

Economic Development Committee



9 June 2022

Title	<i>Shared Prosperity Fund</i>
Purpose of the report	For decision
Report Author	<i>Heather Morgan, Group Head Regeneration and Growth</i>
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	
Corporate Priority	Community Recovery Environment
Recommendations	Committee is asked to: <ul style="list-style-type: none">• Agree that an Investment Plan is developed• Agree to set up a Shared Prosperity Fund Task Group and agree the draft terms of reference (Appendix 2)• Recommend that a final report on the Investment Plan is submitted to Corporate Policy and Resources Committee for decision on 11 July 2022
Reason for Recommendation	<p>The government has allocated Spelthorne £1m over three years from the Shared Prosperity Fund.</p> <p>In light of the sum involved and the flexibility Councils have to decide on where and how the money is spent, it is recommended that a Task Group is set up to consider the areas of focus for the Investment Plan.</p> <p>As the investment Plan has to be submitted to government by 1 August 2022, the final draft Investment Plan will need to go to the Corporate Policy and Resources Committee for councillors make the final decision on what is included in the submission document.</p>

1. Summary of the report

- 1.1 This report sets out the detail of the governments Shared Prosperity Fund, the money that has been allocated to Spelthorne (£1m) and the suggested priority areas that the government have set out. Within that broad envelope, as a council we have the ability to decide the areas of focus which works for us, our communities and our businesses. We will need to consult with stakeholders and our MP before the Investment Plan is submitted on 1 August 2022.

- 1.2 In light of the level of grant (£1m) and the flexibility which councils have to decide what they focus on, it is being recommended that a task group is set up to enable a small group of councillors to help guide officers on the priority areas for investment.
- 1.3 Due to the tight deadline for submission (1 August), it will be necessary for the final report to be considered by the Corporate Policy and Resources Committee, and this committee is being asked to agree that approach.

2. Key issues

- 2.1 The government has pledged to spend £2.6bn between now and 2025 on Levelling Up through the Shared Prosperity Fund (SPF), with £1.5bn of that funding being delivered in 2024. This is not a fund which is bid for- each council has been given a 'conditional allocation' – ours is £1m this sum is the lowest allocation made to any district or borough council. All Surrey district and boroughs were allocated £1m, which reflects the regional prioritisation of the Levelling Up agenda). We need to develop a local Investment Plan for government sign off, in order to access that allocation. The government will publish the funds 'expected outcomes' in spring (not yet received), along with guidance on how to select outcomes and will give the ability to choose from a list of interventions.
- 2.2 The Department for Levelling Up, Housing and Communities (DLUHC) have stressed that there will be a lot of flexibility, and it is for individual councils to decide what solution is right for us (within certain broad parameters). However, they have stated that the focus in 2022/23 and 2023/24 should be on (1) communities and place (2) local business interventions. They have also indicated that the main investment in (3) people and skills will be from 2024/25 when funding pot is at its largest. Details of the breakdown of the funding is in Section 4 on Financial Implications. **Appendix 1** sets out in more detail what sort of interventions could come under the three investment priorities of (1) communities and place (2) local business (3) people and skills.
- 2.3 Each council's Investment Plan needs to decide on its priorities, set out what interventions it is choosing, and be clear about the measurable outcomes. No detailed businesses cases are required, but we will need to be clear what is being proposed for each of the three years (assuming we decide on a range of projects). There is no defined split that the government are expecting across the three investment priorities - it will be for us to justify the approach we take. We will need to demonstrate the link between need and the interventions.
- 2.4 Identifying clear outcomes will be important as the government will be monitoring and managing the funds (we will be judged on whether or not the outcomes are delivered in the year that they are proposed for example).
- 2.5 Councils are free to choose whether they submit an Investment Plan just for their area, whether they want to do a Plan across several Councils (either same tier or different tier) or with a LEP for example. DLUHC have made it clear that councils are able to consider wider budget and funding opportunities (e.g. Levelling Up Fund). There is also no bar on whether the interventions are delivered directly to councils or through other organisations, third sector or other providers (e.g. Youth Hub, Staines Business Improvement District (BID), A2D, Brooklands College, arts and cultural hub team – Royal Holloway and Shepperton Studios).

2.6 Guidance has also been provided setting out the Government’s expectations around how councils need to engage with our communities, businesses and any local partnerships that might already exist. Where local partnerships do not exist, we can use other existing avenues. All councils will be expected to engage with their local MP (ours is Kwasi Kwarteng MP Secretary of State for Business) and to demonstrate this engagement when we submit our Investment Plan.

3. Options analysis and proposal

3.1 Clearly as a council we will want to submit an Investment Plan in order to ensure we can access the £1m fund that the government has allocated to us. We could decide not to submit a plan, but this would mean passing up funding to help us to deliver prosperity to the borough and benefits for our residents. It is therefore recommended that this committee agree that an Investment Plan is developed.

3.2 Details on a suggested task group to drive the development of this Investment Plan forwards is set out in section 6 below (Governance – task group).

3.3 Subject to the agreement of this committee, a report will have to be submitted to Corporate Policy and Resources on 11 July setting out recommendations for areas to be included in the Investment Plan. This is necessary as the next Economic Development Committee is not due to meet until the end of September, well after the submission date of 1 August. The aim would be for this Committees chair or vice chair to contribute at the beginning of the item when it is considered at Corporate Policy and Resources, alongside the chair of the Task Group (section 6 below) if this is a different councillor.

4. Financial implications

4.1 The Government has allocated £1m to Spelthorne (the lowest level allocation) to be spent between 2022 and 2025. The monies will be paid annually each year in April - with the exception of this year, which will be paid once the Investment Plan has been approved by government which is expected to be in October. (However, the monies can be used to support projects retrospectively which started in April 2022 if Councils choose to do so).

4.2 Any unspent monies will need to be returned (each year), and there is an expectation that outcomes will be delivered in time and in the year as set out in the Investment Plan. Councils are able to use up to 4% of the Investment Plan allocation for project assessment, monitoring or contract management (4% over the three year period, but can be front or back loaded as desired by the individual Council).

4.3 The table below sets out the funding profile and the minimum capital spend – capital can exceed this percentage but will require justification in the Investment Plan.

Funding profile (set by government)

	2022/23	2023/24	2024/25
Profile	£150k (15% of total)	£270k (27% of total)	£580k (58% of total)

Minimum capital spend	£15k (10% of year's total)	£35k (13% pf year's total)	£116k (20% of year's total)
Total	£150k	£270k	£580k

- 4.4 There is no expectation at this stage that the Investment Plan will require detailed project information or a full business case - this will be a 'to follow' and will be picked up under the monitoring of the grant spend. Government have also said they understand that spend may be 'lumpy' across a financial year, which is not an issue as long as the outputs are achieved in that year.
- 4.5 Where joint projects are submitted (across a number of councils or where it is led by a LEP for example) each council will still be required to submit their own individual Investment Plan. Projects delivery is very flexible, and can be undertaken directly by councils, with LEP's, adjoining Councils or through external partners and agencies.
- 4.6 For information, Surrey received the standard minimum County allocation of £4.3m.

5. Risk considerations

- 5.1 The main risks and mitigations are set out below:

Key risks	Mitigation
Failing to get the Investment Plan signed off	Ensure that the Plan aligns with the three priority areas, and a strong justification is provided.
Not delivering the projects within year	Ensure that we are realistic in what is included in the Investment Plan, and ensure that they can be delivered within existing resources (or we use some of the monies to bolster resources to deliver)
Not spending the money in the year we say we will (money the goes back to central government)	Carefully monitor spend on a regular basis so we can look to rectify any lag on spend, and accelerate mitigating actions as required
Not adequately monitoring outcomes to ensure the interventions meet their desired ends	It is understood this will need to be submitted to government as part of the monitoring regime. It is also suggested that an outcomes report is submitted to Corporate Policy and Resources on an annual basis to ensure we are transparent with the local residents and community on the outcomes achieved.
We do not engage with stakeholders for their views	We will be making use of existing networks and groups to ensure that we obtain their views on suggestions for priorities to be included in the Investment Plan. We will separately engage with Kwasi Kwarteng MP.

<p>An emerging County Deal might mean the money gets re-allocated once a deal is in place</p>	<p>DLUHC have advised that their expectation is that any SPF monies up to 2025 will remain with the individual districts, boroughs and counties. The working assumption for Spelthorne Investment Plan is that the monies will be retained by Spelthorne for the full three-year period.</p>
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6. Legal considerations

Procurement and working with partners

- 6.1 Depending on the interventions that are eventually included in the Investment Plan, we may need to go through a procurement process if for example we decide to work with external providers to deliver certain interventions. This will need to follow the appropriate procurement route. Similarly, if we decide to submit a bid with a number of other councils or organisations/partners this may well require a memorandum of understanding as a minimum to ensure clear lines of responsibility and delivery.

Governance – task group

- 6.2 Bearing in mind the level of funding which will be received (£1m over three years) officers will need a steer from councillors on which priority areas the council should be considering for inclusion in the Investment Plan.
- 6.3 Appendix 1 sets out the three priority areas and these sit across a number of committees – economic development, environment and sustainability, neighbourhood, community wellbeing and corporate policy and resources. The report is coming to this committee as the most logical place for the levelling up agenda and regeneration to ‘sit’. However, it is recognised that, depending on the priority areas which are chosen, there is likely to be a need for cross committee working to ensure that all views are represented.
- 6.4 It is therefore being recommended that a Shared Prosperity Fund Task Group is set up to give officers a clear steer. **Appendix 2** sets out a draft Terms of Reference for consideration. There is no requirement under the Constitution for the membership of the task group to be drawn from one single committee, and it is suggested that membership is drawn from across the committees referred to in para 6.3 above. The chairs and vice chairs of those committees have already been approached separately by officers to make them aware of this opportunity. They have been asked to advise the chair and vice chair of this committee in advance of this meeting if they wish to nominate one committee member to sit on this task group. Whilst the final decision on the membership of this group rests with the chair and vice of Economic Development, it is anticipated that this will draw in expertise from several committees.
- 6.5 In addition to the task group, a verbal update will be given to the relevant committees (where timings allow) before the report is submitted to Corporate Policy and Resources on 11 July for a final decision.

7. Other considerations

Stakeholder engagement

7.1 As set out in paras 2.5 and 2.6 above, councils need to engage with the wider business, voluntary and community sectors on what areas should be prioritised and their thoughts on options which might be included in the Investment Plan.

7.2 We do not have a ready-made Local Partnership which we can engage with. Due to the tight timeframe for submission of the Investment Plan, it is proposed that we maximise the links that are already in place (for example - the Spelthorne Business Forum, Staines BID, voluntary groups, health and wellbeing groups, community safety partnerships and cultural/arts organisations). Once we have a clear direction on the priority areas and the suggested interventions that we as a Council want to focus on, we will undertake surveys or engage directly with these groups to obtain their views.

8. Equality and Diversity

8.1 The aim of the Shared Prosperity Fund is to assist with the government's Levelling Up agenda on a macro/national level. However, the principle can be equally applied at the micro/borough level - improving the quality of our environment, supporting local business and focusing on employment and skills to help people into work.

8.2 Equality and Diversity will be considered as part and parcel of the decision-making process on which elements will be included within the Investment Plan.

9. Sustainability/Climate Change Implications

9.1 Depending on the priorities that the council take forward, there will be clear opportunities to include sustainability and climate change. For example, we could look to improve local green space (with communities), improve neighbourhoods, or provide targeted support for businesses in terms of energy efficiency and reducing carbon.

10. Timetable for implementation

10.1 The Investment Plan needs to be submitted to the DLUHC by 1 August 2022. They will then consider the Plan and sign off. It is expected that Plans will be signed off in the autumn, with the monies being distributed in October 2022.

10.2 It is recommended that this committee agree that a report is submitted to Corporate Policy and Resources Committee on 11 July for them to decide which areas the council is looking to include in its Investment Plan.

11. Contact

11.1 Heather Morgan, Group Head Regeneration and Growth
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Background papers: There are none.

Appendices:

Appendix 1 – DLUHC - Three investment priorities

Appendix 2 – draft terms of reference for Shared Prosperity Fund Task Group