

DERBYSHIRE COUNTY COUNCIL

D2 JOINT COMMITTEE FOR ECONOMIC PROSPERITY

OVERVIEW OF RECENT FUNDING OPPORTUNITIES TO DRIVE LEVLLING UP AND AID ECONOMIC GROWTH

1.0 Purpose of Report

- 1.1 To provide a summary of the three major funding opportunities announced recently by Government: Shared Prosperity Fund (SPF), Levelling Up Round 2 (LUF2) and Multiply.

2.0 Discussion/Decision Required by the Meeting

- 2.1 **The D2 Joint Committee is requested to note the summaries contained in this report and the importance of the funding opportunities in helping deliver ‘good growth’ and level up across the D2 area.**
- 2.2 **To undertake a wider discussion on how best to maximise the funding opportunities, ensuring a comprehensive, joined up approach to the development and delivery of priority projects in light of Government’s devolution agenda.**

3.0 Overview

- 3.1 Over the period March and April 2022, Government has published details of three major funding streams available to the County, City and district authorities – the SPF, LUF2 and Multiply. The funding announcements are in direct support of the wider Levelling Up agenda and its 12 stated ‘missions’.
- 3.2 The totality of funding available to the D2 geography from these three streams is:
- **Multiply** - £5.103m made up of £3.763m directly allocated to the County Council and £1.340m to Derby City
 - **Shared Prosperity Fund** – total of £25.7m directly allocated to the City and eight district authorities

- **Levelling Up Fund Round 2** – potentially over £100m available to the City and eight district authorities – based on priority local authority areas.

3.2 The remainder of this report provides a summary of each of the funding streams and is intended to support a more detailed presentation and discussion at the forthcoming meeting on 12th May 2022.

4.0 Summary of Multiply Funding

4.1 Published on 13 April 2022, the following link provides access to the detailed documents (investment prospectus, technical guidance and indicative allocations):

<https://www.gov.uk/government/publications/multiply-funding-available-to-improve-numeracy-skills>

4.2 Government wants everyone to have the opportunity to learn and develop the essential skills they need to succeed at any age and it is recognised that numeracy is universally important for individuals' life chances, and for the economy as a whole. Almost 17m adults in England - half of the working-age population - have everyday maths skills roughly equivalent to those expected of a primary school child (Entry Level). This compares poorly internationally – below the OECD average, and behind countries such as Japan, Germany and Canada.

4.3 To help address this, Government has confirmed the first priority of the Shared Prosperity Fund will be 'Multiply' and has made up to £559million available to improve functional numeracy skills in adults (19years +). On this basis, Government has invited the GLA, Mayoral Combined Authorities and upper tier/unitary authorities to develop and deliver a three-year investment plan (2022/2023 to 2024/25) of bespoke programmes, against a set menu of interventions.

D2N2 Indicative Allocation of Multiply

	Total Funding Allocation (£)	Funding Allocation 22-23 (£)	Funding Allocation 23-24 (£)	Funding Allocation 24-25 (£)
Derby	1,339,565.49	404,984.92	467,290.29	467,290.29
Derbyshire	3,762,841.60	1,137,603.28	1,312,619.16	1,312,619.16
Nottingham	1,852,172.82	559,959.23	646,106.80	646,106.80
Nottinghamshire	4,255,272.91	1,286,477.86	1,484,397.52	1,484,397.52

