



Agenda Item 10

UK Shared Prosperity Fund

Falkirk Council

Title: UK Shared Prosperity Fund
Meeting: Executive
Date: 21 June 2022
Submitted By: Director of Place Services

1. Purpose of Report

- 1.1 This paper updates the Executive members on the development of the UK Shared Prosperity Fund awarded to Falkirk Council. The fund covers the period April 2022 until March 2025 to help build pride in place and increase life chances. Falkirk Council has been awarded £6,183,623 which includes £1,067,855 to support the national Multiply programme for maths skills.

2. Recommendation(s)

2.1. Executive is asked to:

- (1) Note the financial award to Falkirk Council from the UK Shared Prosperity Fund;**
- (2) Agree the activity within each investment priority is delivered as summarised in section 5.7;**
- (3) Agree the funding for each investment priority is allocated as outlined in section 7.1; and**
- (4) Note the final Investment Plan will go to Group Leaders for information before being submitted to UK Government on 25th July 2022.**

3. Climate Change Implications

- 3.1 The recommended decision does not give rise to any material implications for the Council's climate change targets and obligations. The planned energy efficiency grant for local businesses will assist them to become more energy efficient and reduce their carbon footprint.

4. Background

- 4.1 The methodology used to allocate the £2.6 billion UK Shared Prosperity Fund (UKSPF) across the UK up to the end of the 2024-25 financial year as set out in the spending review is:

- 1) Core UKSPF budget: £2.06bn over the Spending Review period
- 2) Multiply budget: £430m over the Spending Review period
- 3) Centrally retained Multiply: £129m over the Spending Review period

The UKSPF is a successor to some EU Structural Funds. Specifically, the European Regional Development (ERDF) and European Social Fund (ESF). Other European Funds, such as the European Agricultural Fund for Rural Development (EAFRD), are being replaced separately. This means that the key objectives of this UKSPF allocation methodology are to ensure a degree of continuity of funding for places transitioning away from EU funding, while still ensuring that funding is targeted towards areas most in need at the present time. The fund must be used to provide complimentary support and not duplicate national programmes. The funding allocated to Falkirk Council allows continuation of services to be delivered that were previously funded through EU structural funds and provides scope for additional services to be introduced that aligns to the missions set out in the Levelling up white paper.

- 60% of the funding was distributed based on Local Authority population size (a 'per capita' basis)
- 30% was distributed using the need-based index as was developed for the UK Community Renewal Fund, which was designed as a precursor to the UKSPF
- 10% was distributed using population density.
- The 60:30:10 split has been chosen to ensure that funding was weighted toward those areas most in need of greater funding levels, while maintaining a level of continuity with the EU funds that the UKSPF is replacing, to minimise the size of funding gaps as during transition from an EU-led regime to a UKG-led one.

4.2 UK Government strongly encourage lead local authorities to engage widely with local partners to ensure that local investment plans complement and do not duplicate other provision and interventions are delivered at the appropriate scale. Places will be empowered to identify and build on their own strengths and needs at a local level.

4.3 The UK Government will release funds to each Council over the 3-year period with the first payment being release in October 2022 and future funds being released on 1st April each subsequent year. A breakdown of funds to be spent is below:

	Core	min. Capital	Multiply
Year 1(22-23)	£620,846	10.4%	£322,840
Year 2(23-24)	£1,241,691	12.5%	£372,507
Year 3(24-25)	£3,253,231	17.9%	£372,507

5. Considerations

5.1 The UK Government has identified three investment priorities:

- supporting local business
- people, skills, and investment
- communities and place

- 5.2 Each investment priority has set interventions with outputs and outcomes to be achieved that then aligns to the missions set out in the White Paper for levelling up. The UK Government have also allocated funds to each local authority to deliver the Multiply programme.
- 5.3 Activity to be delivered for each investment priority and Multiply are detailed in 5.7 of this report.
- 5.4 Each Local Authority will receive £20,000 to prepare an individual Investment Plan and can use up to 4% from the allocation by default to undertake necessary Fund administration, such as project assessment, contracting, monitoring and evaluation, audit and compliance and ongoing stakeholder engagement.
- 5.5 Resources required to manage and coordinate delivery of the programme will be funded through the UK Shared Prosperity Fund and management fee.
- 5.6 A management Steering Group to govern the programme with nominated sub leads for each investment priority and Multiply has been set up. Regular meetings have taken place to prepare the Investment Plan being submitted on 25th July 2022 to UK Government. This group will be led by the Growth and Investment Manager and supported by the Lead Officer for the UK SPF. Sub Lead Officers have been identified for each Investment Priority. Thereafter, quarterly steering group meetings will take place to ensure all activity and spend has been achieved.
- 5.7 The UK Government has provided annual allocations to each Council that have set parameters. The funding will be released to Councils: 12% in year 1, 24% in year 2 and 64% in year 3, from that allocation a further % of spend must be capital: 10.4% in year 1, 12.5% in year 2 and 17.9% in year 3. This has implications for the delivery of the programme and will have a negative impact on quality of the services. The profiled allocations and restrictions on spend has proved challenging and has been shared with UK Government directly and raised through Scottish Local Authority Economic Development (SLAED). Discussions are ongoing to seek assurance from UK Government to provide comfort to Councils that funding will be available in years where we were allocated money that does not meet our profiled spend to benefit our communities, people, and businesses. An overview of the proposed plan for delivery is detailed below:

