

Economy and Enterprise

Overview and Scrutiny Committee

6 November 2023

UK Shared Prosperity Fund Update



Report of Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 This report provides:
 - (a) An update on the UK Shared Prosperity Fund Programme and the Rural England Prosperity Fund for County Durham, including governance and performance management arrangements and an update on programme implementation.

Executive summary

- 2 The Government launched the UK Shared Prosperity Fund (UKSPF) in April 2022, as a replacement for the previous European funding arrangements. County Durham has been given a UKSPF allocation of £30,830,618 and an additional £2,803,077 allocation for Multiply – a new adult numeracy programme. Durham County Council (DCC) has been identified as the Lead Local Authority for this funding. Grant is available across three financial years 2022/23 to 2024/25 and can be used to deliver activities under three investment priorities: Communities and Place, Supporting Local Businesses and People and Skills.
- 3 The County also has a further allocation of £3.5m through the Rural England Prosperity Fund (REPF), a rural top up to UKSPF providing capital grants to address the challenges that businesses and communities in rural areas face.
- 4 To secure the UKSPF allocation, the Government required Lead Local Bodies to develop and submit Investment Plans for approval by 1 August 2022. These investment plans were approved by Government in early December 2022. An Addendum to this was submitted for the Rural

England Prosperity Fund at the end of November, approval of this was received on 6 April 2023.

- 5 Through the County Durham Economic Partnership (CDEP) arrangements a wide programme of engagement with a broad range of local and regional stakeholders took place to develop the UKSPF Investment Plan. This was supported by a robust evidence base, which identified local challenges and opportunities which were used to inform and prioritise activities that should be funded using UKSPF, as set out within the Investment Plan.
- 6 The Council, as the lead local authority for the UKSPF, Multiply and REPF programmes in County Durham, is responsible for:
 - the funding received from Government;
 - allocating the funding (based on the priorities described in the Investment Plan submitted to DLUHC);
 - managing calls for projects and commissioning activities;
 - entering into local funding agreements and contracts with projects;
 - managing and monitoring successful project delivery against objectives and targets;
 - overseeing monitoring, financial claims and other reporting requirements to projects and delivery partners and reporting progress to Government and partners;
 - and ensuring the funding is used in accordance with public spending guidelines and regulations.
- 7 Once the new North East Mayoral Combined Authority (NEMCA) is established in spring 2024 it will become the accountable body for UKSPF from 2025/26 onwards.
- 8 The County Durham Economic Partnership Board (CDEP) has strategic oversight of the programme and has delegated to its Technical Funding Group (TFG) the responsibility of supporting and advising the Council on delivery and management of the UKSPF Investment Plan. The Technical Funding Group is chaired by the vice chair of the CDEP Board and includes representation from DCC and key external partners across the three investment priorities. Its membership includes public, private and VCS representatives from the lead authority, local businesses/business support providers, the voluntary sector, education

and skills providers, employment experts and providers, and housing representatives.

- 9 The TFG has met on a regular basis and has been key to the implementation of the UKSPF Programme in County Durham, and good progress has been made in committing the resources in line with the approved UKSPF Investment plan, and which is the main subject of this report.

Recommendation(s)

- 10 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment on the information provided in this report.

Background

- 11 County Durham has a UKSPF allocation of £30.8 million, this is predominantly a revenue grant scheme, with an element of capital funding, and is a replacement for previous European funding programmes following the UK's withdrawal from the European Union. The new UKSPF allocation starts at a 90:10 revenue to capital split in 2022/3 which changes to a minimum 80:20 by 2024/25.
- 12 The overarching aim of UKSPF is to build '*pride in place and increasing life chances*' through three core investment priorities: communities and place, supporting local business, and people and skills.