General Principles

- 4.4 **Target Audience:** Target learners are adults 19+ who have not previously attained a GCSE Grade 4/C or higher maths qualification; it can include those working towards a maths GCSE or Functional Skills Qualification, those that need specific numeracy skills for work/ progression, or just want to brush up on the skills to help them get on in life.
- 4.5 **Existing arrangements:** Interventions should not displace, replace and/or duplicate any existing adult numeracy provision (e.g. that provided through existing Adult Education Budget (AEB)). Investment plans also need to pay due regard and coordinate where possible with wider skills and employment interventions in local areas - for example through Skills Advisory Panels) and interventions such as SPF to avoid duplication of provision and ensure effective wrap-around support is available.
- 4.6 **Funding allocations:** The funding is formula based (non competitive) and an allocation of £3.763m and £1.340m has been made available to Derbyshire County Council and Derby City Council respectively. Proposed programmes of work have to be developed into Investment Plans and submitted to Government by 30 June 2022, ready for commencing implementation by the start of the academic year in September. Confirmation of the allocation, grant agreement and first payments will follow once the Investment Plan is signed off.
- 4.7 **Partnerships:** Although each authority is expected to submit its own Investment Plan, there is an expectation of joint working by Government to draw in added value. Local areas are encouraged to develop interventions in partnership with providers and employers, as well as other partners in their local area as a means of ensuring value for money and delivery of effective solutions for learners.
- 4.8 **Peer to peer support and sharing evidence of what works:** Workshops sessions will be held in May to discuss arrangements in more detail and facilitate peer learning and networking opportunities.

Success Measures

- 4.9 On the basis that the overall objective is to increase the levels of functional numeracy in the adult population, the following success measures have been identified:
- More adults achieving maths qualifications courses (up to, and including, Level 2 – with GCSEs and FSQs as the qualifications of choice in England – or equivalent)

- Increase in participation in numeracy courses.
- Improved labour market outcomes
- Increased adult numeracy across the population

4.10 Investment Plans and proposed interventions will be evaluated against these and other success measures and local areas will be asked to collect data in order to inform this evaluation.

Menu of Interventions

4.11 These interventions should be for adults aged 19 and over and need to be additional and differentiated from that which is already fully funded through the Adult Education Budget (AEB) legal entitlement and should not displace that provision. Numeracy courses aimed at:

- Increasing confidence with numbers for those needing the first steps towards formal numeracy qualifications.
- Helping people use numeracy to manage their money.
- Joint delivery with employers
- People who can't apply for certain jobs because of lack of numeracy skills and/or to encourage people to upskill
- Intensive/ flexible provisions for people without Level 2 maths, leading to a Functional Skills Qualification.
- Parents wanting to increase numeracy skills.
- Prisoners and ex-prisoners.
- Those 19 or over that are leaving, or have just left, the care system
- Engaging the hardest to reach learners – for example, those not in the labour market – developed jointly with community organisations.
- Additional relevant maths modules embedded into other vocational courses.

Investment Plan Criteria

4.12 A template for investment plans will be issued but they are expected to meet the following criteria and be set over the full three-year period of funding:

- Deliverability
- Evidence of need and demand
- Interventions to be used from the menu.
- Strategic Fit
- Engaging and motivating learners

NB: More tentative plans may be accepted for years 2 and 3 to enable local areas to build on the growing evidence base from year 1 of the programme on what works to improve adult numeracy. Investment Plans and funding allocations will be revisited each year by Government.

Assurance, Accountability and Reporting

4.13 Government expects authorities to provide assurance, accountability and reporting around the Multiply funding:

- Outcome expectations for local areas based on the approved investment plans.
- Authorities reporting progress against these on a regular basis.
- Commitment to working with the Department for Education and ESFA on data collection to support the overarching evaluation of the programme.
- Allocation amounts may be subject to change in Years 2 and 3 according to delivery against agreed outcomes and spend against allocation profiles (there will likely be recovery of underspends).
- Need to capture individual learner data.
- Need to capture information from and about learners, teachers and providers to enable effective evaluation of the programme.

5.0 Shared Prosperity Fund

5.1 Guidance was issued on 13 April 2022 and the following link provides access to the full suite of documents:
<https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus>

5.2 In summary, the SPF is a £2.6 billion pot of new funding available to unitary and lower tier authorities for investment over the three year period to March 2025. Allocations are based on formula funding, rather than a competitive process. Money is expected to complement other funding sources such as the Levelling Up and mainstream employment and skills provision to maximise impact and simplify delivery.

5.3 Investment Plans have to be developed and submitted to Government in August 2022, with a nominated 'lead authority' responsible for the submission. However, investment in interventions (including administrative and preparatory costs) that start from 1 April 2022 can be supported by SPF where they fit with the relevant objectives and requirements of the Fund but would be at risk prior to the Investment Plans being signed off.

Objectives

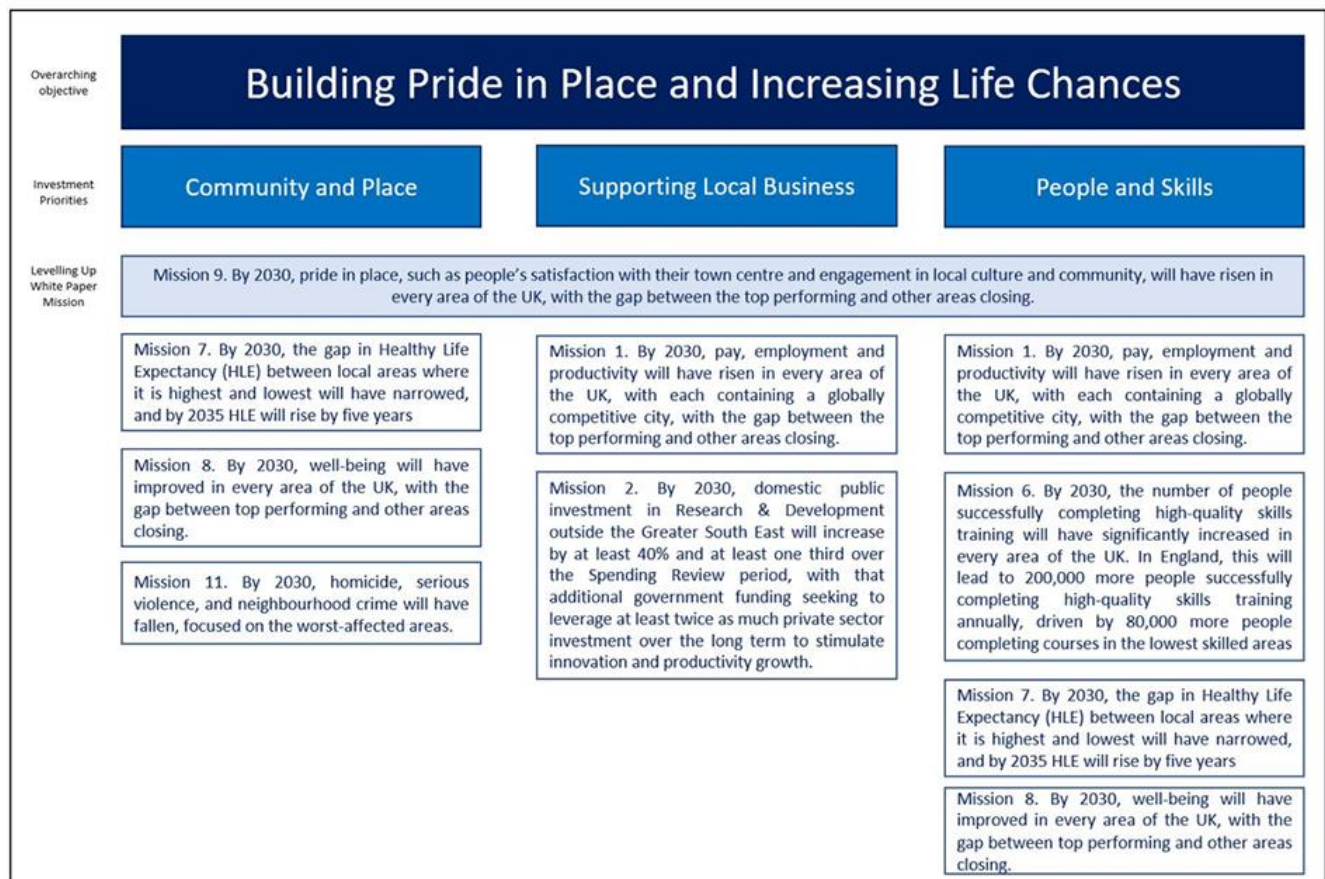
5.4 The stated aims of SPF are to:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
- Spread opportunities and improve public services, especially in those places where they are weakest.
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
- Empower local leaders and communities, especially in those places lacking local agency.

5.5 Linked to the above stated aims are following three investment priorities:

- Communities and place
- Supporting local business
- People and skills

5.6 There are detailed objectives associated with each of these priorities which are aligned to the relevant Missions of the Levelling Up White Paper.



Funding for Derbyshire Authorities

- 5.7 The following table confirms the value of SPF allocated to Derby and Derbyshire. Profiling of the funding allocation is proposed to ramp up over the three year period, with the first allocation likely to be made in October 2022, increasing over the remainder two years – but notably with clawback potential for unspent allocations. The ramping up of SPF is directly linked to likely ramping down of the European Structural Fund over the next two to three years which has typically been the funding source for SPF-related projects.

Local Authority	Core UKSPF
Amber Valley	£2,977,839
Bolsover	£1,963,993
Chesterfield	£2,693,257
Derbyshire Dales	£1,954,752
Derby	£6,144,172
Erewash	£2,789,198
High Peak	£2,412,072
North East Derbyshire	£2,568,204
South Derbyshire	£2,156,374
Total	£25,659,861

- 5.8 The local split of capital and revenue for the Fund in England is as follows:

Year	Core UKSPF: revenue	Core UKSPF: capital	Local multiply: revenue
2022-23	90%	10%	100%
2023-24	87%	13%	100%
2024-25	80%	20%	100%

- 5.9 Each authority's allocation comprises both revenue and capital funding and the preferred mix of funding is to be set out in the Investment Plan. Up to 4% of the allocation can be used 'to undertake necessary administration' but Government is also exploring longer term capability support for local authorities – including funding and good practice networks. *NB: each place must identify a minimum percentage of capital funding, each year in line with the overall split of revenue and capital at UKSPF level set out in the above tables.*

Success Measures

5.10 Measurable outcomes are required for each of the intervention programmes developed and need to reflect local needs and opportunities. A summary of each of priority theme is outlined below:

- **Communities and place:** focused on restoring community spaces and creating the foundations for economic development at neighbourhood-level - building 'pride in place'. This investment priority covers a wide range of local projects such as public realm, community-led initiatives, cultural and heritage projects.
- **Supporting local business:** focused on enabling places to fund interventions that support local businesses to thrive, innovate and grow. *NB note links to Multiply interventions.*
- **People and skills:** focused on reducing barriers to employment and supporting people to move towards employment and education. This priority has two primary elements: employment support for economically inactive people (benefit and non-benefit claimants) and funding skills to help people progress in life and work. *NB note links to Multiply interventions.*

5.11 The following link accesses the list of interventions for the investment priorities and indicative output and outcome indicators: <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-interventions-outputs-and-indicators>

5.12 Government advises that proposed SPF interventions also need to take account of wider, national policy agendas such as:

- Demonstrating the extent of contribution to net zero and nature recovery.
- Considering how projects can work with the natural environment to achieve project objectives.

5.13 Links to other funding streams is also highlighted as important to ensure SPF alignment with complementary interventions at national or local level – and the most effective use of all available funding. Considerations on alignment include:

- The Levelling Up Fund second round.
- The Community Ownership Fund – second launch in Spring
- Freeports
- Digital infrastructure delivery plans as part of Project Gigabit.
- National employment support provided through Jobcentre Plus
- Existing adult skills provision

