

# East Herts Council Report

## Executive

**Date of meeting:** 10<sup>th</sup> January 2023

**Report by:** Councillor Linda Haysey – Leader of the Council

**Report title:** East Herts UK Shared Prosperity Fund and Rural Prosperity Fund

**Ward(s) affected:** All

## Summary

- This paper recommends spending proposals for East Herts allocation of the UK Shared Prosperity Fund and Rural Prosperity Fund, representing a total investment of £2,245,977 in the district between 2022/23 – 2024/25.

## RECOMMENDATIONS FOR EXECUTIVE:

- (A)** to meet the objectives in **Appendix B**, the following amounts from the East Herts UK Shared Prosperity Fund (UKSPF) and the Rural Prosperity Fund (RPF) be recommended to Council:
- up to £290,000 allocated from the UKSPF for delivery of the Cultural Strategy
  - up to £566,000 allocated from the UKSPF for delivery of the Climate Change Strategy
  - up to £630,000 allocated from the UKSPF and up to £236,421 from the RPF for delivery of town and village centre improvements

- up to £287,000 allocated from the UKSPF and up to £236,421 from the RPF for delivery of business support activity

**(B)** that it is recommended to Council that the award of UKSPF and RPF funded grants and/ or contracts to deliver:

- Cultural Strategy objectives be delegated to the Head of Housing and Health acting in consultation with the Executive Member for Communities
- Climate Change Strategy objectives be delegated to the Head of Housing and Health acting in consultation with the Executive Member for Environmental Sustainability
- Town and village centre objectives be delegated to the Head of Communications, Strategy and Policy acting in consultation with the Executive Member for Planning and Growth
- Business support objectives be delegated to the Head of Communications, Strategy and Policy acting in consultation with the Executive Member for Planning and Growth.

**(C)** That it is recommended to Council that this year's (2022-23) UKSPF allocation of £215,186 be allocated to the projects set out in **Appendix B**.

## **1.0 Proposal(s)**

1.1 That Executive recommend to Council how East Herts' UK Shared Prosperity Fund is allocated

1.2 That Executive recommend to Council how East Herts' Rural Prosperity Fund is allocated

## 2.0 Background

- 2.1 As early as 2017 the UK Shared Prosperity Fund (UKSPF) was referenced in various government statements and briefing papers as a “replacement” for EU Structural Funding after Brexit. No further information was provided until pre-guidance was released on the same day as the Levelling Up White Paper on 2<sup>nd</sup> February 2022. Further details were released in the summer on the allocations for each “delivery geography” and the process for accessing and allocating the funds.
- 2.2 In two-tier areas districts/ boroughs are the lead authority. This means each district gets an individual allocation from the overall fund (2.6bn over 3 years from 22/23 to 24/25). East Herts allocation is £1,773,136. No district area has got less than £1m and East Herts’ allocation is much more generous than first anticipated and indeed the highest in the county.
- 2.3 As expected, generally areas outside of the South East have fared better with their allocations, however analysis by some areas have raised concerns that UKSPF allocations are actually less than received under previous EU structural funding rounds. This does need to be set in the overall context of the £4.8bn set aside for Levelling Up, of which the UKSPF is just one element. Authorities are able to bid into this scheme for different projects and DLUHC have allocated priority categories to help determine likelihood of receiving funding. East Herts is a priority 3 area (out of 3) meaning the chances of successfully bidding for funding are slim. The UKSPF is therefore likely to be the only direct source of support East Herts can expect from Levelling Up funding.
- 2.4 There are 3 overall investment priorities as follows:
- Community and place

- Local business
- People and skills

- 2.5 These investment priorities are designed to support delivery of 7 of the 12 Levelling Up “Missions”. For each priority, there is a set of sub-objectives, clarity on which Mission will be impacted, suggested interventions (ie. Projects or activities) along with suggested outcomes and performance measures.
- 2.6 It is important to note that these interventions are not just examples or illustrations – they are prescribed activities that are permissible within the scheme. The investment plan, which sets out how we will use the funding, has to demonstrate how Levelling Up outcomes will be achieved. The UKSPF will be a vehicle to help deliver this overall agenda and encourage consistent use of measures and data as highlighted in the Levelling Up White Paper.
- 2.7 The focus for the 2022/23, 2023/24 and 2024/25 years will be on people and place and local business. The people and skills theme is *not* expected to be a focus until 2024/25 when current EU funding on skills and employability interventions is fully wound down. At this time, no skills related activities have been identified by East Herts however this can be reviewed towards the final year of delivery.
- 2.8 The guidance also actively encourages us to look at cross district, county and sub-regional collaboration where appropriate. DLUHC have also emphasised the investment plans need to have wide ranging support from stakeholders (including local MPs) and evidence will be required of this process and their role in on-going delivery.
- 2.9 The general theme is that UKSPF is money for the place as oppose to money for the lead authority. East Herts essentially needs to be facilitating the process of spending rather than

