



## CABINET

Tuesday, 18 October 2022

<b>Subject</b>	UK Shared Prosperity and Rural England Prosperity Funds
<b>Report by</b>	Councillor Craig Rivett Deputy Leader and Cabinet Member with responsibility for Economic Development  Councillor Letitia Smith Cabinet Member with responsibility for Communities, Leisure and Tourism
<b>Supporting Officers</b>	Paul Wood Head of Economic Development & Regeneration <a href="mailto:paul.wood@eastsuffolk.gov.uk">paul.wood@eastsuffolk.gov.uk</a> 07798 797275  Nicole Rickard Head of Communities <a href="mailto:Nicole.rickard@eastsuffolk.gov.uk">Nicole.rickard@eastsuffolk.gov.uk</a> 07766 998074

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable.
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### **Purpose of Report:**

To seek approval from Cabinet to receive £2.75m of funding from the UK Shared Prosperity Fund (UKSPF) to deliver a multi-year business support, community development and skills development programme. To further seek approval to implement ESC's UKSPF Investment Plan (see Appendix A) which outlines how these activities will be delivered either directly by ESC or with partners and the anticipated outcomes they will achieve.

In addition, to seek approval from Cabinet to receive £1.13m of funding from the Rural England Prosperity Fund (REPF). This is a capital fund scheme designed to support small businesses and community infrastructure projects within the rural areas of East Suffolk. The REPF delivery programme will be an addendum to the existing UKSPF Investment Plan and will be submitted to the Department for the Environment, Food and Rural Affairs (DEFRA) for approval by 30 November 2022.

### **Options:**

ESC could choose not to accept its allocations from the UKSPF and REPF however, this would put the district at a distinct disadvantage as it would be unable to deliver the vast majority of business support and skills development programmes that have historically been provided in East Suffolk. Furthermore, it would significantly reduce the council's response to the cost of living crisis via its 'Ease the Squeeze' programme as well as reducing our ability to invest in community infrastructure projects.

This approach would also put our rural areas at a competitive disadvantage as small businesses would not have access to the same level as capital grant funding as other similar rural based businesses and ESC's rural communities would have reduced access to capital infrastructure funding.

### **Recommendation/s:**

1. That the receipt of £2.75m from the UK Shared Prosperity Fund be approved.
2. That the implementation of the ESC UK Shared Prosperity Fund Investment Plan be approved.
3. That the receipt of £1.13m from the Rural England Prosperity Fund be approved.
4. That authority be delegated to the Head of Economic Development and the Head of Communities, in consultation with the Cabinet Member with responsibility for Economic Development and the Cabinet Member with responsibility for Communities, Leisure and Tourism, to finalise the Rural England Prosperity Fund delivery plan and submit to DEFRA by 30 November 2022.

## Corporate Impact Assessment

**Governance:**

A Local Partnership Group of local stakeholders will be established to act as an advisory and oversight group on project development and delivery.

**ESC policies and strategies that directly apply to the proposal:**

ES Economic Strategy

ES Enabling Communities Strategy

**Environmental:**

The business support package which forms part of the Investment Plan includes a grant scheme to support small businesses making adaptations to achieve net zero.

**Equalities and Diversity:**

An Equalities Impact Assessment (EQIA459605152 – see appendix B) has been undertaken in relation to UKSPF Investment Plan, which demonstrates that the programmes within it will have a positive impact on the following protected characteristic groups:

- Age
- Disability
- Deprivation/ Socio-Economic disadvantage

**Financial:**

Approval of ESC's Investment Plan and subsequent REPF addendum will result in the Council being awarded £3.88m of external grant funding. Several programmes included in the Investment Plan involve delivery via grant schemes, the Council has significant experience in establishing and operating such schemes.

**Human Resources:**

The delivery and administration of ESC's UKSPF and REPF programme will require additional support within the ED&R team. As a result, recruitment to a vacant post within the Funding Team is being accelerated to ensure adequate capacity is available to successfully implement the activities within the Investment Plan.

**ICT:**

No impact.

**Legal:**

The ED team are working closely with the Legal team to ensure that any agreements and schemes established to allow the delivery of the East Suffolk Investment Plan are done so in a manner which protects the Council's interests and also expedites delivery.

