



**REPORT of
DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE**

**to
STRATEGY AND RESOURCES COMMITTEE
25 MAY 2022**

UK SHARED PROSPERITY AND LEVELLING UP FUNDING OPPORTUNITIES

1. PURPOSE OF THE REPORT

- 1.1 To inform Members of the new opportunities presented by the Government's UK Shared Prosperity Fund and Levelling-Up Funds.

2. RECOMMENDATIONS

- (i) That Members note the opportunity presented for investment in the District by the UK Shared Prosperity Fund and the Levelling-Up Fund and the Council's role in securing the investment and any administration; and
- (ii) that the use of any Government allocated preparatory funding to develop the Council's applications to both Funds be approved.

3. SUMMARY OF KEY ISSUES

3.1 UK Shared Prosperity Fund

- 3.1.1 The UK Shared Prosperity Fund (UKSPF) is part of UK Government's levelling-up agenda and will provide £2.6 billion of new funding for local investment by March 2025. All areas of the UK will receive an allocation via a funding formula rather than a competition; meaning it is a guaranteed investment. Funding will be allocated to Mayoral Combined, Greater London Authority and District / Unitary Local Authorities as a Lead Local Authority for their area.
- 3.1.2 The Department of Levelling Up, Housing and Communities (DLUHC) published pre-guidance on UK Shared Prosperity Fund on 2 February 2022. Further detailed guidance, and the funding allocations, were released on 13 April 2022. This confirms that Maldon District Council (MDC) has been allocated £1,000,000 to be spent by March 2025.
- 3.1.3 The fund is mix of revenue and capital which can be used to support the delivery of a wide range of local interventions to build pride-in-place and improve life chances. These can complement but cannot duplicate larger-scale projects funded through the £4.8bn Levelling Up Fund, the £220m Community Renewal Fund or the £5m Community Ownership Fund.
- 3.1.4 Funding will be tapered starting in 2022 / 23 to 2024 / 25 and has three investment priority objectives. Each place will be asked to set out measurable outcomes that reflect local needs and opportunities in delivering against these priorities.

UK Shared Prosperity Fund Investment Priorities		
Community and Place (2022 / 23 – 2023 / 24 – 2024 / 25)	Supporting Local Business (2022 / 23 – 2023 / 24 – 2024 / 25)	People and Skills (2024 / 25)
<ul style="list-style-type: none"> • Strengthening our social fabric and fostering a sense of local pride and belonging. • Build resilient and safe neighbourhoods. 	<ul style="list-style-type: none"> • Creating jobs and boosting community cohesion by supporting local businesses. • Promoting networking and collaboration and stimulating innovation and growth. • Targeting support to help businesses grow – e.g. innovation, productivity, energy efficiency, low carbon and exporting. 	<ul style="list-style-type: none"> • Boosting core skills and support adults to progress in work. • Supporting disadvantaged people to access the skills they need. • Funding local skills needs and supplementing local adult skills provision. • Reducing levels of economic inactivity and supporting those further from the labour market.

Tapered Funding	2022 / 23	2023 / 24	2024 / 25
Maldon District (£1,000,000)	£59,019	£118,038	£822,942

- 3.1.5 Lead Local Authorities are expected to work with a diverse range of local and regional stakeholders, Members of Parliament (MPs), civil organisations, employer bodies, and businesses or business representative groups to achieve the outcomes from the funding's expenditure in their area. It will therefore be critical for the Council to develop the Investment Plan in collaboration with these bodies, making use of existing partnership arrangements where possible.
- 3.1.6 Lead Local Authorities will be responsible for developing and submitting an Investment Plan between 30 June 2022 to 1 August 2022; with the first payments expected to be made from October 2022. The funding period is between April 2022 – March 2025.
- 3.1.7 £20,000 is available to MDC to undertake initial preparatory work for the Fund, including developing its Investment Plan. This funding is in addition to the District's total funding allocation, but it will only be paid on sign-off of our Investment Plan; meaning the Council will have to recover it following initial expenditure.
- 3.1.8 As the Lead Local Authority, MDC will receive the District's allocation to manage, including assessing and approving applications, processing payments and day-to-day monitoring. Up to 4% of the £1m allocation by default can be used by MDC to undertake necessary fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement. By exception, as a smaller local authority, with a smaller Fund allocation, we may need to use more than 4% of our allocation to successfully administer the Fund.
- 3.1.9 A further report will be brought to a future Committee outlining the proposals to manage, administer and monitor the fund.

