



Cabinet report

Date **14 JULY 2022**

Title **UK SHARED PROSPERITY FUND – ISLE OF WIGHT INVESTMENT PLAN**

Report of **CABINET MEMBER FOR LEVELLING UP, REGENERATION, BUSINESS DEVELOPMENT AND TOURISM**

EXECUTIVE SUMMARY

1. This report seeks approval of the submission of the Isle of Wight Council's Investment Plan to the UK Government's Shared Prosperity Fund.
2. The report instructs the Director of Regeneration, in liaison with the Cabinet member to arrange for the completion of the council's plan and arrange submission by the deadline of 1 August 2022.

RECOMMENDATION

3. That Cabinet instructs the Director of Regeneration to arrange for the submission of the Isle of Wight Shared Prosperity Investment Plan in liaison with the Cabinet Member for Levelling Up, Regeneration, Business Development and Tourism.

BACKGROUND

4. The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's ambitious Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition. It will help places right across the country deliver enhanced outcomes and recognises that even the most affluent parts of the UK contain pockets of deprivation and need support.
5. The UKSPF seeks to maximise the flexibility in regional development funding enabled by leaving the European Union, by investing in domestic priorities and targeting funding where it is needed most: building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances.
6. It is intended that the fund will reduce the levels of bureaucracy and funding spent on administration when compared with EU funds and enable greater local decision

making and better target the priorities of places within the UK. The fund's main objective is to enable visible, tangible improvements to the places where people work and live, alongside investment in human capital, giving communities up and down the UK more reasons to be proud of their area.

7. Places are asked to identify and build on their own strengths and needs at a local level, focused on pride in place and increasing life chances. Local places will be able to use the Fund to complement funding such as the Levelling Up Fund (East Cowes Marine hub approved 2021), and mainstream employment and skills provision to maximise impact and simplify delivery.
8. The Fund's interventions will be planned and delivered by councils and mayoral authorities across England, Scotland and Wales – 'lead local authorities', working closely with local partners and the Scottish and Welsh governments.
9. The key objectives of the UKSPF are:
 - 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.
10. The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. This aligns with Levelling Up White Paper missions, published in April 2022, particularly: 'By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.'
11. The UKSPF will support project activity under three headings
 - I. Communities and Place,
 - II. Supporting local business,
 - III. People and Skills
12. The Isle of Wight has been allocated a total of £1,060,000 "core" UKSPF funding spread over three years up to 2025 with an allocation of £666,000 allocated to a new national numeracy programme "Multiply", again spread over three years.
13. The funding is mainly (80%) revenue funding which cannot be spent on capital projects such as public realm, roads, building renovation, housing or infrastructure.
14. A "blended" approach to allocate funding to each place has been adopted. This ensures that all places get an allocation that allows for significant continuity with EU structural funds within a continuity model that maintains previous EU structural fund distributions, 70% is allocated on a per capita basis, within each region based on Local Authority population size. 30% of the allocation uses the same needs-based index previously used to identify UK Community Renewal Fund priority places, namely:

- Productivity
- Household income
- Skills

15. The council is required to submit a locally determined, but centrally approved, investment plan by 1 August 2022 in order to draw down its allocation with no further competitive bidding being involved.
16. An Island investment plan was developed by the regeneration team in 2020 which has been cross referenced with the UKSPF prospectus in terms of identifying eligible activity – a key point to note is the 2020 Island investment plan lists a schedule of mainly capital projects valued at over £100m needing £60m of grant support to help achieve the objectives of the “Inspiration Island” regeneration strategy approved in 2019.

Overview of proposed UKSPF island investment plan

17. Submission of the plan itself will be via an on-line portal with specific questions regarding the type of activity proposed, details of resulting outcomes and funding breakdowns over the three years of the fund 2022-25. The main activities proposed which align with the published UKSPF prospectus are therefore described below to enable timely cabinet consideration in advance of the required submission deadline.

Theme 1- Communities and Place

18. The communities and place investment priority seeks to enable places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level. The intention of this is to strengthen the social fabric of communities, supporting in building pride in place.
19. The objectives for this theme of the fund are:
 - Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and access to amenities, such as community infrastructure and local green space, and community-led projects.
 - Building resilient, healthy and safe neighbourhoods, through investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built and natural environment innovative approaches to crime prevention.

Proposed project under this theme – Area Regeneration managers

20. On the Isle of Wight we have developed a proven model of regeneration “Place planning” supported by the council regeneration team. We currently have one full time area regeneration manager working primarily in the county town of Newport. Place plans, such as that developed by “Shaping Newport” develop a detailed evidence base of the issues affecting the defined area through compilation and comparison of statistics and consultation with the community. A business, community and town/parish/community council partnership board is established and a prioritised action plan produced and implemented tackling economic, social or environmental concerns.

