



Somerset Council
Scrutiny for Policies - Climate and Place Committee
– Wednesday 22nd November

UK Shared Prosperity Fund and Rural England Prosperity Fund
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1. Summary

- 1.1. The UK Shared Prosperity Fund (UKSPF) and the Rural England Prosperity Fund (REPF) are central pillars of Government's levelling up agenda. The overarching aim of the funds is to build pride in place and increase life chances through investments to improve the places people live in, and to support businesses and individuals. UKSPF was introduced by Government as a successor to the EU Structural Funds programmes following the UK's departure from the EU.
- 1.2. UKSPF funding is allocated via formula to identified Lead Authorities in each local area, with Lead Authorities in rural areas also receiving a REPF allocation. Lead Authorities are then tasked with management and administration of funds in line with set national frameworks and locally-developed investment plans.
- 1.3. This report provides background on Somerset Council's role as Lead Authority, for UKSPF and REPF in Somerset and a presentation to Scrutiny for Policies - Climate and Place Committee on 22nd November will provide the latest commissioning position for the funds.

2. Issues for consideration / Recommendations

- 2.1. The Scrutiny Committee is asked to note and comment on arrangements for UKSPF and REPF implementation in Somerset.

3. Background

3.1. UK Shared Prosperity Fund (UKSPF)

In April 2022, Government launched UKSPF, as a central pillar of the levelling up agenda. The overarching aim of the UKSPF is to build pride in place and increase life chances. Underneath this overarching aim, there are three investment priorities:

- Community and Place;
- Supporting Local Business; and
- People and Skills..

Underneath each investment priority are then nationally-defined supporting interventions as well as output and outcome indicators.

- 3.2.** UKSPF funding is allocated via formula to identified Lead Authorities in each local area, with Lead Authorities required to develop, in consultation with key stakeholders, a local investment plan for UKSPF monies to unlock allocated funding.
- 3.3.** The then Somerset County Council (SCC), as the continuing authority for Somerset in the Local Government Review process, was identified by Government as the initial UKSPF Lead Authority for Somerset, pending the creation of Somerset Council. In this Lead Authority capacity, the then SCC, in consultation with local stakeholders, developed and then submitted a local investment plan for UKSPF monies to the Government in July 2022. This submission was made following a non key decision made in consultation with relevant executive members. In line with Government requirements, the Somerset UKSPF investment plan identifies, within the set national UKPSF framework, expected local priorities, thematic allocations and deliverables. Key priorities are:

Community and Place:

- Improving health and wellbeing including by expanding active travel networks and access to natural assets, which will also encourage community-driven place marketing
- Improving access to services in rural and coastal communities including by strengthening public transport infrastructure
- Promote social cohesiveness and place loyalty by developing stronger community links by providing support for and creating, new social networks.

Local Business:

- Providing support to bedrock and growth sectors through new or existing advice networks
- Fostering the necessary business environment to attract inward investment with a focus on opportunity and growth sectors
- Supporting innovation and fostering R&D growth, including in rural and coastal communities, with a focus on climate change and net-zero initiatives

People and Skills:

- Improving social mobility to address social inequalities in Somerset in respect of access to skills training and employment, plus life opportunities
- Enhancing future prospects for young people to improve opportunities and life chances, plus retain talent in Somerset
- Reducing barriers to adult learning to improve upskilling across the workforce

- 3.4.** In December 2022, the Somerset UKSPF Investment Plan was accepted by Government and the then SCC received and entered into a Memorandum of Understanding (MoU) with Government for up to £7,263,760 of UKSPF monies. Funding comprises both capital and revenue and is split as £2,644,573 for 2022/23 and 2023/24 and £4,619,187 for 2024/25. Funds are paid under annual grant determinations and, in November 2023, Government set out that Lead Authorities will be able to retain any 2023/24 underspends and access their full 2024/25 allocation. Payment arrangements for 2024/25 can include a mixture of payments upfront and in arrears, dependent on performance against spend targets as at end of 2023/24.
- 3.5.** Somerset Council has adopted a commissioning approach to UKSPF implementation, inviting proposals on a thematic basis in line with the Somerset UKSPF investment plan. Activity is being commissioned through three mechanisms – in house, procurement and open call – and decisions on investments are taken through Somerset Council’s governance processes, following consultation with a Somerset UKSPF Partnership Group, as described in paragraph 4.2
- 3.6.** A presentation to the Scrutiny for Policies - Climate and Place Committee on 22nd November will provide the latest commissioning position.
- 3.7.** Rural England Prosperity Fund (REPF)
In September 2022, Government announced REPF as a rural ‘top up’ to UKSPF allocations for Lead Authorities in rural areas. REPF specifically provides capital grant funding to support businesses and communities in rural areas. Rural areas are defined by Government as:
- towns, villages and hamlets with populations below 10,000 and the wider countryside; or
 - market or ‘hub towns’ with populations of up to 30,000 that serve their surrounding rural areas as centres of employment and in providing services.