3.2 Levelling-Up Fund

- 3.2.1 The UK Government's Levelling-Up Fund was announced by the Chancellor at the 2020 Spending Review. It is a fund jointly managed by HM Treasury, the Department for Levelling-Up, Housing & Communities and the Department for Transport. It is worth £4.8 billion and is intended to support capital investment projects in town centre and high street regeneration, local transport projects, and cultural and heritage assets which must be bid for via a competition.
- 3.2.2 The fund will focus investment on projects that require up to £20m of funding. There is however no minimum bid level. For higher-value transport schemes, there is also scope in securing investment in larger projects up to £50m by exception, but these will be subject to more detailed business case processes and will need to score highly overall across the bidding criteria. There are additional compliance requirements for the Public Sector Equality Duty and State Aid rules.
- 3.2.3 All bids should have the approval of the relevant authority responsible for delivering them / part of them (such as Essex County Council (ECC) for part transport schemes) and are expected to be based on consultation with a range of local stakeholders across the project's full geography, evidence of which has to be submitted as part of the application. MPs must also be consulted, although support from local MPs is not a necessary condition for a successful bid.
- 3.2.4 Within the Levelling-Up funding competition, the Government has organised local authorities into a modelled 'Index of Priority Places' which organised places into categories of significant need. This index considered a) the need for economic recovery and growth, b) the need for improved transport connectivity and c) the need for regeneration. Using this Index, local authorities were placed into either Category 1, 2 or 3; with Category 1 representing the highest levels of need. In 2021, only Harlow, Southend-on-Sea and Tendring were Category 1 authorities in Essex; with Maldon being ranked as Category 2.
- 3.2.5 Round 1 was opened in March 2021 and 305 bids were received, including one from MDC. This was prepared to fund the design and consenting costs for the South Maldon Relief Road, which is proposed in the statutory Local Development Plan approved in 2017, in order to make better use of S106 contributions collected and expected in the future to be used for the actual construction of the route. This bid had the support of John Whittingdale MP and Essex County Council as the highway authority. The bid was however unsuccessful, but useful feedback was provided to inform any future bids on this scheme, or others. For context, the only Essex authority successful in Round 1 was Southend-on-Sea, which was awarded £19.9m for infrastructure upgrades to coastal attractions.
- 3.2.6 Round 2 was announced in the 2022 Spring Statement and it continues to focus on capital investment in infrastructure that improves everyday life across the UK.
- 3.2.7 Within the Round 2 Prospectus however, Maldon District has moved from Category 2 in the Index of Priority Places to the higher priority Category 1, alongside another 14 local authorities. The Government has confirmed that this is one of the exceptional changes to the Index for Round 2 is as a result of one or more of the following: updated datasets, using two-year averages for some data; accounting for Covid-19 impacts and in some parts of the country and accounting for local government reorganisation.

3.2.8 The Levelling Up Round 2 Fund will run until 2024 / 25 and has the same three investment themes as in Round 1:

Levelling-Up Fund Investment Themes		
Transport	Regeneration and town centres	Culture
Including (but not limited to) public transport, active travel, bridge repairs, bus priority, local road improvements and major structural maintenance, and accessibility improvements.	Building on the Towns Fund framework to upgrade eyesore buildings and dated infrastructure; acquire and regenerate brownfield sites; invest in secure community infrastructure and crime reduction; and bring public services and safe, accessible community spaces into town and city centres.	Maintaining, regenerating, or creatively repurposing existing cultural, creative, heritage and sporting assets, or creating new assets that serve those purposes including theatres, museums, galleries, production facilities, libraries, visitor attractions (and associated green spaces), sports and athletics facilities, heritage buildings and sites, and assets that support the visitor economy.

3.2.9 As with Levelling Up Round 1, the Fund will focus investment in smaller scale, local projects that require less than £20m of funding. However, there is scope for investing in higher-value transport projects, by exception as before. Applicants may submit a bid for an individual project or a package bid, consisting of up to a maximum of three projects. Package and joint bids must clearly explain how their component elements are aligned with each other and represent a coherent set of interventions in a place. They can include a mix of projects from the Fund's three investment themes should the applicant choose to arrange them in this way.

3.2.10 Applicants must submit their full Round 2 bids, with all supporting documentation, by 12:00 noon Wednesday 6 July 2022. Local authorities can only have one successful bid for each of their allocated number of bids over the lifecycle of the fund. Future rounds have not been confirmed

3.2.11 Furthermore, to support the preparation and submission of high-quality bids, as a new priority Category 1 area, MDC will receive £125,000 of capacity funding. Officers met with Civil Servants representing DLUHC and Department for Business, Energy and Industrial Strategy who made it clear that any place receiving capacity funding, would be expected to submit a bid.

3.2.12 Work is now underway to determine the most appropriate way to resource a bid through the capacity funding up to the required Green Book standard. The submission of a bid will be based on delivering the cultural elements of the Central Area Master Plan, focusing on the waterfront, primarily at Hythe Quay with investment into council owned buildings (known as the river bailiff hut and classroom) for both commercial and community use. Improvements to the highway infrastructure and car park layout reducing vehicular movements with pedestrian walkway by the historic barges. This will ensure the quay is a safe visitor attraction. In addition to this improved wayfinding links by foot and cycle to the town centre would also be included as well as information in relation to the heritage and history of Maldon. Options are also being reviewed for Burnham-on-Crouch, taking into account the

local needs, importance of maritime heritage to the area and the assets already in place.

- 3.2.13 Further engagement work will be undertaken with the Cities and Local Growth Unit in DLUHC, other Level 1 Priority Places, key stakeholders, and partners to raise awareness, learn lessons and benchmark MDC's proposals and gain support for both the bidding and time-bound delivery should MDC be successful.

4. CONCLUSION

- 4.1 UKSPF and Levelling Up Round 2 present a significant opportunity for the District to support, through direct investment, in our economy, businesses, communities, cultural and heritage assets, regeneration and transport infrastructure and the Council should invest what is needed in making these opportunities successful.

5. IMPACT ON STRATEGIC THEMES

- 5.1 UKSPF supports the Council's **Place Outcomes** of: 'Promote civic pride and maintain the District's environmental quality', 'Work with partners to maintain and improve the District's resilience to the effects of climate change'; **Prosperity Outcomes** of 'Enabling future economic investment and new jobs', 'Supporting existing local businesses', 'Enhancing and promoting the District's visitor economy' and **Community Outcomes** of 'Building on the strengths of our communities and what they can do to support themselves and help each other to thrive'.
- 5.2 Levelling Up Fund supports the Council's **Place Outcomes** of 'Promote civic pride and maintain the District's environmental quality', 'Reduce impacts of waste disposal and pollution on the environment', 'Work with partners to maintain and improve the District's resilience to the effects of climate change', 'Deliver the housing the District Needs' and 'Deliver sustainable growth and new infrastructure through development'; **Prosperity Outcomes** of 'Enabling future economic investment and new jobs', 'Supporting existing local businesses', 'enhancing and promoting the District's visitor economy' and **Community Outcomes** of 'Building on the strengths of our communities and what they can do to support themselves and help each other to thrive'.
- 5.3 Both UKSPF and Levelling-Up also support our **Performance and Value Outcomes** of: 'Finance & Income', 'Governance', 'Performance' and 'Meaningful Engagement'.

6. IMPLICATIONS

- (i) **Impact on Customers** – For the UKSPF, any application process will be designed to enable community groups and businesses to engage with a fair bidding process to ensure there is significant customer benefit from its outputs. A successful bid to the Levelling-Up fund could deliver capital projects that end up being used by and benefit residents, businesses, special interest groups and visitors.
- (ii) **Impact on Equalities** – For the UKSPF, any application process will be designed to enable all community groups and businesses to engage with a fair bidding process to ensure there is significant customer benefit from its outputs. This process will meet the Public Sector Equality Duty. A successful bid to the Levelling-Up fund must demonstrate how it has considered the

Public Sector Equality Duty in delivering capital projects that end up being used by residents, businesses, special interest groups and visitors.

- (iii) **Impact on Risk** – With UKSPF, future spend is at risk, so it is vital that programme activity is aligned and adequately reported to the funder to ensure compliance. The programme will work to reduce the impact to the economy and communities from Covid19. The Council faces increased reputation risk if it fails to deliver to the expectations of stakeholders.

With Levelling Up Funds, as it is a funding competition, projects identified to be part of the bid, could remain undelivered in the event a bid is unsuccessful. The complexity of the bidding process and the assurances needed post award could increase pressures on resources or require people with different skills and this is a responsibility of our establishment to adequately manage. The council faces an increased reputation, financial and compliance risk if any of the projects within the fund are not delivered on time, or to budget.

- (iv) **Impact on Resources (financial)** – UKSPF Prospectus confirms that Local Authorities will be able to use a proportion of their allocation to undertake necessary Fund administration, such as project assessment, contracting and monitoring.

UKSPF and Levelling Up Round 2 provide a capacity allocation for the authority to undertake preparatory work to develop high quality funding submissions.

- (v) **Impact on Resources (human)** – The initial coordination work for UKSPF work will be undertaken by the Lead Specialist Prosperity for the remainder of their contract. The coordination will be reviewed and reallocated as necessary afterwards.

Levelling Up Round 2 Funding Bid is being coordinated by Strategy, Policy and Communications Manager given the investment priorities linked to place-based activities including transport, town centre regeneration and culture & heritage.

Both are being supported by resources drawn from the wider organisation, although depending on the complexity of the funding bids, it may be necessary to procure further specialist human resources to ensure the Council is able to submit a high-quality proposal and continue to deliver existing service priorities.

- (vi) **Impact on the Environment** – Interventions supported by UKSPF will need to take account of other local and national policies and priorities – including the government's commitment to reach Net Zero by 2050 and clean growth, and complement other UK, national or local provision. This will make sure that funding is effectively targeted.

Projects funded via Levelling Up Round 2 should be aligned to and support net zero goals, including those set out in the UK government's net zero strategy and sector-specific plans. Projects are encouraged to demonstrate low or zero carbon best practice; adopt and support innovative clean tech and/or support the growth of green skills and sustainable supply chains.

- (vii) **Impact on Strengthening Communities** – The projects funded by either fund will seek to ensure the Council strengthens engagement with communities to shape and deliver significant benefits from outputs.

Background Papers:

[UK Shared Prosperity Fund: pre-launch guidance](#)

[UK Shared Prosperity Fund: prospectus](#)

[Levelling Up Round 2 Prospectus](#)

[Levelling Up Fund Round 2: technical note; Annex H: List of new local authorities in Category 1 to receive capacity funding \(for England, Scotland and Wales applicants only\)](#)

Enquiries to:

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