21. This project proposes the recruitment of three further area regeneration managers (two full time and one part time) on two year fixed term contracts.
22. The role of the new posts will be to work across the five regeneration areas where place plans have already been developed, are under development or there is a wish to develop a partnership approach to tackling local concerns.
23. In addition to Newport the other five regeneration areas are:
 - East Medina
 - West Medina
 - Greater Ryde
 - The Bay including Ventnor
 - West Wight
24. It is intended that the additional capacity provided by the UKSPF will help develop people and place project activity under the auspices of a defined place plan or on bespoke basis related to local need and opportunity.
25. Helping make the Isle of Wight more accessible and tapping into the “purple pound” in encouraging accessible tourism, but also helping island people with disabilities into work (assisted by the “Accessible Island” project) serving a network of like minded stakeholders in taking actions to help promote the Island as a more inclusive and accessible place to live and visit.
26. Support for local arts, culture, heritage and creative activities via the Island Collection following on from the support for Southampton’s City of Culture and the ongoing work that the city is taking forward.
27. Estimated cost of Communities and Place project package is £370,000 over the UKSPF period 2022-2025.

Theme 2 – Support for Business

28. The supporting local business investment priority will enable places to fund interventions that support local businesses to thrive, innovate and grow.
29. The objectives for this theme of the fund are
 - Creating jobs and boosting community cohesion, through investments that build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities.
 - Promoting networking and collaboration, through interventions that bring together businesses and partners within and across sectors to share knowledge, expertise and resources, and stimulate innovation and growth.
 - Increasing private sector investment in growth-enhancing activities, through targeted support for small and medium-sized businesses to undertake new-to-firm innovation, adopt productivity-enhancing, energy efficient and low carbon technologies and techniques, and start or grow their exports.

Proposed projects under this theme – Island business support

30. The Rural Productivity Hub and Spokes project based at Innovation Wight has started delivering its first courses to island businesses to help facilitate their growth. While there has been a good level of interest in the initial offer it is expected completion and opening of the Innovation centre at Northwood is expected to accelerate participation.
31. The project is funded until October 2023 and the intention is to continue funding the most successful elements of the project up to 2025 so that a full evaluation of effectiveness and value for money can be undertaken.
32. The council has also supported a pilot Island business mentor programme hosted by the Chamber of Commerce. It intended to extend this successful pilot using the UKSPF up until 2025.
33. The Chamber of Commerce has been operating a successful “Olderpreneurs” project supporting older people to start businesses or become self employed. It is intended to include the funding for this project in the island UKSPF investment plan.
34. Estimated cost of “Supporting business” theme project package is £300,000 from September 2023 to March 2025.

Theme 3 – People and Skills

35. Through the people and skills investment priority, places can use their funding to help reduce the barriers some people face to employment and support them to move towards employment and education. Places are also able target funding into skills for local areas to support employment and local growth.
36. The key objectives for this theme are:
 - Boosting core skills and support adults to progress in work, by targeting adults with no or low level qualifications and skills in maths, and upskill the working population, yielding personal and societal economic impact, and by encouraging innovative approaches to reducing adult learning barriers (Scotland, Wales and Northern Ireland only. In England, this is delivered through the Department for Education’s Multiply programme).
 - Reducing levels of economic inactivity through investment in bespoke intensive life and employment support tailored to local need. Investment should facilitate the join-up of mainstream provision and local services within an area for participants, through the use of one-to-one keyworker support, improving employment outcomes for specific cohorts who face labour market barriers.
 - Supporting people furthest from the labour market to overcome barriers to work by providing cohesive, locally tailored support including access to basic skills.
 - Supporting local areas to fund gaps in local skills provision to support people to progress in work, and supplement local adult skills provision e.g. by providing additional volumes; delivering provision through wider range of

routes or enabling more intensive/innovative provision, both qualification based and non-qualification based. This should be supplementary to provision available through national employment and skills programmes.

Proposed projects under this theme

37. Hampshire and Isle of Wight Community Foundation (HIOWCF) have developed a pre employment "Skills for Work" programme delivered to residents in deprived areas through partnerships with Island based housing associations. Personal advisors work closely with unemployed people to help them remove any barriers to them entering work. Due to the success of this approach to date extending the previously ESF funded course to April 2025 is proposed for inclusion the Island UKSPF investment plan.
38. In order to help achieve our net carbon zero target for the Island by 2040 it has become evident that the supply of skilled labour in being able to retrofit existing property to become more energy efficient is a key concern.
39. Similarly, the number of companies based on the island holding the appropriate accreditation to undertake this work is also insufficient to help meet projected demand.
40. The Island Green skills programme funded by the UKSPF investment plan between 2022 and 2025 will help address this forecast key skills growth area.
41. The Isle of Wight economy is dominated by small companies lacking in many cases the management skills to effectively operate in a 21st century labour market and global economy – the "Island management development programme" delivered locally and funded by the UKSPF investment plan will help improve island skills in this key sector of the economy.
42. Estimated cost of "People and Skills" theme project package is £390,000 over the period 2023-2025.

Relationship to "Multiply"

43. This theme has close relationship to the UK Government "Multiply" programme which has allocated £666,594 to the Isle of Wight for the period 2022-2025.
44. Focused on helping those without numeracy skills in accessing work. Our Adult and Community Learning team have a number of course and personal support opportunities that can be extended and enhanced by this funding including specific support for improving numeracy ability in sectors of the workforce facing particular recruitment challenges. The Skills for Work project will work hand in hand with the council Adult and Community Learning team to help individuals achieve their full potential.

