

Cherwell District Council

Executive

5 December 2022

Update on the UK Shared Prosperity Fund and the Rural England Prosperity Fund

Report of Assistant Director - Growth and Economy

This report is public

Purpose of report

The purpose of this report is to:

1. Provide Executive with a comprehensive update on the UK Shared Prosperity Fund investment plan (awaiting approval and imminent arrival of the first tranche of funding) and the development of an 'Addendum' to unlock the Rural England Prosperity Fund.
2. Gain support for the proposed management of the two funds up to March 2025.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note progress made on unlocking Cherwell's £1.255m allocation of UK Shared Prosperity Fund (UKSPF) through the submission of an investment plan on 1 August 2022.
- 1.2 To note the launch of the Rural England Prosperity Fund (REPF) and delegate authority to the Corporate Director - Communities, in consultation with the relevant Portfolio Holder, to endorse an investment plan 'Addendum' to unlock Cherwell's £526,831 allocation.
- 1.3 To endorse the approach set out in paragraph 4.2, in relation to external and internal governance structures, to manage the delivery of UKSPF and REPF projects, including the delegated authority to the Corporate Director, Communities to agree change requests.

2.0 Introduction

- 2.1 The **UK Shared Prosperity Fund (UKSPF)** and **Rural England Prosperity Fund (REPF)** are part of the government's Levelling Up agenda. Both funds are unusual in that money has been allocated to Local Authorities (LAs) throughout the UK but

can only be accessed through the submission of an investment plan to ‘unlock’ the funds.

- 2.2 Under UKSPF, Cherwell District Council has been allocated £1.255m for local investment between April 2022 and March 2025. This is split asymmetrically across the fund’s term, as below:

Financial year	Year 1 - 22/23	Year 2 - 23/24	Year 3 - 24/25	Total
Total allocation	£152,420	£304,841	£798,684	£1,255,945
(Of which) minimum capital spend required	£15,242 (10%)	£39,629 (13%)	£159,736 (20%)	£214,607 (17%)

- 2.3 The mix of revenue and capital UKSPF funding can be used to support a wide range of interventions to build pride in place and improve life chances through the delivery of a three-year programme covering three investment priorities or themes:
- Communities and place
 - Supporting local business
 - People and skills
- 2.4 The UKSPF succeeds funding received from the European Regional Development Fund (ERDF) and the European Social Fund (ESF), jointly referred to by the UK government as EU Structural Funds. The ERDF supports investment in innovation and research, information technology, small- and medium-sized enterprises, and the promotion of a low-carbon economy. The ESF supports employment-related projects and vocational skills training. LEP funding for business support activity in Oxfordshire is also due to end or reduce by end of year two of UKSPF (2023/24) and at the same time, ESF skills and employment provision ends. UKSPF spend is expected to plug any gaps in provision.
- 2.5 In order to unlock the fund allocation each LA has been tasked to work with the private sector, civil society and others, to develop an investment plan. This plan must be evidence based, demonstrate local need and gaps in provision (particularly taking into account the cessation of EU Structural Fund provision), be targeted on local priorities, and set out measurable outcomes.
- 2.6 Cherwell developed and submitted its investment plan to the Department of Levelling Up, Housing and Communities (DLUHC) on 01 August 2022. Officers expect to be notified if the plan has been approved imminently.
- 2.7 For 2022-23, funding will be paid once the local investment plan has been approved by DLUHC. In 2023-24 and 2024-25, the fund will be paid at the start of the financial year. DLUHC expect fund investment and outputs to be achieved in line with the submitted investment plan, on time and in-year, and reserve the right to withhold or delay payment and alter payment cycles from 2023-24 onwards where there are performance or other issues with delivery. Lead local authorities will be asked to return any underspends at the end of each financial year.

- 2.8 Local authorities have flexibility over how they deliver UKSPF and can use a mix of competitions for grant funding, procurement, commissioning or deliver some activity through in-house teams.
- 2.9 Since submission of the UKSPF investment plan, the Department for Environment, Food and Rural Affairs (DEFRA) announced a two-year additional tranche of funding through the **Rural England Prosperity Fund (REPF)**. This is a top-up to UKSPF to help address the extra needs and challenges facing rural areas. Cherwell has been provisionally allocated £526,831 capital funding, over two years (April 2023 to March 2025). To access the REPF, officers are developing a 'Rural Fund Addendum' to the UKSPF investment plan, to be submitted **by 30 November 2022**.

3 UKSPF and REPF update

UKSPF: Progress to date

- 3.1 Cherwell's evidence based UKSPF investment plan ensures the impact of the fund will be felt throughout the district. The focus of the Investment plan is on addressing the district's challenges and opportunities.
- 3.2 The Cherwell investment plan was developed following a period of considerable data analysis; mapping of need and provision; consultation with officers, the Leader and relevant Portfolio Holders, stakeholders (including the Local Strategic Partnership, other district representatives, skills and business support providers and MPs). Officers also mapped UKSPF investment priorities and interventions against CDC Business Plan objectives. From this development work, five local delivery themes emerged for Cherwell. These are:
- Business retention and growth
 - Green economy
 - Investment in urban centres
 - Community and cultural development
 - Enhancing life chances and economic opportunities for our most vulnerable residents
- 3.3 DLUHC advised that it is looking for high level proposals and outcomes based on local context. The investment plan is not an exhaustive document containing detailed project or intervention planning.
- 3.4 Cherwell's UKSPF interventions were selected according to the local delivery themes at para 3.2. The Investment plan identifies 15 interventions, and corresponding outputs and outcomes, against which delivery will be profiled (See Appendix One). These were selected from a list of 41 possible interventions.
- 3.5 It is important to note that there is scope to reprofile the interventions and planned spend, in consultation with local stakeholders and DLUHC, once the fund has been awarded. This may include formal change requests, if more than 30% of the total fund is to be reprofiled. It is recommended that the change request process is managed through an internal governance structure (see para 3.9).

UKSPF: Next Steps

- 3.6 DLUHC advise that Local Authorities will be notified of the approval of their Investment plan in early autumn 2022. The first tranche of funding (£152,421 for CDC) will be awarded shortly thereafter.
- 3.7 The next steps required are as follows:
- i. Establish a Local Partnership Group and external governance structure
 - ii. Establish internal governance structure
 - iii. Project development
 - iv. Monitoring/engagement with DLUHC

Establish a Local Partnership Group and external governance structure:

- 3.8 UKSPF guidance states that comprehensive and balanced local partnerships will be a core component of how the fund is administered locally. A 'Local Partnership Group' of local stakeholders, including MPs, (see Appendix Two for the membership suggested by DLUHC) is required to act as an advisory and oversight group on project development and delivery. The Group will form an essential part of monitoring and reporting for the fund over its 3-year duration. An existing group can be designated for this purpose, but the panel must be fully representative, and their terms of reference must meet the fund's needs. Officers are working with partners to identify a suitable Local Partnership Group.

Establish internal governance structure:

- 3.9 An Officer Programme Board will be established based upon the lessons learned from Growth Deal and Garden Town programmes. This structure will be established to ensure thorough oversight of the scheme. Delivery will be focussed on the service areas involved but there does need to be corporate oversight through the Officer Programme Board to ensure any issues are raised and resolved at a corporate level. Any change requests will be managed through this mechanism and will probably consist of an internal gateway process where a change request will be considered and then a further conversation with DLUHC to adopt the change.
- 3.10 It is important that external and internal governance structures are in place, before or shortly thereafter receiving the funding, to ensure oversight and monitoring processes are established. These processes will be key to the release of the next tranche of funding each year

Project development:

- 3.11 Projects have been proposed for delivery in year one (by March 2023). These are listed in Appendix Three and are a selection of ready to go projects and feasibility studies, to prepare the way for future years, and will largely focus on the UKSPF Community and place investment priority and Supporting local business feasibility studies. It is envisaged that these year-one projects will be overseen by officers in Growth and Economy and Wellbeing service areas. Officers are preparing to commence delivery quickly once the year one funding is awarded, to ensure project spend is completed by 31 March 2023.

- 3.12 Outcomes achieved in the first phases of the programme will be closely monitored with subsequent years revised and rebalanced accordingly. Year two delivery is profiled to be largely focussed on investment in urban centres and support for urban centre businesses and in Year three, business retention and growth and skills and inclusion related activity will be the focus. The plan maintains a flexible approach to project selection and delivery partners for years two and three.

Monitoring/engagement with DLUHC:

- 3.13 Further detail is to be published, but existing guidance is clear that robust project assessment, contracting, stakeholder engagement, monitoring and evaluation are important elements of the UKSPF process and will be key to the release of the next tranche of funding each year. DLUHC will require formal reporting on a six-monthly basis as well as qualitative updates on a quarterly basis. (See reporting schedule at Appendix Four).

Rural England Prosperity Fund (REPF): current situation

- 3.14 REPF is a two-year fund which will run from April 2023 to March 2025 (Years two and three of UKSPF). The Cherwell allocation is £526,831 capital funding with 25% of the fund to be received in 2023/24, and 75% in 2024/25. Cherwell's allocation is to be accessed through the submission of a 'Rural Fund Addendum' by 30th November 2022.
- 3.15 The REPF is integrated into the UKSPF which supports productivity and prosperity in places that need it most. It is complementary to funding used to support rural areas under the UKSPF. The fund's objectives sit within the UKSPF investment priorities for Supporting Local Business and Community and Place
- 3.16 REPF should not replace funding plans for rural areas under the UKSPF. This is a top-up to help address the extra needs and challenges facing rural areas which might include areas experiencing relative lower rates of productivity, lower digital connectivity, and poorer access to key services. The fund succeeds EU funding from LEADER and the Growth Programme.
- 3.17 For REPF purposes, rural areas are:
- towns, villages and hamlets with populations below 10,000 and the wider countryside
 - 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
- 3.18 REPF is a 100% capital fund and it appears there is an expectation from government that the fund is defrayed through grant funding schemes (similar to the rural LEADER schemes). The Fund cannot be used for administrative or scheme management purposes.

REPF: next steps

- 3.19 Officers are currently analysing data, mapping need, and consulting with colleagues and stakeholders, including the Rural Services Network, National Farmers Union, and Community First Oxfordshire to prepare the Rural Fund Addendum. This document will outline local evidence of rural challenges, market failures and opportunities, identify selected interventions, from a pre-determined list, (see

Appendix Five) to address these challenges, and demonstrate value for money and engagement with rural partners.

- 3.20 A 'call for project ideas' was launched asking businesses and community organisations, including Parish Councils to submit ideas for projects. At this stage it is being made very clear that by submitting ideas they are not committing to undertake the project and neither is the Council committed to funding it. These project ideas will assist officers in developing the most effective Rural Fund Addendum possible.
- 3.21 The requirement is that the Rural Fund Addendum is submitted on 30th November 2022.
- 3.22 As with UKSPF, the Local Partnership Group will act as an advisory and oversight group on project development and delivery, and its membership must include rural representatives.
- 3.23 Government (DEFRA) approval of the Addendum is expected in January 2023, and funds will be awarded at the start of April 2023. 25% in Year one (2023/24 – this is year two of UKSPF) and 75% in year two (2024/25 – this is year three of UKSPF).
- 3.24 Officers will update Executive as the programme progresses.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report is the first of a series which will update Executive on UKSPF and REPF progress to March 2025, and likely beyond.
- 4.2 To make this programme work, there remain a number of things that need to be put in place. These include:
- External governance structure – The UKSPF and REPF guidance requires that each Authority establishes a Local Partnership Group (as set out at para 3.8)
 - Internal governance structure – Officers are working on a model which is simple but effective, probably based on existing corporate best practice. This will incorporate a mechanism to authorise change requests. (as set out at para 3.9)
- 4.3 Reason for first Recommendation (1.1) to note progress made on unlocking Cherwell's £1.255m allocation of UK Shared Prosperity Fund (UKSPF) through the submission of an investment plan on 1st August 2022 is to enable Members to be aware that officers have taken the necessary action to access the UKSPF.
- 4.4 Reason for second recommendation (1.2) to note the launch of Rural England Prosperity Fund (REPF) and delegate authority to the Corporate Director - Communities, in consultation with the relevant Portfolio Holder, to endorse an investment plan 'Addendum' to unlock Cherwell's £526,000 allocation is to ensure that the necessary delegations are in place to submit the Addendum.
- 4.5 Reason for third recommendation (1.3) to endorse the approach set out in paragraph 4.2, in relation to external and internal governance structures, to manage

the delivery of UKSPF and REPF projects, including the delegated authority to the Corporate Director, Communities to agree change requests is to ensure that when the monies arrive, officers are able to progress the projects.

5.0 Consultation

5.1 To inform the development of the UKSPF investment plan, officers consulted with internal colleagues, Leader of the Council and relevant Portfolio Holders and stakeholders (including the Local Strategic Partnership, other district representatives, skills and business support providers and MPs), in order to successfully assess impact, deliverability and strategic fit when analysing and selecting interventions. A similar process has been followed to inform the preparation of the REPF Addendum, including the following:

- National Farmers Union
- Rural Services Network
- Local Nature Partnership and Cotswold National Landscape
- Country Land and Business Association (CLA)
- Oxfordshire LEADER programme
- Community First Oxfordshire
- Oxfordshire's District Councils – West Oxfordshire, South Oxfordshire, and Vale of White Horse
- Digital Infrastructure Oxfordshire partners at Oxfordshire County Council
- Parish Councils

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not engage with process and don't submit an investment plan and addendum within the required timescales. This was rejected because it would have meant the LA would have forfeited c£1.8m funding for the district.