UKSPF and Rural England Prosperity Fund Implementation

- 13 The UKSPF Investment Plan, which is used to guide investment decisions, was developed through significant engagement with a broad range of local and regional stakeholders. It's underpinned by a robust evidence base, which was developed to identify local challenges and opportunities, included a key statistical data set, feedback from the recent Big Econ-versation, and mapping priorities with the County Durham Vision and Inclusive Economic Strategy - as well as evidence on areas of best practice. Partner engagement also helped identify gaps in provision, looking at what could be done differently and whether there were opportunities to work more collaboratively. This approach has informed the way activities have come forward with partner input helping to co-design activities and maximise synergies across different priorities, which has led to new ways of working to deliver maximum impact under UKSPF.
- 14 The UKSPF Investment Plan aims to harness the opportunities presented by the fund to address economic disparities, uplift communities and create inclusive economic growth through new and innovative ways of working than previous delivery, fostering more joined up activity and new collaborative partnership delivery. Particular examples of this include the new Productivity and Growth Programme and Enterprising Durham Framework, which provides new holistic and integrated partnership support at all stages for businesses to start-up, sustain, thrive, and grow in County Durham.
- 15 Since the UKSPF Investment Plan was submitted the Inclusive Economy Strategy has been approved and a Delivery Plan for the strategy has been developed, setting out the actions to be taken in the first two to three years of the IES to support the achievement of our strategic ambitions. This process and the timing of the strategy and

plan has allowed UKSPF to be flexed to deliver a number of the key actions identified in IES delivery plan and address gaps in activities.

- 16 The UKSPF Prospectus also allows UKSPF to be committed through a range of delivery routes and lead local bodies have flexibility over how they deliver the funding, including using a mix of competitive calls for projects (which is the default approach set out in [Cabinet Office Grants Standards](#)), procurement, commissioning or delivering some activity through in-house teams.
- 17 This flexibility has been utilised across the Programme and with support from the TFG significant progress has been made to allocate UKSPF, with a range of projects approved and in delivery in line with the Investment Plan. A list of these is attached at Appendix 2. It provides an outline of the projects that have been approved and shows the key outputs and outcomes that they will deliver.
- 18 Against the grant funding allocation of £34,342,919, (£30,830,618 UKSPF and £3,512,301 REPF), £29,603,653 has been committed to projects to date. This can be seen in the table below.

| Investment Priority | Investment Plan Allocation | Commitment/In development |
|--------------------------------------|-----------------------------------|----------------------------------|
| Supporting Local Business | £13,750,000 | £11,798,790 |
| Communities and Place | £7,430,618 | £5,187,863 |
| People and Skills | £9,650,000 | £9,700,000 |
| Rural England Prosperity Fund | £3,512,301 | £2,917,000 |
| Total | £34,342,919 | £29,603,653 |

- 19 Proposals are in development to ensure the take up in full the remaining balance, and are due to be approved shortly. A summary of the activity across the three UKSPF Investment Priorities and REPF is set out below.

Supporting Local Business

- 20 Given the time constraints to deliver activity in Year 1 of UKSPF (2022/23) and the need to avoid duplicating European funded business support programmes that will still be delivering until June 2023 – the Year 1 allocation of funding focused on preparing for the delivery of activities in Years 2 and 3. To prepare this groundwork for future years delivery, two research and facilitation projects were commissioned.