using the funds to deliver its core priorities (these are not mutually exclusive however). Where local MPs or stakeholders do not agree to the investment plan, DLUHC have indicated this will not prevent their sign off, but an explanation will be needed as to why agreement does not exist.

2.10 Guidance indicates 4 types of ways the money can be allocated or spent and that any organization which is a registered legal entity can receive funding:

- grant to public or private organisations
- commissioning third party organisations
- procurement of service provision
- in-house provision

2.11 Initial spend profiles were to be 15% allocation within 22/23 (reflecting the fact that we are already in-year) with broadly even allocations for the remaining amount over 23/24 and 24/25. There is also a minimum capital element which increases from 10% in year 1 to 20% in year 2. These were subsequently revised to focus the majority of spending in 24/25 with allocations as follows:

	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Revenue (£)	193,668	374,424	902,061
Capital (£)	21,518	55,948	225,515
Total allocation (£)	215,186	430,373	1,127,577

**East Herts priorities:**

2.12 A number of ‘principles’ for underpinning the East Herts approach were considered when the scheme first launched, as follows:

- Our starting point is to look at existing partnership-based strategies/ areas of work that meet Levelling Up objectives, where additional funding could accelerate delivery or result in better outcomes. This allows us to easily meet the UKSPF requirements of identifying an existing need, identify priorities and consult with stakeholders as this work has already been undertaken.
- We wish to leverage as much additional investment as possible. Therefore for any grant process, match funding from the applicant(s) is likely to be a requirement.
- All applicants will also be asked to consider how their projects are financially sustainable/ provide a legacy beyond the initial 3 years of the UKSPF funding
- The majority of the fund will be aimed at the smaller towns and parishes in the district who may not hitherto have benefitted from the level of investment in towns such as Hertford and Bishop's Stortford

2.13 We have identified 4 areas as a starting point to underpin our approach to the UKSPF:

2.14 **The Cultural Strategy**, adopted by Council in the Summer of 2021, following consultation and engagement with the public and many partners in the voluntary sector. There is a multi-agency steering group overseeing delivery of the strategy composed of 12 different organisations. The strategy was developed on the basis that there would be limited resources to deliver so the UKSPF enables the group to accelerate many of the objectives, which fit neatly under the "Communities and Place" investment priority of the UKSPF.

2.15 **The Climate Change strategy**, adopted by Council in the Summer of 2022 which sets out a range of objectives working alongside partners and stakeholders for being carbon neutral by 2030. This has been developed through partnership working via the East Herts Environmental and Climate Change

Forum and has been shared with the public for consultation. Many of the objectives align with the “Communities and Place” investment priority of the UKSPF.

- 2.16 **Town and village centres**, some of which have jointly agreed improvement plans but few resources to make an impact. For towns like Bishop’s Stortford there have always been strong governance arrangements in place (eg. Shaping Stortford and the Business Improvement District) however for many of the other towns and larger villages there have been a variety of agencies working on town centre improvements but sometimes in isolation. Building on the work undertaken during delivery of the Re-Opening High Streets Safely Fund and then the Welcome Back fund, we will support the development of joint town centre action plans across the district and then their implementation.
- 2.17 **Business support** schemes at a start up and ‘second stage’ growth phase at a countywide and district level (where there is a proven track record of delivery). This will be a combination of building on East Herts existing economic development projects (eg. New premises grants) and working alongside the Local Enterprise Partnership on well established business support programmes.
- 2.18 Over the Summer of 2022 East Herts the above principles and themes were developed into priorities and possible investment areas. Discussions were also had with a range of partners via a series of meetings with the town councils, town and parish council annual conference, the Herts LEP, Herts Economic Development Officers Group, Harlow and Gilston Garden Town and the Innovation Corridor. We also held an all partner engagement event 23 June at Fletcher’s Lea in Ware where workshop discussions took place on priority areas and possible projects. The event was attended by 49 people representing town councils, parish councils, the business

sector and the voluntary sector. Some great ideas and feedback emerged from that event which were used to inform East Herts Investment Plan. We are also minded to run a similar event each year to enable stakeholders to input into any variations and be updated on progress.