7.0 Implications

Financial and Resource implications

- 7.1 The UKSPF and REPF schemes are 100 per cent grant funding, meaning there is no financial risk to Cherwell District Council's budgets.
- 7.2 The UKSPF annual allocations will be monitored in line with the Expenditure Profile submitted with the UKSPF Investment Plan, though it is possible to reallocate funds from year to year with sufficient justification for doing so.
- 7.3 The Council will ensure that appropriate overheads are charged to the grant in line with grant conditions.
- 7.5 Any UKSPF not delivered internally by officers will be awarded following a funding competition which will be developed ahead of any funds being paid out.

Comments checked by:
Michael Furness, Assistant Director – Finance,
Michael.Furness@cherwell-dc.gov.uk Tel: 01295 221845

Legal Implications

- 7.6 The Council has the necessary legal powers under section 1 of the Localism Act 2011 to deliver the Fund's levelling up objectives. The Council will be required to ensure that the proposed projects are delivered in a legally compliant way in accordance with all relevant legislation in relation to the activities undertaken.
- 7.7 All spend associated with the Fund must be assessed by the Council in advance to ensure that proposed investment is compliant with the Council's Constitution, including the Public Contracts grant rules, (mechanisms to recover funding where beneficiaries do not comply with fund parameters, legal or any other requirements) processes and procedures as and where relevant.
- 7.7 Interventions will be required to be delivered within the subsidy control regime. Government has indicated that further guidance on subsidy control and UKSPF will be issued assist lead local authorities in carrying out their delegated delivery role.
- 7.8 The Council is required to meet its statutory public sector equality duty in carrying out their duties related to the UKSPF.
- 7.9 In submitting the Investment Plan, Government required assurance that legal obligations and all minimum standards set by the government will be adhered to.

Comments checked by:
Helen Lolas, Team Leader Legal Services, Helen.Lolas@Cherwell-DC.gov.uk
Tel: 07801 400 941

Risk Implications

- 7.10 There will be an ongoing need for robust programme management to ensure that the key interventions contained within the Investment plan and the Rural Addendum are delivered.
- 7.11 Risk: The short timescales for delivery in the first year. Any delay in receiving the Year One allocation impacts on the full year delivery of the program. To mitigate this, officers will monitor performance and raise concerns regarding grant spend with DLUHC and adjust the outputs within the investment plan accordingly.
- 7.12 Risk: Any unspent UKSPF funds would have to be returned to DLUHC after March 2025. To mitigate this, spend will be monitored regularly to ensure delivery is according to the necessary timescales, with the desired outputs/outcomes.
- 7.13 These risks will be managed through the service operational risk register and escalated to the Leadership Risk Register as and when necessary.

Comments checked by:
Celia Prado-Teeling, Performance & Insight Team Leader,
Celia.prado-teeling@cherwell-dc.gov.uk Tel: 01295 221556

Equalities and Inclusion Implications

- 7.4 The UKSPF is intended to support the key objectives of the Levelling up White Paper, with the aims of creating stronger communities and increasing life chances throughout the country. The delivery of the UKSPF will have a positive impact in the district, in line with the commitments reflected in our Equalities and Inclusion Framework.

Comments checked by:

Celia Prado-Teeling, Performance & Insight Team Leader,
Celia.prado-teeling@cherwell-dc.gov.uk Tel: 01295 221556

Sustainability Implications

- 7.5 Climate change and environmental impacts will be fully considered as part of all related UKSPF interventions and corresponding projects.

Comments checked by:

Ed Potter, Assistant Director Environmental Services, ed.potter@cherwell-dc.gov.uk
Tel: 0300 003 0105

8.0 Decision Information

Key Decision

Financial Threshold Met: Yes

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

UKSPF and REPF interventions will deliver against the following strategic priorities:

- An enterprising economy with strong and vibrant local centres
- Healthy, resilient and engaged communities
- Supporting environmental sustainability

Lead Councillor

Councillor Ian Corkin, Deputy Leader and Portfolio Holder for Regeneration and Economy

Document Information

Appendix number and title

- Appendix One – UKSPF investment plan: selected interventions and outcomes

- Appendix Two – DLUHC suggested membership of Local Partnership Group
- Appendix Three – Proposed Year One UKSPF Projects
- Appendix Four – UKSPF Reporting schedule
- Appendix Five – DEFRA list of possible REPF interventions

Report Author and contact details

Tracey Thomas, Employment Development Officer

Tel: 01295 221856 Tracey.thomas@cherwell-dc.gov.uk