- Ongoing European Structural Fund provision
 - Funding for rural areas where relevant.
- 5.14 Government is strongly encouraging engagement with local partners in the development to interventions – including current deliverers of EU structural fund programmes, managing authorities, LEPs, neighbouring local authorities, voluntary and community representatives, and higher/ further education bodies. This will ensure that local investment plans complement and do not duplicate other provision and that interventions are delivered at the appropriate scale.
- 5.15 Although a separate Investment Plan is expected for each local authority area, the above level of collaboration also extends to working with neighbouring authorities and places with common needs and opportunities. Government ‘strongly encourages’ authorities to work together to agree and commission people and skills activity, or business support activity over a larger scale representative of the full local labour market or business base.
- 5.16 The relevant local authority will be responsible for receiving, assessing, allocating and managing the Fund - including processing payments and day-to-day monitoring. Government has advised its role will be in monitoring and reporting to ministers, plus overall evaluation of the programmes. Flexibility is available to local authorities on how best to apply the funding e.g. mix of competitions for grant, procurement, commissioning or deliver some activity through in-house teams.
- 5.17 There is an expectation that ‘comprehensive and balanced local partnerships’ will be a core component of how the Fund is administered locally. Although the precise composition of the arrangements will be bespoke to local areas, the range of partners includes (*NB there is some correlation with the Town Deal Board*):
- Representatives from the lead local authority – and possibly neighbouring authorities
 - Local businesses and investors
 - Business support providers or representatives, including sectoral representatives (e.g. tourism organisations)
 - Local Enterprise Partnerships or Local Skills Improvement Partnerships
 - Representatives of arms-length bodies of government where appropriate
 - Prominent local community & faith organisations
 - Voluntary, sector social enterprise

- Rural representatives
- Education and skills providers e.g. colleges
- Employment experts and providers e.g. Jobcentre Plus
- Nature, environmental or associated representatives
- Public health representatives
- Police and crime representatives
- Members of Parliament - will provide an advisory role to local authorities in reviewing the investment plan prior to submission. Each plan will need to detail whether each are supportive of the final plan submitted to the UK government for consideration.
- Government representatives

6.0 Levelling Up Round 2

6.1 The Prospectus was published on 23 March 2022, and more detailed guidance only issued in the last couple of weeks. On that basis, consideration of all the Government's documents is still being undertaken and a fuller appraisal of the proposals will be provided at the Joint Committee meeting on 12th May.

6.2 In summary however, the core elements of LUF2 are outline below:

- Fund focuses investment at smaller scale, local projects that require less than £20m – available to lower tier and unitary authorities, including those who were in receipt of Round 1 funding.
- Applicants can submit a bid for a single project or a package bid consisting of up to three projects – but these must explain how their component elements area aligned and represent cohesive interventions.
- Submissions must be made by noon on 6th July 2022. Spend is available from 2022/23 financial year but has to be completely spent by 31 March 2025 (2026, by exception).
- Formal MP support needed and clearly based on constituencies – support can be offered to only 1 bid on a formal basis – but can provide general support to others as a local stakeholder. Formal support is not a pre-requisite for project submission. NB: some districts covered by multiple MP constituencies. There will be a proforma for MPs to register their interest.
- LUF2 is a fully competitive process – not formula funding allocations.

- Match funding is not essential but 10% local contribution expected. If the project directly benefits a developer then Government would expect to see an additional contribution from them.
- Broad themes and priorities are the same as round 1:
 - **Transport Investment:** *public transport, active travel, bridge repairs, bus priority, local road improvements, major structural maintenance and accessibility improvement. Schemes to demonstrate reduction in carbon emissions, improve air quality, cut congestion, support economic growth*
 - **Regeneration and Town Centre Investment:** *building on the Towns Fund framework to upgrade buildings and infrastructure, acquire and regenerate brownfield sites, invest in community infrastructure and crime reduction, bring public services and safe community spaces into town centres*
 - **Cultural investment:** *maintaining, regenerating or creatively repurposing existing cultural, creative, heritage and sporting assets – or creating new assets – that support the visitor and cultural economies*
- Focus is on high impact and high priority projects that will make a visible, positive difference to place
- Local authorities are free to submit any combination of projects across the three investment themes where a split of funding genuinely reflects needs.
- Criteria for assessment are:
 - *Strategic fit*
 - *Value for money/ economic case*
 - *Deliverability*
 - *Characteristics of Place*

6.3 Local authority areas have been categorised into ‘priority places’ similar to LUF Round 1. For the D2 geography, these are confirmed as:

Priority Place: 1

- Chesterfield
- Derby
- Derbyshire Dales
- Erewash

- High Peak

Priority Place: 2

- Amber Valley
- Bolsover
- North East Derbyshire

Priority Place: 3

- South Derbyshire

6.4 In Round2, Government has advised that places can move into a higher category, or remain in their existing one, but won't move down. Category 1 has been expanded on an exceptional basis to capture local areas whose levels of need have increased since the Fund was launched – these 'new Category 1 authorities' are also entitled to £125,000 capacity building money to support preparation of bids.