Summary of proposed overall UKSPF Investment Plan allocation:

UKSPF THEME	FUNDING ALLOCATION 2022-2025
Communities and Place	£370,000
Support for Business	£300,000
People and Skills	£390,000
Total	£1,060,000
Multiply (dedicated additional funding)	£666,000

Timetable

April–June/July 2022	Lead local authorities (and UK government in Northern Ireland) work with stakeholders to develop local investment plans
Summer 2022	Further guidance published including guidance on monitoring benefits and evaluation, assurance, subsidy control, branding and publicity. Application processes and templates for Northern Ireland will be published – these may be used by lead local authorities in England, Scotland and Wales where desired.
30 June 2022	Investment plan window opens
1 August 2022	Investment plan window closes
July–September 2022	Indicative investment plan assessment period for UK government
October 2022 onwards	Anticipated date for first investment plans to be approved
October 2022 onwards	Anticipated first payment to be made to lead local authorities
March 2025	Three-year funding period ends

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

45. This project supports the Regeneration strategy, the Climate and Environment Strategy, the Island skills plan and the Corporate Plan.

The provision of affordable housing for Island residents

46. Working with social housing landlords through the “Skills for Work” project will help make tenancies more stable as a result of securing improved job opportunities.

Responding to climate change and enhancing the biosphere

47. Improving retrofitting and new build installation skills and ensuring more Island companies achieve accreditation to undertake this work will help improve take up of

government support for installation of energy efficiency measures and support employment of local trades persons in new builds.

48. The Investment plan approach to improving skills and involving communities in enabling change also supports the Island as a recognised UNESCO Biosphere Reserve, where local communities have found ways to live sustainably and healthily within their local ecosystems. This directly supports the development of the sustainable development goals within the Biosphere relating to Sustainable Cities and Communities, Decent Work and Economic Growth and Quality Education.

Economic recovery & Reducing Poverty

49. Helping more island residents into work and improving their skills.
50. Helping business growth with locally accessible specialist advice.

Impact on Young People and Future Generations

51. Helping young people improve skills and access employment opportunities or start their own business.

CONSULTATION

52. The Economic Development Board Executive and the newly established Island Skills board have considered the recommended content of the UKSPF Island investment plan.
53. The support of the Island MP is also being sought for the proposed investment plan.

FINANCIAL / BUDGET IMPLICATIONS

54. Match funding for the bid is required and will be confirmed from existing budget approvals.
55. Financial support in submitting the investment plan, of up to £20,000 is included in the fund prospectus. Administration costs at a level of 4 percent can be charged to the investment plan project portfolio.
56. It proposed in the UKSPF prospectus that funding is paid in advance in each of the three financial years subject to acceptance of the investment plan.

LEGAL IMPLICATIONS

57. When approved, the funding award and its terms will be governed by a legally binding contract.

EQUALITY AND DIVERSITY

58. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it.

59. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
60. It is not considered that the proposed investment plan will have any direct adverse implications to any of the protected characteristics groups. The improvements to accessibility proposed in the “communities and place” theme are likely to have a positive impact on those with some disabilities and reduced mobility often associated with aging.

PROPERTY IMPLICATIONS

61. Support for continuation of the Innovation Wight project beyond September 2023 will help underwrite income projections from this leased property.

OPTIONS

62. The options considered by the Cabinet are:
 1. That Cabinet instructs the Director of Regeneration in liaison with the Cabinet member for Levelling Up, Regeneration and Business Development to arrange for the submission of the UKSPF “Island Investment Plan”.
 2. That Cabinet does not commit the necessary resources to preparing a submission and does not authorise the submission of a bid.

RISK MANAGEMENT

63. Risk of not bidding (Option 2) is that no other suitable or significant funding becomes available for these types of key activity and so little or no progress is made in providing resulting improved opportunities for islanders.
64. There is also potential reputational risk in not bidding (Option 2) as the Island and IWC should be presenting itself as proactive and capable in order to attract further potential funding in the future.
65. If the bid is made and is successful the council will need to mobilise support and resources from across service areas such as procurement, legal, childrens services, adult and community learning and regeneration to develop and deliver the programmes. This resource is in addition to the funding being made available via UKSPF and work has already commenced to engage key services and ensure that the required capacity is identified.
66. As set out in the timetable above, government will not make any decision until at least October 2022. This would leave only 2 ½ years to spend the allocation of a three year programme (2022-25). The phasing of the spend particularly in year 1 (2022-23) will therefore need to reflect the need to put in place the various processes to commence delivery, including procurement. It is anticipated that projects would commence delivery from December 2022 and complete by March 2025.

EVALUATION

67. The opportunity to bid for UKSPF is the only known significant funding source being made available to local authorities to develop programmes and projects focussing on communities and place, business support and skills all of which are key elements within the council's Regeneration Strategy.
68. It is unlikely that any other resources will be made available now or in the future and therefore failure to make any bid would leave the council unable to address these key issues.

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