report sets out details regarding the UK Shared Prosperity Fund (UKSPF), from which Swale Borough Council has received a funding allocation of £1,169,496. To access this funding the Council must produce a Local Investment Plan, to be submitted to Government no later than 1st August 2022.
- 1.2 This report makes recommendations as to the basis on which local priorities relevant to the UKSPF are chosen and put forward and seeks delegated authority for the final Local Investment Plan to be submitted.

2 Background

- 2.1 The UK Shared Prosperity Fund (UKSPF) is a £2.6bn government fund covering financial years 22/23 to 24/25 and is the replacement for European Structural and Investment Funds (ESIF).

- 2.2 Local Authorities have been allocated funding based on a combination of population size (70%) and deprivation measures, previously used to allocate Community Renewal Funding (30%). The minimum funding allocation is £1m. The total allocation to Swale is **£1,169,496**.
- 2.3 To access this funding allocation, Swale Borough Council must produce a Local Investment Plan, based around three investment priorities:
- communities and place
 - supporting local business
 - people and skills
- 2.4 There is no recommended split across these priorities, with areas invited to balance investment according to local need and opportunity. However, investment in 'people and skills' is not to take place before 24/25¹. Investment should also demonstrate contribution to net zero and nature recovery objectives.
- 2.5 The guidance provided by Government includes a wide-ranging 'Interventions List', with a menu of actions, outcomes and outputs local authorities can include in their Investment Plan. These can be found [here](#) and will form the basis upon which an agreed plan is monitored.
- 2.6 Local authorities have flexibility over how they choose to deliver the investment, including competitions for grant funding (the default approach), procurement, commissioning or delivering activity in-house. Shared investment with other local authorities (districts, unitaries or counties) is also strongly encouraged, particularly for the *people and skills* and *business support* objectives.
- 2.7 Match funding is not required, although lead authorities are strongly encouraged to consider match funding and leverage options when selecting *communities and place* and *business support* interventions.
- 2.8 The minimum split between revenue and capital investment in the guidance is set out in the table below. There is scope for capital costs to form a higher proportion of total investment but whilst there is no absolute limit set, it is likely Government will be looking for Investment Plans to have a bias towards revenue-based interventions.

Year	Core UKSPF: revenue	Core UKSPF: minimum capital
2022-23	90%	10%
2023-24	87%	13%
2024-25	80%	20%

¹ With the exception that local authorities are permitted to fund targeted *people and skills* provision in 2022-23 and 2023-24 where this is a continuing priority for 2024-25 and may be at significant risk of ending due to the tail off of EU funds.

2.9 The table below shows how the funding is profiled over the three years. Taking this and the minimum revenue/capital split indicated above, the following table shows the indicative levels of spend to which the Swale's Local investment Plan must commit.

Financial Year	Funding available	Revenue	Capital
22/23	£141,929	£127,736	£14,193
23/24	£283,858	£246,957	£36,901
24/25	£743,709	£594,968	£148,741

2.10 Payment will be made annually in advance. Lead authorities will receive a Grant Determination Letter and Memorandum of Understanding setting out requirements and obligations. Government expect investments and outputs to be achieved in line with the Investment Plan, on time and in-year. They reserve the right to withhold or delay payment in response to performance or delivery issues and any underspends will need to returned at the end of each financial year.

2.11 Up to 4% of the total allocation can be used for administration including assessment, contracting, monitoring and evaluation and ongoing engagement. This generates a maximum administration budget of £46,780 over the three years. However, if it can be demonstrated that a higher proportion of the funding allocation is required for this purpose then a case can be made in the Local Investment Plan but would be subject to agreement.

The process for developing Local Investment Plans

2.12 The timescales for the UKSPF are as follows:

- Investment plan submissions window: 30 June 2022 - 1 August 2022
- First payments to lead local authorities: from October 2022
- Funding period: April 2022 - March 2025

2.13 £20,000 per local authority is available to support the development of the Investment Plan and will be paid upon government sign-off. Spend against this money is likely to support the development of clear baseline information against which outputs and outcomes can be monitored.

2.14 In developing the plans Local Authorities are expected to establish or designate a local partnership group to consult when developing their investment plan. Local MPs should also be consulted.

3 Proposals

- 3.1 Given the relatively limited size of the funding allocation made available through the UKSPF, there are challenges in determining how the investment should be geographically targeted and what interventions should be funded, across which themes.

Identifying investments for inclusion in the plan

- 3.2 In setting a framework within which the UKSPF allocation could be spent, it is recommended that interventions and outcomes that best support delivery against the Council's adopted strategy framework and agreed Member priorities are the focus. Those priorities to which the Council is already committed, and that fall within the UKSPF investment themes, are particularly focused around *communities and place* and *support for business*.
- 3.3 Officer discussions and approaches made by some potential partners have indicated a number of possible areas for investment, in particular household support; investment in town centres; support for business, including the visitor economy and support for residents to develop skills and address barriers to employment. There has also been some early discussion with other Kent Councils to establish whether there are any opportunities for collaboration, where this makes sense and delivers better value for money.
- 3.4 Further work is required with partners in respect of *people and skills*. Some dialogue has commenced, and East Kent College Group hosted a Skills Summit, attended by local authorities and businesses from across the area the College serves. Whilst this did not generate any specific proposals, it aired a range of issues around which partners might coalesce, which included support not just for young people but also the adult population.
- 3.5 The expected outcomes and outputs attached to *people and skills* are centred around supporting the economically inactive, those furthest from the labour market and skills provision to support progress in work. This aligns closely with a number of projects operating in Swale, funded through UK Community Renewal Fund. Whilst the UKSPF cannot be used to continue these, with investment only possible from 2024/25, the costs and early progress against targets for these projects could be used as a basis to set out the likely interventions, outputs and outcomes from local activity.

Distribution of funding

- 3.5 In the interests of recognising that investment can benefit many parts of the Borough, an approach which takes account of a fair distribution of funding is recommended.
- 3.6 The government allocation methodology uses a 70:30 split between population and deprivation measures and whilst this cannot be wholly replicated at sub-local authority level, a proxy calculation can be made, producing an indicative split of

funding based on the three areas of Faversham and Swale East, Sittingbourne (incorporating Western) and the Isle of Sheppey. A funding split has been calculated using census ward population figures and taken account of the average scores for each area in the 2019 Index of Multiple deprivation, on a 70:30 basis.

- Faversham £290,812
- Isle of Sheppey £414,800
- Sittingbourne £463,883

3.7 This can be used to guide the development of the Local Investment Plan, but a precise split will be difficult to achieve, particularly as some interventions will operate on a Borough-wide basis.

Member and Local Partnership Inputs

3.8 An ongoing process of refinement is required, to prioritise activity and projects within the available funding. More detail is required in relation to costs, likely outputs and outcomes and how potential interventions fit within the timeframe of the fund. Assuming Members agreement to focus on existing Council priorities, it is recommended that a Member working group is formed, supported by a separate, external group of stakeholders, as per the requirement set out in the fund's prospectus.

3.9 The recommended composition of the Member Working Group is as follows:

- One representative from each administration group
- One representative from Independents First
- One Representative from the Conservative Group

3.10 No existing partnership group provides the range of inputs that will likely be required to help inform the development of the Local investment Plan. It is suggested that the external partnership group should include a range of organisations, reflected in the list below, although inputs could be sought from others, depending on the specifics of the Local Investment Plan:

- Chair of the Member Working Group
- Representative from the Sittingbourne Area Committee
- 1x Sheerness Town Council
- 1x Faversham Town Council
- 3x Business representatives
- East Kent College Group
- Swale CVS
- Job Centre Plus
- Swale Committee, Kent Association of Local Councils

- 3.11 Given the challenging parameters and timescales, it is likely that the detail of the final Investment Plan will remain in development, until the end of July, prior to its submission to Government by 1st August 2022. Delegated authority for the sign off and submission of the final Local Investment Plan is therefore sought for the Head of Regeneration, Economic Development and Property, in consultation with the Chair of the Regeneration and Property Committee, having due regard to input from the Member Working Group and Local Partnership

4 Alternative Options

- 4.1 Do nothing. This is not recommended as the submission of a Local Investment Plan is required to unlock the funding allocation that has been made to Swale Borough Council.
- 4.2 An open invitation to external partners to bid against the funding allocation and themes could be extended, an approach that some Councils have adopted. This is not recommended, as there is limited time to run such a process robustly and it may not provide a balance between themes, geographical distribution of activity and the period over which the investment plan is to be set. The Council's adopted policies provide a democratically based framework within which investments can be considered. This does not imply an exclusively Council led programme of delivery, as there can be scope for external organisations to come forward with and/or deliver proposals that sit within the framework set.
- 4.3 The geographical distribution of funding could be approached in a number of ways. Investment could be more focused on a small number of areas (for instance town centres) or the split between areas could be considered solely in relation to population. The recommended approach is preferred as it reflects the basis on which the Government allocations to local authorities have been made, taking onto account population and need.
- 4.4 There is also the potential to consider whether funding is distributed in line with the Area Committees, splitting out Western and Sittingbourne. Such an approach would, however, potentially direct funding away from 'shared' issues, such as Sittingbourne Town Centre and would require a set of investments to be developed for a largely rural area of the Borough, with the lowest level of deprivation in the Borough.