6.5 As with the first round of the Fund, assessment of projects will focus on four criteria:

- Characteristics of place,
- Deliverability
- Strategic Fit with local and LUF priorities
- Economic case – in line with published framework

6.6 Government has also advised there will also be a three-stage process to decision making:

- Gateway – essentially a pass/fail assessment
- Assessment and shortlisting – projects assessed on the above four criteria and drawing in the relevance of 'place priority' categories
- Decision Making – shortlist presented to Ministers for funding decisions, wherein some discretion will be exercised around additional considerations such as: thematic split; geographical spread of projects, prioritisation of a specific criterium; other investment in the area

7.0 Issues and Considerations

7.1 The Director of Economy and Regeneration met with district representatives, LEP, Chamber and Derby University colleagues

between 26 April and 11 May to assess level of progress, emerging project areas and key challenges. A summary of issues and opportunities is outlined below:

Challenges

- Pace needed – there are only short development windows to create the detailed projects and Investment Plans. The confirmed submission dates are as follows:
 - Multiply - Investment Plans have to be submitted by 30th June 2022
 - SPF - Investment Plans have to be submitted between 30 June 2022 and 1 August 2022
 - LUF2 timescales – project submission opens on 31st May and closes on 6th July 2022.
- Capacity and resources – the funds will generate new projects (capital and revenue) that will sit alongside the existing pipeline – including town deal projects. Capacity is already stretched in the authorities and recruitment is difficult so careful consideration will need to be given to dealing with the additional workload.
- As an extension of the issue above, there are inevitable impacts on capacity between the county and district councils – particularly on capital projects around transport and infrastructure. Also, there is a limit to community capacity – e.g. existing Town Deal Boards and requirements of SPF Boards and LUF stakeholder engagement.
- There is a strong expectation by Government to join up discussions across local delivery partners and authorities and develop a meaningful programme of work across the three funding streams; ensuring the whole is greater than the sum of the parts. There is a huge amount of funding potentially available and collaboration/ strategic approach is needed to ensure there is no duplication, no gaps in delivery etc
- Making sure comprehensive and complementary Investment Plans not only meet each fund's Investment Prospectus but also the challenges facing local residents, communities and economy and add value to existing national, regional and local funding. There is a strong focus on embedding net zero into schemes.
- Funding runs for three years and would run in parallel with any future devolution discussion with Government – e.g. SPF -will need managing alongside any new arrangements.

Opportunities

- Potential to develop new ways of working across D2 and craft meaningful projects that have resonance with other Government agendas e.g. devolution.

- Building on existing strong partnerships e.g. business start-up and other Vision Derbyshire projects, to join up more fundamentally, perhaps around administering delivery: how can we work better together to achieve agreed outputs and outcomes?
- Government has recognised the value of culture-led regeneration through the allocation of up to two, large scale (£50m) LUF2 schemes. Opportunity for consideration of culture-led regeneration schemes e.g. within World Heritage Site.
- Alignment to East Midlands Freeport (specifically mentioned in the prospectus) – opportunity for delivery of additional projects that can't be met by Freeport retained business rates.
- Potential to deliver some county-wide projects e.g. 'smart counites' as part of Vision Derbyshire programme – picking up Project Gigabit.
- Potential to “pool” a small element of some funds to support shared delivery of county-wide projects that benefit all geographies. For example, if employment & skills or business support programmes emerged as a common theme for all nine areas, it would be possible to pool funds to create one administration point, one delivery mechanism etc.

8.0 Recommendations

8.1 That the D2 Joint Committee:

- a) Notes the above summary of the funding opportunities, including the challenges and opportunities outlined in section 7.
- b) Considers the more detailed presentation that supports the summary
- c) Undertakes a wider discussion on how best to maximise the funding opportunities, ensure a comprehensive approach to the proposed programme and embed joint working in preparation for devolution discussions.