2.19 The initial timetables for submission of the investment plan were 1 August with first payments following in the Autumn. The East Herts investment plan was duly submitted on 29 July (see **Appendix A**).

2.20 Following the change of Prime minister's and changes of Secretary of State for DLUHC, the scheme was subsequently put on hold. Plans to allocate this year's funded were also suspended. The November budget statement announcement by the Chancellor made no mention of the UKSPF however in early December DLUHC confirmed our investment plan had been agreed.

### **Delivery proposals:**

2.21 **Cultural Strategy grant scheme:** The Cultural Strategy Steering Group have identified a series of key actions and deliverables within their strategy. They are:

- An arts trial in at least three localities (to be identified with at least one being a rural area/group of villages)
- Expanding the East Herts Pride event
- Young Curators group
- Inclusive Theatre project
- Intergenerational arts and cultural activities
- Digital inclusion project
- Asset mapping exercise

2.22 These form the basis of the outcomes/ deliverables we would wish to see through a grants programme. Although in theory



any organisation will be able to bid for the funds, those connected to the Cultural Strategy (eg. through the delivery or steering group) will be pro-actively invited to do so. It is anticipated that local partners who have been involved in developing the strategy are best placed to oversee implementation of key actions. Match funding will also be a requirement in order to leverage as much investment as possible. Wider details on the Cultural Strategy can be found here: [East Herts Cultural Strategy \(2021 to 2025\) | East Herts District Council](#)

- 2.23 More details about each of the above projects, including expected outcomes and outputs, can be found at **Appendix B**. Please note the interventions, outcomes and outputs are prescribed by DLUHC and we are required to demonstrate how our plans will impact these national measures.
- 2.24 Officers have assessed the range of projects and estimated that the total investment in the Cultural Strategy over the lifetime of the UKSPF will be up to £290,000 (out of £1,773,136 available), all of which will be revenue. Executive are asked to recommend to Council that an amount up to this level is allocated from the UKSPF.
- 2.25 Subject to Council approval, the grant scheme will launch in February 2023, with a deadline for applications of 31 March. In April, officers will shortlist applications for final consideration in consultation with the Cultural Strategy Steering Group. It is recommended that a final decision on awarding of individual grants be delegated to the Head of Health and Housing in consultation with the Portfolio Holder for Communities.
- 2.26 **Climate change projects:**
- 2.27 The following actions have been identified as key deliverables within the Climate Change Strategy (adopted by Council in

2022) and supported by the East Herts Climate Change and Sustainability Forum.

- Installation of solar canopies
- Pilot Community heat pump
- Training of surveyors and installers for green energy infrastructure
- Sustainable development (potentially a community build scheme along passivhaus principles)
- Tree planting/ more greening of the district
- Small grants for hyper local interventions

2.28 We expect the total investment in Climate Change Strategy related activities to be in the region of £566,000 over the lifetime of the UKSPF (out of £1,773,136 available over the two years). Executive are asked to recommend to Council that an amount up to this level is allocated from the UKSPF. More details on the schemes can be found in Appendix B. Wider information can be found within the Climate Change Strategy itself: [Climate Change Strategy 2022-2026 | East Herts District Council](#)

2.29 The commissioning process for these projects will begin in January 2023 with contract award expected from late March. The East Herts Climate Change and Sustainability Forum will advise on the specifications. It is recommended that a final decision on awarding of individual contracts be delegated to the Head of Health and Housing in consultation with the Portfolio Holder for Environmental Sustainability.

2.30 **Town and village centre improvement project funding:**

2.31 Our approach is to directly fund projects in towns/ villages that have been identified as key projects or improvements in collaboration with stakeholders (eg. Through the production

of a formal improvement plan). This is to ensure all funding is directed towards projects that have a wide mandate.