Communities and Place

We will:

- Continue to improve dignified access to nutritious, sustainable, affordable food and enable change in our food system, through a community development approach that builds social capital and connections around affordable, fair, healthy, nutritious food access and community growing land use;
- Increase capacity building in partnership with our third sector interface, on organisational management and growth skills as well as funding

support to grow a strong, well-managed, sustainable, and independent social infrastructure for Falkirk;

- Offer grants to support community action and place plans, arts, heritage, green, community safety and events. Support town centre safety and measure footfall;
- Support active travel programmes focussed around Falkirk canals; and
- Support participatory budgeting programme and support open space strategy developments through community choices.

People, Skills and Investment

We will:

- Implement a key-working service providing wrap around support to those further removed from the labour market and those economically inactive. This will engage in provision, reduce barriers, and develop a variety of basic, interpersonal and employability skills and accredited training to progress into and sustain employment and self-employment opportunities;
- Collaborate to deliver a variety of core skills provision including Communication, Numeracy, Information and Communication Technology, problem solving and offer vocational and bespoke training that meets individual need and aligns to the needs of the local labour market and reduces barriers to employment. This may also support a reduction in digital exclusion, in line with our Digital Communities project; and
- In partnership, we will work to provide opportunities to training and qualifications for those employed within low paid and low skilled jobs for those experiencing in work poverty to increase household income. We will provide advice and guidance in career progression opportunities and financial management.

Multiply

Through the Multiply programme Falkirk Council Employment and Training Unit and Community Learning and Development Team will work with Forth Valley College, wider stakeholders and providers to co-ordinate and deliver a range of community based and online numeracy and maths skills courses to key priority groups. A blended approach will be deployed. Provision will be aligned and integrated with the wider employability offer locally, enhancing opportunity. Employability support provision will provide opportunities to further develop numeracy skills aligned to core skills modules as part of a wider offer of vocational training. Working with employers locally an initial pilot will be co-ordinated and implemented to support in work development of numeracy skills and maths qualifications. Where possible we will prioritise support towards the groups identified as being at greater risk of poverty in Falkirk's Child Poverty Action Plan.

Supporting Local Business

We will:

- Provide specialist support through a framework of experts and recruit Advisers to engage with businesses offering expert advice on

marketing, IT, finance, procurement, leadership, digital media, environmental, internationalisation, innovation, and energy efficiency;

- Introduce an energy efficiency grant to enable businesses to introduce energy efficient projects which lead to improvements in business premises;
- Introduce a digital development grant to assist new digital capabilities to the business;
- Provide resilience grant support to business change and development following the COVID-19 pandemic. The recent period of lockdown has forced many businesses to rethink their model of delivery or to focus on certain elements of their business which could help to sustain or grow the business over time. The fund provides financial assistance to help businesses meet their new business objectives by offering grants to business;
- Provide support to develop programmes of activity that aim to attract businesses from key sectors specifically Energy and promote Falkirk as an area to locate to;
- Create a new Visitfalkirk.com with bookable product, travel trade specific section with itineraries for the Falkirk area and the wider Forth Valley area. This will provide a much more vibrant first impression of the area;
- Develop and implement an impactful marketing campaign with a wider geographical reach and position the area as a 2/3-night tourist destination, developing new itineraries and bringing key travel journalists into the area; and
- Increase ability to extend campaign activity past the North of England to reach London and the South East to produce a more targeted and substantive programme of activity to promote our area to the Visit Scotland audiences.

5.8 The final Investment Plan will be presented to Group Leaders before submission to UK Government on 25th July 2022.

6. Consultation

- 6.1. Significant engagement with local businesses in November 2021 confirmed the need for grant support to local businesses to aid recovery from the Covid pandemic. Consultation with Federation of Small Business and Chamber of Commerce, Scottish Enterprise and Visit Scotland is ongoing.
- 6.2. Engagement with our third sector interface, college and community groups has taken place to support our communities and place and those organisations involved concur with our approach.
- 6.3. Consultation with public stakeholders, DWP, employability providers through Local Employability Partnership has taken place to support people, investment, and skills and those organisations involved concur with our approach.