**Risk:**

Deliverability is always a risk with programmes of this nature, however with clear delivery and resource plans these risks can be effectively mitigated. Underlying economic conditions may also pose a risk to the successful delivery of the investment plan and therefore flexibility and adaptability has been built into the programme to reflect the potential changing needs of businesses and our communities over the lifetime of the programme.

<b>External Consultees:</b>	<p>To determine the priorities of the ESC Investment Plan a wide range of organisations across East Suffolk and the region representing business and community interests were surveyed. This included the LEP, business representative groups, community partnerships, VCS groups, MPs, private sector businesses, academia, cultural organisations, and housing bodies. 63 responses were received, and these helped shape the final version of the Investment Plan.</p> <p>To ensure the REPF programme is equally robust a further round of consultations is due to take place with organisations representing the rural economy and rural communities.</p>
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## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>

P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input type="checkbox"/>	<input type="checkbox"/>

#### **How does this proposal support the priorities selected?**

##### **Growing our Economy**

*Build the right environment for East Suffolk:* The investment which will take place in the ES economy and our communities as a result the UKSPF and REPF allocations will enhance the growth potential of our businesses, support start-up enterprises and address social deprivation. In addition, the rural focussed element of the package will address more specific challenges and support improvements to economic and community resilience. Through all these measures opportunities for our residents and businesses will be enhanced.

*Attract & Stimulate Inward Investment:* The UKSPF investment plan contains an inclusive workforce skills development programme. Having an adequately and appropriately skilled workforce is a key attractor for businesses looking to investment in an area. A skills programme which focuses on our key sectors e.g. clean energy, ports and logistics is particularly valuable in ensuring the growth and competitiveness of these sectors.

*Business Partnerships:* The delivery of the business support element will partially rely on the use of existing business partnerships. This is clearly an advantage as such partnerships will have first-hand knowledge of the areas where micro and SMEs require support and intervention.

*Support and Deliver Infrastructure:* The combined UKSPF and REPF allocation provides almost £1.6m of capital funding which will be used to support businesses and communities deliver small scale infrastructure enhancements. This will align well with the larger capital schemes which are being delivered across the district to ensure at the micro and macro level strong investment in our economic and community infrastructure is taking place.

##### **Enabling our Communities**

*Taking positive action on what matters most:* The combined programme will provide support to address the consequences of the cost of living crisis. Specifically, there will be a focus on ensuring access to affordable local produce and providing a practical response to high household energy costs. Furthermore, the rural programme will provide ES communities with the opportunity to invest in community infrastructure that will have a lasting benefit for all residents.

*Maximising Health, Wellbeing and Safety in our District:* The measures in the programme to address food and fuel poverty will, by their very nature, support improvements to the health and wellbeing of residents in ES.

##### **Maintaining Financial Sustainability**

*Optimising our financial investments and grant opportunities:* The UKSPF Investment Plan and subsequent REPF delivery plan have and will be developed/ delivered in such a way to

maximise the number of businesses, community groups and residents that can be supported with truly impactful and beneficial interventions.

## Background and Justification for Recommendation

1 Background facts	
1.1	The UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF) are central pillars of the government's Levelling Up agenda. Combined these programmes provide more than £2.8bn nationally for investment between 2022/23 – 2024/25, with allocations being made to all lower tier councils/ Mayoral Combined Authorities, referred to as Lead Local Authorities (LLA) in the guidance.
1.2	UKSPF is a successor to EU funding, European Regional Development Fund (ERDF), which, will have ceased by March 2024. However, across Suffolk there is a significant deficit with UKSPF compared to previous ERDF funding, with the latter being around one third less than the former. Combining this deficit with the large range of interventions suggested by government has led to priority setting being strongly evidence based to ensure an impactful programme will be delivered and to provide a clear justification of why certain activities were omitted.
1.3	The REPF succeeds EU funding from the LEADER and the Growth Programme which were part of the Rural Development Programme for England. Integrating rural funding with the UKSPF aligns with government plans to streamline the funding landscape. Funding from the REPF is characterised as a 'top up' to the UKSPF and the associated delivery programme will be an addendum to the existing UKSPF Investment Plan (see Appendix A).

2 Current position	
2.1	<p>The UKSPF has been designed to support the delivery of the following levelling up objectives:</p> <ul style="list-style-type: none"><li>• Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging</li><li>• Spread opportunities and improve public services, especially in those places where they are weakest</li><li>• Restore a sense of community, local pride and belonging, especially in those places where they have been lost</li><li>• Empower local leaders and communities, especially in those places lacking local agency</li></ul> <p>Additionally, the focus of the REPF is to:</p> <ul style="list-style-type: none"><li>• support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy.</li></ul>

	<ul style="list-style-type: none"><li>support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy</li></ul>																				
2.2	<p>The funds will support these objectives through three investment priorities:</p> <ul style="list-style-type: none"><li>Communities and Place</li><li>Supporting Local Business</li><li>People and Skills</li></ul>																				
2.3	<p>ESC has been allocated £3.88m over the remainder of 2022/23, 2023/24 and 2024/25 through both the UKSPF and REPF. This funding will be made available following DLUHC’s approval of the ESC’s Investment Plan and the subsequent REPF addendum. The funding profile is as follows:</p> <table><tr><th></th><th>22/23</th><th>23/24</th><th>24/25</th><th>Total</th></tr><tr><td>Revenue</td><td>£274k</td><td>£431k</td><td>£1,018k</td><td>£1,724k</td></tr><tr><td>Capital</td><td>£60k</td><td>£519k</td><td>£1,580k</td><td>£2,159k</td></tr><tr><td>Total allocation</td><td>£334k</td><td>£951k</td><td>£2,598k</td><td>£3,883k</td></tr></table>		22/23	23/24	24/25	Total	Revenue	£274k	£431k	£1,018k	£1,724k	Capital	£60k	£519k	£1,580k	£2,159k	Total allocation	£334k	£951k	£2,598k	£3,883k
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2.4	<p>Two significant programmes, business support and skills development, are currently delivered at a LEP wide and countywide level respectively. These programmes are also currently funded via EU funding which will shortly be coming to an end. Therefore, in parallel to the development of the district level Investment Plan, ESC and the other Suffolk districts and boroughs have been working with the LEP and SCC to maintain a countywide approach for these two critical areas of local economic support. To optimise efficient and effective delivery it is appropriate that these interventions are delivered at this spatial level but with the flexibility to respond to local need. The change in funding source has also provided the opportunity to review and enhance the existing service to reflect the changing needs of businesses.</p>																				
2.5	<p>Discussions are continuing with the other Suffolk districts and County Council to determine if any aspects of the REPF could be better delivered on a countywide basis. As with UKSPF, there will need to be a clear demonstration that such delivery is more effective and efficient than delivering at a district level and also that interventions can be flexible to reflect any differences in local need.</p>																				

3 How to address current situation	
3.1	In response to ESC's allocation of £2.75m of UKSPF the ED and Communities teams developed an Investment Plan (see Appendix A) which sets out the district's priorities for investment based on widespread stakeholder consultation, ESC's Strategic Plan priorities around Growing our Economy and Enabling Our Communities and an in-depth analysis of data to identify current economic and community needs.
3.2	ESC submitted its UKSPF Investment Plan on 29 July 2022 and it is anticipated that DLUHC will make a decision on whether to approve or not during autumn 2022. The REPF addendum to the Investment Plan will be submitted to DEFRA by 30 November 2022 and ESC are currently consulting with rural economy and community organisations to determine the priorities and interventions which will be submitted in the rural delivery plan.
3.3	<p>ESC's UKSPF Investment Plan consists of nine programmes based on new or existing schemes to be delivered locally or collaboratively with other Councils in Suffolk. The plan is organised around the three investment priorities as set out by government:</p> <p><b>Communities and Place</b></p> <ul style="list-style-type: none"> <li>• ES High Street Improvement Programme <ul style="list-style-type: none"> <li>○ Three-year programme to improve high streets and town centres across the district</li> <li>○ Town centre grant programme ranging from £5k - £15k will focus on town centre accessibility, cultural &amp; heritage events, enhanced pedestrian and cycle access and a shop front improvement scheme</li> </ul> </li> <li>• Using place to strengthen our local social fabric to address the cost of living crisis <ul style="list-style-type: none"> <li>○ <i>ES Community Food Network</i>: uniting communities and food producers/ wholesalers to address cost of living crisis, reduce food waste and increase local awareness of benefits of shopping locally and buying local produce</li> <li>○ <i>ES Warm Rooms</i>: creation of a network of warm rooms for those struggling to pay home energy bills, reduce home energy spend, connect with others and access a range of additional support and advice services and skills development opportunities that will provide benefit to them for the longer term.</li> </ul> </li> </ul> <p><b>Supporting Local Business</b></p> <ul style="list-style-type: none"> <li>• <i>Suffolk wide business support programme</i>: will provide local businesses with free, fully funded, impartial advice and guidance, a small grants scheme to support business growth, funded support for businesses to access and work with a consultancy, and resource to enable collaboration between business hubs and clusters.</li> <li>• <i>Business start-up programme</i>: training packages designed for both new enterprises and those seeking self-employment across Suffolk.</li> </ul>