- 2.32 The towns that already have such plans include Bishop's Stortford (Shaping Stortford), Ware (Town Centre Steering Group) and Hertford (however a priority list of actions from Hertford has yet to be agreed). Sawbridgeworth and Buntingford agreed some joint plans to support re-opening of businesses following Covid and only a small amount of work is required to update these. It is unknown at this stage how many of the 37 parishes have equivalent plans.
- 2.33 We expect the total investment in Town Centre related activities to be in the region of £630,00 over 2023/24 over the lifetime of the UKSPF (out of £1,773,136 available over the two years). It is expected that funds will be allocated to relevant lead organisations (eg. Parish councils) as grants and some of it will be capital. Executive are asked to recommend to Council that an amount up to this level is allocated from the UKSPF. More details can be found in **Appendix B**.
- 2.34 It is proposed that some funding is set aside to support towns and parishes with updating or developing plans (see 2.42). Submissions from towns and villages will be invited from 1 April with grant awards from May onwards. It is recommended that a final decision on awarding of individual grants be delegated to the Head of Communications, Strategy and Policy in consultation with the Portfolio Holder for Planning and Growth.
- 2.35 **Business Support programmes and grants:**
- 2.36 This theme will consist of two elements. Firstly support for countywide business support programmes led by the Local Enterprise Partnership (LEP) but with enhanced support for East Herts. Many other districts are also choosing to support

these programmes as 'top ups' to existing, well established activities. These include:

- The Growth Hub
- Start up and Enterprise programme
- The Herts film office

2.37 Secondly we will have a locally led and administered grant scheme for businesses. Part of this will replicate the former 'new premises grant' scheme aimed at encouraging new businesses to open up premises or existing businesses to expand their premises. Grant amounts will be up to £5,000 and have to be match funded by the business.

2.38 Alongside this will be another grant programme where businesses can apply for support to develop new products or services (eg. purchasing new equipment, developing new products or expanding their infrastructure), entering new markets (post Brexit) and to support decarbonisation. These grants will be larger in size with expected values of between £10,000 - £50,000, much of which is likely to be capital.

2.39 All applicants will be required to provide match funding (50%) and the programme will be "facilitated", meaning we provide hands on support for the grant application process. The process will be on a first come, first serve basis. Applications will open from February 2023 with awards from April onwards. This approach has been tested through the previous rural development programme and new business premise grant scheme. Demand for business grants can be unpredictable in terms of volumes. Often with the larger, capital grants the challenge is supporting businesses with coming up with enough viable applications. Should demand exceed supply this can be reviewed.

2.40 We expect the total investment in Business Support related activities to be in the region of £287,000 over the lifetime of the UKSPF (out of £1,773,136 available over the two years). Of this, £140,000 will be required to support LEP schemes and £110,000 will be available for grants. Executive are asked to recommend to Council that an amount up to this level is allocated from the UKSPF. More details can be found in **Appendix B**.

2.41 It is also recommended that a final decision on awarding of individual contracts and grants be delegated to the Head of Communications, Strategy and Policy in consultation with the Portfolio Holder for Planning and Growth. In order to assist and inform grant decision making, a business advisory panel will be set up, composed of business infrastructure organisations (such as the FSB and local Chambers of Commerce) to shortlist applications.

### **Projects this year (2022/23)**

2.42 For this year's allocation we are required to have allocated and spent £215,186 by 31 March 2023 (with 10% of this as capital). Due to delays as outlined in (2.21) and confirmation only arriving in December, we have a very short window in which to spend these funds. DLUHC have indicated there will be little flexibility in this approach and that funds cannot be transferred between years. In other words we need to 'use it or lose it'. We therefore need to consider some oven ready projects that fit in with the 4 themes above but which can be delivered swifly. A number of feasible projects have considered which can at least start by 31 March (if not fully delivered) and which fit with most of the UKSPF outcomes. These are:

- An asset mapping exercise to identify and map all cultural assets in the district.

- Creation of a local cycling and walking infrastructure plan (LCWIP) to underpin delivery of the Climate Change Strategy
- Creation of 'community influencer' roles to enable delivery of the Climate Change Strategy.
- Creation of town/ village centre improvement plans to help towns/ villages apply for funding
- An inward investment programme aimed at increasing the investment in film/ creative industries in the county.
- Development of Sawbridgeworth Jubilee gardens.
- Bishop's Stortford town centre parking virtual signage (VMS).
- Hertford Theatre listening project
- Digital inclusion project
- New premises business grants
- HUQ footfall monitoring and manual surveys

2.43 More details on each scheme can be found at **Appendix B**. Executive are asked to recommend to Council that this year's allocation of £215,186 be allocated to the objectives above and that final decisions on awarding the individual contracts be delegated to the Head of Communications, Strategy and Policy in consultation with the Leader of the Council.

### **Rural Prosperity Fund**

2.44 On 3<sup>rd</sup> September the government announced a further £110m fund for Rural Prosperity (the RPF) linked to Levelling Up. Further details can be found [here](#). This fund largely follows the previous ESIF and LEADER EU projects whereby funding is entirely capital and can only be spent on improving services/ technology/ infrastructure for rural businesses. East Herts has strong experience in this field, having being the accountable body for 3 previous rounds of EU rural development funding from 2007 – 2020 over an area known as the 'Eastern Plateau'. There is however slightly more

flexibility with how grants can be given (eg. There no longer has to be a 40% intervention rate) and the funds can also be directed towards physical infrastructure in towns/ villages with populations under 30,000 (the previous ceiling was <5000) rather than just business grants. East Herts allocation is £472,841 over the next two years with a 25/75 split as follows:

	<b>2023-24</b>	<b>2024-25</b>
Capital (£)	118,210.25	354,630.75

- 2.45 Given the RPF can be used to support business grants and town centre improvements this fits nicely into the current UKSPF investment plan which has a theme on town centres (see 2.30 – 2.34) and another on business support (see 2.35 – 2.41). With the exception of Bishop’s Stortford and Hertford, all the towns and villages in the district are eligible. All businesses are also eligible to apply for grants unless located in Bishop’s Stortford or Hertford. It is recommended funding is therefore channelled through the existing themes and used to ‘top up’ the amounts available.
- 2.46 As with the UKSPF, we are required to submit a plan outlining how we intend to use the RPF, the outcomes it will achieve against prescribed Levelling Up missions and details of whom we have consulted to arrive at conclusions. The addendum, submitted to DLUHC on 30<sup>th</sup> November is attached at **Appendix C**.
- 2.47 It is recommended that of the £472,841 available to East Herts, half of this is directed towards the town and village centre improvement theme and the other half towards the business support theme (with the caveat that businesses based in Hertford or Bishop’s Stortford are ineligible for support). This bring the total investment in the town and village centres to £765,395.50 over 2023/24 and 2024/25 and the total investment in business support to £484,420.50. In

terms of numbers of grants to businesses that we are able to give out over the lifetime of the UKSPF and RPF, this will depend on the level of demand and availability of match funding from the applicant. However a reasonable estimate would be between 5 – 10 new business premise grants and 2 – 3 larger grants in 2023/24 followed by 10 – 15 new business premise grants and 5 – 8 larger grants in 2024/25.

### **3.0 Reason(s)**

3.1 The UKSPF and RPF funds need to be allocated and spending plans' agreed so we can move ahead with delivery.

### **4.0 Options**

4.1 N/A

### **5.0 Risks**

5.1 There are no direct risks to receiving the funding as it is an allocation as oppose to an amount we need to bid for. There are risks if we do not spend against this allocation in each year as amounts cannot be transferred and DLUHC have indicated underspends will be reclaimed. At the time of writing not all of the monitoring and evaluation requirements are known however these will need to be addressed by the Economic Development Service which is overseeing delivery of the UKSPF and RPF.

### **6.0 Implications/Consultations**

6.1 Consultation with stakeholders has taken place as detailed at **Appendix A and Appendix C**

### **Community Safety**

No



**Data Protection**

No

**Equalities**

Yes – impact assessment attached

**Environmental Sustainability**

Yes – funding is directed in part towards delivering the Climate Change Strategy

**Financial**

Yes – this represents an investment of over £2m in the district

**Health and Safety**

No

**Human Resources**

No

**Human Rights**

No

**Legal**

No

**Specific Wards**

No

**7.0 Background papers, appendices and other relevant material**

7.1 **Appendix A** – Investment Plan submission to DLUHC for the UKSPF (submitted 28 July 2022)

- 7.2 **Appendix B** – Proposed spending priorities for East Herts
- 7.3 **Appendix C** – RPF Addendum submitted to DLUHC 30<sup>th</sup> November
- 7.4 Equalities Impact Assessment
- 7.5 Overall guidance on UKSPF: [UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672222/UKSPF_prospectus.pdf)
- 7.6 Overall allocations for UKSFP: [UKSPF allocations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672222/UKSPF_allocations.pdf)
- 7.7 RPF guidance: [Rural England Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672222/Rural_England_Prosperty_Fund_prospectus.pdf)

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