In Somerset, this definition, therefore, excludes Taunton, Bridgwater and Yeovil.

- 3.8.** The then SCC, as the continuing authority under Local Government Reorganisation arrangements in Somerset, was tasked with producing, in consultation with local stakeholders, a ‘rural addendum’ to the local UKSPF Investment Plan to unlock a formula-based allocation of up to £3,426,745 of REPF monies. The rural addendum for Somerset was, submitted in November 2022, following officer non-key decision approval, and notably set out the intention to utilise REPF monies to contribute to the costs of capital infrastructure projects which align with the following Government-defined priorities for REPF:
- Support start-up and growth of micro and small enterprises;
 - Support farm diversification;
 - Grow the local social economy and support innovation;
 - Develop the visitor economy, including active tourism enhancements;

- Enhance digital connectivity for community facilities;
- Create and improve rural green spaces
- Develop or refurbish local natural, cultural and heritage assets and sites;
- Enhance active travel provision;
- Support the circular economy; and/or
- Support local arts, cultural, heritage and creative activities.

3.9. The addendum was approved by Government in April 2023 and in June 2023, Somerset Council received and, in line with Officer Key Decision approvals, entered into a Memorandum of Understanding (MoU) with Government for up to £3,426,745 of REPF monies. Under the MoU, funding is split as £856,686 for 2023/24 and up to £2,570,059 for 2024/25. Funds are paid under annual grant determinations and, in November 2023, Government set out that Lead Authorities will be able to retain any 2023/24 underspends and access their full 2024/25 allocation. Payment arrangements for 2024/25 can include a mixture of payments upfront and in arrears, dependent on performance against spend targets as at end of 2023/24.

3.10. In July 2023, Somerset Council launched a call for REPF grant funding applications seeking to allocate the initial 2023/24 tranche of £856,686 of funding. Under this call, grants of between £5,000 and £100,000 were available to businesses and legally-constituted organisations in rural areas for eligible capital infrastructure projects. Applicants were required to demonstrate that projects could be delivered by end of March 2024 and that match-funding contributions were available. There was a two-stage application process comprising:

- Submission of an expression of interest form to check eligibility; and
- For eligible proposals, submission of a full application form.

3.11. The call closed on 15th September 2023. 28 full applications were received with a total REPF request of £947,850. Applications have been appraised and investment decisions are currently being considered through Somerset Council's governance processes. Eventual selected projects will be required to enter into a grant funding agreement with Somerset Council and grant monies will be paid in arrears on completion of milestones.

4. Consultations undertaken

4.1. A significant amount of stakeholder engagement was undertaken during development of Somerset's UKSPF Investment Plan and its rural addendum, including workshops, webinars and a community questionnaire.

4.2. In line with Government requirements for how Lead Authorities manage and administer funds, a Somerset UKSPF Partnership Group has been established to advise Somerset Council on implementation of UKSPF and REPF in Somerset. The Group includes public, private and Voluntary, Community, Faith and Social Enterprise (VCFSE) sector representation and notably advises on commissioning arrangements to take forward agreed investment plans and the strategic fit, deliverability and value for money of proposals received. Decisions on investments are taken by Somerset Council, following engagement with the Somerset UKSPF Partnership Group.

5. Implications

- 5.1.** There are no implications arising from the recommendation in this report. All UKSPF and REPF activity must comply with all relevant legislation (e.g. procurement, Subsidy Control and equalities legislation) and also consider environmental sustainability.

6. Background papers

- 6.1.** None

Note For sight of individual background papers please contact the report author