	<ul style="list-style-type: none"> <li>• <i>East Suffolk Small Business Move to Net Zero grant scheme</i>: a small business grant scheme that all sectors can access to help them make net zero adaptations. The grant scheme will open in 2023/24 and run until 2024/25.</li> <li>• <i>East Suffolk capital business and workforce skills grant programme</i>: a grant programme for communities, education providers and business centres that have training spaces that require upgrading in line with local skills needs. This grant programme will be available in year-3, 2024/25.</li> </ul> <p><b>People and Skills</b></p> <ul style="list-style-type: none"> <li>• <i>Suffolk wide skills programme</i>: Suffolk authorities will be pooling contributions in 2024/25 to deliver activity across four key areas of intervention: <ul style="list-style-type: none"> <li>○ Youth participation</li> <li>○ Adult unemployment</li> <li>○ Apprenticeship support</li> <li>○ Workforce development</li> </ul> </li> <li>• <i>East Suffolk Local economy led skills and community skills programme</i>: during 2023/24 of UKSPF, ESC will carry out a review of the skills needs and requirements of our local economy to fully determine the programme for 2024/25, however we envisage the programme will need to address: <ul style="list-style-type: none"> <li>○ Longer term impacts of the pandemic and economic change</li> <li>○ Recruitment issues and skills shortages</li> <li>○ Net zero and decarbonisation skills</li> </ul> </li> <li>• <i>Voluntary skills provision</i>: skills provision to support individuals referred in by SCC's 'Early Help Coaches' and 'Young Person Workers' and helping our most vulnerable to transition into education, employment and training.</li> </ul>
3.4	<p>The Investment Plan contains a full list of the outputs that ESC intends to achieve through the use of our UKSPF allocation. Key outputs include:</p> <ul style="list-style-type: none"> <li>• Over 850 businesses supported to sustain and grow</li> <li>• Over 250 business start-ups supported</li> <li>• 4,000 people supported through the cost of living programme</li> <li>• Over 50 business premises enhanced in ES high streets</li> </ul>
3.5	<p>The East Suffolk REPF programme is currently under development and has four intervention themes. Two of these are the same as UKSPF:</p> <ul style="list-style-type: none"> <li>• Supporting Local Business</li> <li>• Communities and Place</li> </ul> <p>There are also 2 extra intervention areas:</p> <ul style="list-style-type: none"> <li>• small scale investment in micro and small enterprises in rural areas</li> <li>• rural circular economy projects</li> </ul>

3.6	<p>Interventions under REPF must be additional to those already planned to take place through the UKSPF Investment Plan. This is to ensure that the additional challenges which specifically impact rural areas are addressed. For the purposes of REPF, rural areas are defined as:</p> <ul style="list-style-type: none"> <li>towns, villages and hamlets with populations below 10,000 and the wider countryside</li> <li>market or 'hub towns' with populations of up to 30,000 that serve their surrounding rural areas as centres of employment and in providing services</li> </ul> <p>Effectively, this means that all areas of East Suffolk, with the exception of Lowestoft, will qualify as a rural area in respect of this funding.</p>
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4 Reason/s for recommendation	
4.1	<p>Accepting ESC's allocations through the UK and Rural England Prosperity Funds will enable the delivery of a range of new and existing business and community support programmes. The interventions set out in the UKSPF Investment Plan and forthcoming rural addendum represent a combination of investment in business, communities and individuals. These interventions will address current challenges such as the cost of living crisis, the need to support the micro and SME business sector and workforce skills development. In addition, there will be specific support aimed at our rural areas to reflect the particular challenges they face and enable investment in both business and community infrastructure. At a time when both the local economy and local communities are experiencing increasing challenges this funding and the anticipated outcomes it will achieve are to be welcomed.</p>

## Appendices

Appendices:	
<b>Appendix A</b>	East Suffolk's UK Shared Prosperity Fund Investment Plan
<b>Appendix B</b>	Equality Impact Assessment

Background reference papers:	
None.	