- 6.4. Falkirk Council has consulted with Stirling Council and Clackmannanshire Council on regional approaches that may arise in the three-year programme. However due to the short timescales set by the UK Government to submit Investment Plans and local commitments we anticipate exploring a more regional approach in Year 3 of the programme of works.

7. Implications

Financial

- 7.1 Discussions with UK Government are ongoing regarding the financial programming and lack of alignment with funds required by Councils. This is a Scotland wide issue and not localised to Falkirk Council. Solutions are being sought and early conversations suggest UK Government may ask Councils to consider spending at risk in year 2 and draw funds from year 3 to address the disparity. Table A below outlines the funds allocated for each investment priority. Table B details total funds allocated by UK Government and total funds required by Falkirk Council.

Table A

Investment priority	Funds	Capital element
Supporting Local Business	£1,753,489	£90,000
People, Investment and Skills	£1,534,730	n/a
Communities and Place	£1,580,204	£712,107
Multiply	£1,067,854	n/a
Management Fee	£247,346	n/a
TOTAL	£6,183,622	£802,107

Table B

Financial Years	UK Gov. allocation	Falkirk Council Allocation of Fund
Year 1 (2022-2023)	£620,846 (12%)	£519,996 (10.2%)
Year 2 (2023-2024)	£1,241,691 (24%)	£1,711,206 (33.4%)
Year 3 (2024-2025)	£3,253,231 (64%)	£2,884,565 (56.4%)
Year 1 Multiply	£322,840	£322,840
Year 2 Multiply	£372,507	£372,507
Year 3 Multiply	£372,507	£372,507

Resources

- 7.2 The UK Government will award Falkirk Council £20,000 to prepare the Investment Plan and we can use up to 4% from our allocation by default as a management fee. The management fee of £247,346 will allow us to recruit a full time Compliance Officer post, full time Communications Officer and retain a part time Compliance Officer post and part fund the Lead Officer for the Programme. Each investment priority area has identified resources required to deliver activity. Additional resources will be funded from each investment priority areas allocation and there will be no cost to the Council.

Legal

- 7.3 There are no legal issues arising from this report.

Risk

- 7.4 At the time of writing this report there are ongoing discussions with UK Government on several areas that are challenging for Council's in Scotland. The tight timescales set are challenging given the recess period for Scotland Council's. The disparity between financial programming and actual funds required year on year is extremely challenging and may have negative effect on the deliverability of the programme. If there was a delay in Investment Plan approval this will reduce our capacity to deliver the scheduled activity. Urgent clarity from UK Government is required.

Equalities

- 7.5 There are no new equalities issues from this report. The Fairer Scotland duty has been considered during the development of business cases for each investment priority area. Access to services for the support will promote equality of opportunity, eliminating discrimination in all areas including age, disability, sex, gender reassignment, pregnancy, maternity, race (which includes colour, nationality and ethnic or national origins), sexual orientation, religion, or beliefs. The additional funding will provide a variety of support to businesses, communities and people and equal opportunities will be a high priority in the delivery of all projects benefitting from these funds.

Sustainability/Environmental Impact

- 7.6 There are no negative environmental or sustainability issues directly to the Council from this report. The support provided to businesses, people and communities will contribute to reducing our carbon emissions to Net Zero by 2030 and meet the national target of Net Zero by 2045. Business support activity funded by UK Shared Prosperity Fund will have a positive and direct impact on the environmental and sustainability landscape throughout the Falkirk area and several areas of support address this specifically.

8. Conclusions

- 8.1 The UKSPF will allow us to mitigate the impacts of leaving the European Union, by investing in domestic priorities and targeting funding where it is needed most: building pride in place, supporting high quality skills training, supporting pay, employment, productivity growth, and increasing life chances. To achieve this Falkirk Council will provide support to local businesses and strengthen the local entrepreneurial ecosystem, provide employment support for economically inactive people and those in low-income employment to increase skills and it will provide funding for new, or improved existing community and neighbourhood infrastructure projects. The

fund will also help transform the lives of adults across Falkirk by improving their functional numeracy skills, providing better access to free, flexible courses that fit around their lives while improving opportunities for employment. This aligns to our poverty strategy, 'Towards a fairer Scotland' and will also support Falkirk's Child Poverty Action Plan.

- 8.2 Falkirk Council will prepare and submit an Investment Plan detailing activity and funding to align with the interventions, outputs and outcomes set by UK Government. Falkirk Council intend to submit an Investment Plan on 25th July 2022 to meet the deadline of 1st August 2022.

Director of Place Service

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Appendices

No appendices

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

- <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus>