

REPORT TO: East Lothian Council

MEETING DATE: 28 June 2022

BY: Executive Director for Place

SUBJECT: UK Shared Prosperity Fund (UKSPF)

1 PURPOSE

- 1.1 To provide an overview of the UK Shared Prosperity Fund (UKSPF) allocation process, outline project proposals particularly for year 1 and secure agreement of proposed regional contribution in years 2 and 3.

2 RECOMMENDATIONS

- 2.1 It is recommended that Council:
- a) Agree the approach that officers intend to take to iteratively develop a detailed Investment Plan to be submitted to UK Government, noting specifically that the initial submission to allow funding approval for year 1 intervention work will be through a submission for 1 August 2022 that will be approved through Summer Recess arrangements;
 - b) Agree provisional sums of £100K from our Year 2 allocation and £1,180K from our Year 3 allocation to pool regionally to progress priority regional activities that can be delivered in the short-term;
 - c) Note the summary of the UKSPF prospectus and the engagement process with the additional assurance provided from UK Government to work with the Council and its partners at local and regional levels in a practical and supportive way to ensure that Investment Plan outcomes are optimised for East Lothian citizens.

3 BACKGROUND

- 3.1 The UKSPF is a central pillar of the UK Government's 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.

3.2 UKSPF is the UK Government's domestic replacement for the European Structural and Investment Programme (ESIF) which the UK continues to participate in until 2023. The ESIF programme was essential for local regeneration, employment and skills. East Lothian Council utilised ESF for a Strategic Employability Pipeline Programme and ERDF for additional business support.

3.3 The overarching objective of UKSPF is *Building Pride in Place and Increasing Life Chances*. There are three UKSPF investment priorities:

- Communities and Place:
 - 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 and innovative approaches to crime prevention.
- Supporting Local Business:
 - 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.
- People and Skills:
 - Boosting core skills and supporting 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 reduce adult learning barriers.
 - 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.

3.4 Multiply will be delivered as part of the single UKSPF investment plan with ring-fenced funding allocated. Its key objective is to increase the levels of functional numeracy in the adult population through free tutoring, digital training and flexible courses. Provision funded through Multiply should provide additionality and not duplicate or replace existing provision. The list of interventions for Multiply (Appendix 1) are based on the growing evidence of the barriers that prevent people from addressing their numeracy skills and what is successful in tackling low numeracy skills in adults.

3.5 The 3 key measures for Multiply are:

- More adults achieving maths qualifications and participating in numeracy courses (up to SCQF Level 5)
- Improved labour market outcomes
- Increase adult numeracy across the population

3.6 The target audience for Multiply are those adults over 19 who:

- Have not previously attained SCQF Level 5 Maths or Numeracy
- Need specific numeracy skills for their work or progression
- Want to brush up on the skills to help them get on in life and work

3.7 All places across the UK will receive a conditional allocation from the UKSPF. To access the funding allocation, each place will be asked to set out measurable outcomes that reflect local needs and opportunities, which will inform the interventions that will be delivered (see Appendix 1 for full list of interventions).

3.8 These interventions will be set out in an investment plan submitted to the UK Government for approval. Documentation on the investment plan will be available from 30 June 2022 with a submission deadline of 1 August 2022. The Investment Plan will select outputs and outcomes relevant to each UKSPF investment priority. UK Government have given officers assurance that this plan can and indeed should be one that is incrementally developed working with UK Government Officers from the Department of Levelling Up, Housing & Communities (DLUHC). This means in practice, that whilst it remains important for a plan to be

submitted by 1 August (particularly in respect of year 1 interventions being approved and delivered), that Council will have future opportunity to consider and approve the implementation plan.

3.9 UK Government have offered to extend the submission date through August recognising Scottish Local Authority recess arrangements. It is the view of officers, however, that we should not apply for such a delay on the basis that this would in turn delay approval of year 1 funding which must be spent in full within year. This is of course also in recognition of the UK Government commitment that Investment Plans will be flexible and incrementally developed allowing year 2 and year 3 interventions to be considered fully.

3.10 East Lothian's core UKSPF allocation is £3,365,916 with an additional £702,594 for Multiply (22/23 £212,412; 23/24 £245,091; and 24/25 £245,091) giving a total of £4,068,510. Funding will be approved in October 2022 and will be available until the end of March 2025. Whilst UK Government are unable to provide specific assurance that year 3 funding levels will be maintained they have articulated that is the intention around the principle of levelling up across the United Kingdom to 2030. This is an important aspect given that interventions, mainly in year 3, that have taken time to develop will be recurring in the majority of instances and will have taken substantial time, effort and collaborative resource to design and implement.

3.11 UKSPF is a mix of revenue and capital funding which can be used to support a wide range of interventions to build pride in place and improve life chances. Below is a table which sets out the funding split between revenue and capital (excluding Multiply) and the level of available funding per annum. Any underspend has to be de-committed and returned:

	Year 1 2022-23	Year 2 2023-24	Year 3 2024-25	Total
Core Grant allocation	£408,485	£816,970	£2,140,461	£3,365,916
Capital requirement %	£42,482.44 (10.4%)	£102,121.25 (12.5%)	£374,580.68 (17.5%)	£519,184.37
Revenue grant allocation	£366,002.56	£714,848.75	£1,765,880.32	£2,846,731.63

3.12 The profile of core funding being allocated means that the majority of Investment Plan interventions will be designed to be implemented during 2024-25. This will allow officers and partners the time necessary to engage and collaborate to design meaningful interventions that deliver intended outcomes and for Council to approve the Investment Plan as it is incrementally developed.

3.13 East Lothian Council will be the lead accountable body but it will require partnership involvement to ensure local expertise, identify and address need and opportunity. The Council is tasked with working with a diverse

range of local and regional stakeholders, civil society organisations, and employer bodies responsible for identifying local skills plans, and businesses or business representative groups to achieve Fund outcomes in their areas. There is a requirement from UK Government that stakeholder engagement is integrated within the investment plan.

- 3.14 Edinburgh and South East regional partners have collaborated successfully on the Edinburgh and South East Scotland City Region Deal as a mechanism for delivering transformational change and accelerating economic and inclusive growth in the City Region. Regional partners, working with UK and Scottish Governments, have developed a Regional Prosperity Framework which identifies key priorities where investment would make the best contribution to drive the region forward in a sustainable and inclusive manner.
- 3.15 East Lothian Council, in keeping with ESES regional partners, has provisionally identified £100k (Capital) from our Year 2 allocation and £1,180k (£800k Revenue, £380k Capital) from our Year 3 allocation to pool regionally to progress priority regional activities that can be delivered in the short-term. Agreed short-term regional priorities are: Net Zero Green Skills Accelerator; Regional Energy Masterplan; Regional Tourism Development Programme; Regional Innovation Programme; Regional Community Wealth Building project; and Regional Transport Masterplan. Regional partners will work with our DLUHC area lead in developing specific plans for any, or all, of these initiatives which are realistic, deliverable, provide maximum value for money and which would deliver for all stakeholders. Regional partners will also agree with government the governance arrangements for overseeing the regional dimension. Regional partners have written to UK ministers seeking agreement to finalise these plans for regional activity in Years 2 and 3 by November 2022.
- 3.16 For the avoidance of doubt UK Government have been very clear that LEADER Funding is not part of the UK Shared Prosperity Fund.
- 3.17 Officers will develop the initial Investment Plan for approval and submission to UK Government. In the context of the current labour market challenges, deliverability and indeed to augment work that is currently ongoing, year 1 interventions will be focussed People and Skills Investment Priority.
- 3.18 Officers will report back to Council with the outcome of initial submission and further incremental development of the plan in line with UK Government advice received.

4 POLICY IMPLICATIONS

- 4.1 UKSPF will replace European funding that is being phased out in 2023 and has seen tapered reduction in recent years. The Council's relevant policy position has not altered directly as a result of this and it envisaged from the policy work that is ongoing, both locally and regionally, that the Shared Prosperity Fund Prospectus aligns with the work that is ongoing to re-fresh the Council Plan, renew the Economic Development Strategy; and, on a

regional basis, the Regional Prosperity Framework (RPF) Delivery Plan. Development work is currently “live” on all of these aspects.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report, at this stage, does affect the wellbeing of the community and have a significant impact on equality, the environment or economy. An Integrated Impact Assessment (IIA) will be undertaken as a fully developed investment plan is considered.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – The financial implications of the Fund from East Lothian Council’s perspective as the grant receiving body are set out within paras 3.10 to 3.12 of the report. Additionally para 3.15 sets out provisionally the component of the Fund that could be delivered regionally on the presumption that interventions can be developed that are realistic, deliverable, provide maximum value for money and which would deliver for all stakeholders.
- 6.2 Personnel – Existing officers will work up Implementation Plan proposals and the Plan itself will include an assessment of personnel resources required to deliver.
- 6.3 Other – Not applicable

7 BACKGROUND PAPERS

- 7.1 UK Government Shared Prosperity Fund Prospectus can be found ([here](#))
- 7.2 Report to Council 16 November 2021 – Regional Prosperity Framework ([here](#))

AUTHOR’S NAME	Douglas Proudfoot,
DESIGNATION	Executive Director for Place
CONTACT INFO	Douglas Proudfoot, Executive Director of Place dproudfoot@eastlothian.gov.uk
DATE	17 th June 2022

Appendix 1 – Intervention List for Scotland - full menu of interventions for each of the priority areas

Communities and Places	
S1	Place based investments for regeneration and town centre improvements, which could include better accessibility for disabled people, including capital spend and running costs.
S2	Support and improvement of community assets and infrastructure projects, including those that increase communities' resilience to natural hazards, and support for decarbonisation of facilities, energy efficiency audits, and installation of energy efficiency and renewable measures in community buildings (including capital spend and running costs).
S3	Improvements to the natural environment and green and open space which could include community gardens, watercourses and embankments, along with incorporating natural features into wider public spaces.
S4	Design and management of the built and landscaped environment.
S5	Support for sport, arts, cultural, heritage and creative activities, projects and facilities and institutions.
S6	Funding for active travel enhancements and other small scale strategic transport projects.
S7	Funding for the development and promotion of wider campaigns which encourage people to visit and explore the local area.
S8	Funding for impactful volunteering and/or social action projects to develop social and human capital in local places.
S9	Investment in capacity building, resilience (including climate change resilience) and infrastructure support for local civil society and community groups.
S10	Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change
S11	Funding to support relevant feasibility studies.
S12	Investment and support for digital infrastructure for local community facilities
S13	Support for linking communities together and with employment opportunities with a focus on decarbonisation.
Supporting Local Business	
S14	Funding for the development and promotion (both trade and consumer) of the visitor economy, such as local attractions, trails, tours and tourism products more generally.
S15	SME development grants and support, aligned with local and regional sectoral priorities and growth potential. This could include, providing tailored expert advice, matched grants and leadership training to enable manufacturing SMEs to adopt industrial digital technology solutions including artificial intelligence; robotics and autonomous systems; additive manufacturing; industrial internet of things; virtual reality; data analytics. The support is

	proven to leverage high levels of private investment into technologies that drive growth, productivity, efficiency and resilience in manufacturing.
S16	Research and development grants supporting the development of innovative products and services, with a particular focus on low carbon goods and environmental services, and climate resilience. This could include Investment to support the diffusion of innovation knowledge and activities. Support the commercialisation of ideas, encouraging collaboration and accelerating the path to market so that more ideas translate into industrial and commercial practices.
S17	Funding for the development and support of appropriate innovation infrastructure at the local level.
S18	Investing in enterprise infrastructure and employment/innovation site development projects.
S19	Strengthening local entrepreneurial ecosystems and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks.
S20	Support for expert business advice and support programmes at the local and regional level, including support for decarbonisation, climate adaptation and circular economy advice. This could include funding for new and improvements to existing training hubs, business support offers, 'incubators', 'accelerators' and other forms of developmental environments for local enterprise (including social enterprise) which can support entrepreneurs and start-ups/high growth potential firms through the early stages of development and growth by offering a combination of services including: e.g. account management, advice, resources, training, mentorship, coaching and access to workspace.
S21	Grants to help places bid for and host international business events and conferences that support wider local growth sectors.
S22	Support for growing the local social economy, including community businesses, cooperatives and social enterprises.
S23	Funding to develop angel investor networks nationwide.
S24	Export Grants to support businesses to grow their overseas trading, supporting local employment and investment, having regard to Scotland's export plan ('Scotland: a trading nation').
S25	Developing existing or emerging local strengths in low carbon and climate adaptation technologies.
S26	Business support measures to drive employment growth, particularly in areas of higher unemployment.
S27	Funding to support relevant feasibility studies.
S28	Support for business resilience and Covid-19 recovery.

S29	Support for new and existing businesses and start-ups aligned with local, regional and Scottish policy.
S30	Investment in resilience infrastructure and nature based solutions that protect local businesses and community areas from natural hazards including flooding and coastal erosion.
People and Skills	
S31	Employment support for economically inactive people: Intensive and wrap-around one-to-one support to move people closer towards mainstream provision and employment, supplemented by additional and/or specialist life and basic skills (digital, English, maths* and ESOL) support where there are local provision gaps.
S32	Courses including basic skills (digital, English, maths (via Multiply) and ESOL), and life skills and career skills** provision for people who are not economically inactive and who are unable to access other training or wrap around support detailed above. This could be supplemented by financial support for learners to enrol onto courses and complete qualifications.
S33	Activities such as enrichment and volunteering to improve opportunities and promote wellbeing.
S34	Intervention to increase levels of digital inclusion, with a focus on essential digital skills, communicating the benefits of getting (safely) online, and in-community support to provide users with the confidence and trust to stay online.
S35	Support for employability programmes and advice places should have regards for the No One Left Behind agenda, the Young Person's Guarantee, Fair Start Scotland and Scottish employability pipeline. This could include tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses. This includes supporting the retention of groups who are likely to leave the labour market early.
S36	Support for local areas to fund local skills needs. This includes technical and vocational qualifications and courses up to level 2 and training for vocational licences relevant to local area needs and high-value qualifications where there is a need for additional skills capacity that is not being met through other provision.
S37	Green skills courses to ensure we have the skilled workforce to support the Just Transition to a net zero economy and climate resilience, with a particular focus on vulnerable or low-income groups who will be disproportionately affected by climate change. Retraining support for those in high carbon sectors, providing career guidance and supporting people to seek employment in other sectors.
S38	Funding to support local digital skills.

S39	Support for education and skills targeting vulnerable young people leaving school, places should have regard for the Young Person's Guarantee, modern apprenticeships and related policy.
S40	Support for community learning and development
S41	Funding to support new partnership and project-based entrepreneurial learning between business and education to develop a culture that celebrates entrepreneurship.
Multiply	
S42	Courses designed to increase confidence with numbers for those needing the first steps towards formal qualifications.
S43	Courses for parents wanting to increase their numeracy skills in order to help their children and help with their own progression.
S44	Courses aimed at prisoners, those recently released from prison or on temporary licence.
S45	Courses aimed at people who can't apply for certain jobs because of lack of numeracy skills and/or to encourage people to upskill in order to access a certain job/career.
S46	Additional relevant maths modules embedded into other vocational courses
S47	Innovative programmes delivered together with employers – including courses designed to cover specific numeracy skills required in the workplace.
S48	New intensive and flexible courses targeted at people without Level 5 maths in Scotland, leading to an equivalent qualification (for more information on equivalent qualifications, please see Qualifications can cross boundaries (sqa.org.uk)).
S49	Courses designed to help people use numeracy to manage their money.
S50	Courses aimed at those 19 or over that are leaving, or have just left, the care system
S51	Activities, courses or provision developed in partnership with community organisations and other partners aimed at engaging the hardest to reach learners – for example, those not in the labour market or other groups identified locally as in need