5 Consultation Undertaken or Proposed

- 5.1 The report sets out recommendations for a local partnership body to help inform the development of the Local Investment Plan. Aside from this, there has, and will continue to be, informal dialogue with external partners, including other Kent Local Authorities. Outside of the local partnership, if agreed, there will be a programme of engagement with other relevant partners. An internal, officer workshop was also held to help identify possible investments.

6 Implications

Issue	Implications
Corporate Plan	The report recommends that the Council's adopted strategy Framework, of which the Corporate Plan is the parent document, provides the basis upon which the Local Investment Plan is developed. Depending on the final choices made in respect of the interventions to be pursued, the UKSPF will contribute to multiple Corporate Plan Priorities.
Financial, Resource and Property	<p>The UKSPF does not require any match funding, but development and subsequent implementation and monitoring of the plan will require significant officer time. The provision of 4% of the overall funding allocation to support this is unlikely to cover the cost of the staff time required, but would be managed within the existing economic development staff resource. Any expenditure required to help develop the Local Investment Plan would need to be made in advance of the £20,000, to be provided by Government on sign off. Therefore this would be at risk. This is also true of any activity the Council would wish to fund via UKSPF during the 2022/23 financial year, in advance of the plan being agreed.</p> <p>Thereafter, payments will be made annually in advance, after which UKSPF investments would need to be monitored for any potential overrun on spend and managed within the confines of the agreed funding allocation for the relevant financial year.</p>
Legal, Statutory and Procurement	At the time of writing the implications of the UKSPF Local Investment Plan are unclear. It will be necessary to undertake significant procurements to deliver the plan, but the nature and scale of these is not yet known. Further guidance is awaited from Government in respect of a number of technical considerations, including subsidy control and any plan agreed with Government will need to ensure compliance with this. Subject to the receipt of this guidance further advice may be required. The Council would seek to fund this through the £20,000 made available to support the development of the plan, noting that this would be received retrospectively on acceptance of the plan by Government.
Crime and Disorder	Government intervention list includes the " <i>Design and management of the built and landscaped environment to 'design out crime'</i> ". UKSPF investments may have positive implications, if included in the Local Investment Plan.
Environment and Climate/Ecological Emergency	The UKSPF prospectus indicates that overall investment should demonstrate contribution to net zero and nature recovery objectives. The government intervention list includes " <i>Supporting decarbonisation and improving the natural environment whilst growing the local economy</i> "

Health and Wellbeing	Health and wellbeing forms a part of the core objectives of the UKSPF and there are a range of interventions identified across the themes that could contribute to this, subject to the detail of the final Local Investment Plan.
Safeguarding of Children, Young People and Vulnerable Adults	None identified at this stage
Risk Management and Health and Safety	The primary risks are associated with the final approval of the Local Investment Plan, securing the funding and the subsequent management of budgets, outputs and outcomes between financial years. These will be better understood and assessed through the development of Local Investment Plan. Further guidance is awaited from Government in respect of a number of technical issues, including subsidy control, which will need to be considered.
Equality and Diversity	None identified at this stage, although the Local Investment Plan and individual interventions will need to be considered as part of an equalities impact assessment.
Privacy and Data Protection	None identified at this stage, although the Local Investment Plan and individual interventions with individuals as beneficiaries will need to be considered in light of this.

7 Appendices

- 7.1 The following documents are to be published with this report and form part of the report:

8 Background Papers

UK Shared Prosperity Fund Prospectus [UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/911222/UK_Shared_Prosperty_Fund_Prospectus.pdf)

UK Shared Prosperity Fund Interventions, Outputs and Outcomes for England [UK Shared Prosperity Fund: interventions, outputs and indicators - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/911222/UK_Shared_Prosperty_Fund_Interventions_Outputs_and_Outcomes_for_England.pdf)