- 21 The first piece of research was Understanding Rural Durham, a project to better understand the particular needs of the County's rural businesses and the extent to which they differ from the needs of those within and near to urban centres. The findings from this work have been used to inform the development of subsequent UKSPF projects.
- 22 The second piece of work was research and facilitation to prepare the ground for creating an integrated partnership delivery approach to supporting enterprise and business start-up in County Durham, known as the Enterprising Durham Framework. The recommendations - developed through a series of workshop discussions, an online survey and in-depth interviews with a range of stakeholders - have been taken forward and are described below.
- 23 **Business Productivity and Growth** - An open call for a partnership project to deliver a business productivity and growth programme, also incorporating REPF funding, to deliver a grant scheme to micro and small rural enterprises was launched in January 2023. Three expressions of interest to deliver the funding were received, and following assessment and consideration by the TFG an application from Business Durham working with Delivery Partners UMi and RTC North has been approved. The Durham Productivity and Growth Programme was launched in September 2023 and has already engaged with 86 businesses.
- 24 The programme is delivered through an integrated partnership approach and is a comprehensive initiative designed to elevate productivity and foster growth, providing long-term investment and strategic assistance to businesses located in County Durham. By working in partnership with a number of business support providers, this collaborative approach ensures that businesses have access to a wealth of expertise, resources and support all in one place. Following an initial meeting and diagnostic assessment, businesses are seamlessly referred to the appropriate programme support channels.
- 25 **In-TUNE** - A joint call with the North of Tyne Combined Authority (NTCA) was launched in February 2023 to deliver Innovation and R&D activity. The In-Tune project, led by Durham University working with Newcastle University, Northumbria University, Sunderland University and CPI, was approved in August 2023. Durham County Council have agreed a Co-operation Agreement with NTCA and have contracted with Durham University on their behalf. The project had a successful launch and is in delivery, targeting innovation and commercialisation support across the North of Tyne and County Durham areas to support business productivity, innovation and spin-out formation.

- 26 **Enterprising Durham** – The Enterprising Durham Framework recommended that ‘Business Durham and North East Enterprise Agencies Limited (NEEAL) should now lead the discussion to formalise the model for an integrated partnership’. The TFG were supportive of this approach and DCC commissioned Business Durham through a ‘direct delivery’ approach, working with NEEAL as delivery partner, to develop and deliver a programme of enterprise and animation across County Durham, with a wide range of other partners. The Delivery Plan for this activity has recently been approved and will deliver across three themes – Enterprising People; Enterprising Start Ups and Enterprising Places. This method of delivery is an innovative and new way of delivering start up support in the County, moving from a ‘my customer’ approach to an ‘our customer’ approach which has been strongly welcomed by the Partnership.
- 27 Work continues to be undertaken to develop further proposals focused on increasing business space within the county and a range of schemes that will support increasing innovation and R&D and key areas of activities identified through the IES Delivery Plan process by the Productivity and Innovation Working Groups.

Communities and Place

- 28 In line with the Investment Plan, activities have been developed around the intervention areas of Town Centre vitality, Community Infrastructure, Arts / Culture and Creativity, Place Branding, Volunteering and Social action and Cost of Living. Within Year 1 the UKSPF supported initiatives that complemented the council’s Towns and Villages programme, supporting activity that drives footfall and revitalising towns and village centres.
- 29 **Community Infrastructure** - This project aims to increase community resilience and sustainability through a ‘co-design’ process with communities. The co-design programme will run alongside a delivery programme for Community Infrastructure Framework, led by the council’s Economic Development Service, and is focused on investment in and access to community assets and buildings. The co-design process will help to understand the needs and opportunities for community assets, identify potential interventions, and inform the delivery of investment in these assets. This will ensure that funding mechanisms are designed to ensure accessible delivery to local civil society and community groups, with a particular focus on those groups across rural Durham. This will ensure that communities define investment in their areas whilst also retaining an economic development focus. The delivery of the Community Infrastructure project, which incorporates a significant investment of REPF, will also have volunteering opportunities and social action as a cross cutting activity,

and will use County Durham Together's vision and governance throughout its implementation.

- 30 **Place Branding** - Investment has been made into a Place Branding project, led by Visit County Durham, which will enable the development of a brand for County Durham, building on perceptions research that is currently being undertaken. The place brand will target audiences essential for economic success, ensuring the county has a strong identity both within the region and beyond, whilst providing a competitive edge for securing investment. The new brand will be based on a sound knowledge of existing external perceptions of the county from both a business and visitor perspective, internal perceptions of the county and a strong understanding of the strengths of County Durham as a place in which to live, visit and work.
- 31 **Town Centre Vitality** - A project has also been developed and approved which will deliver a series of cultural engagement events across the County for the next two years, including celebrations for Peterlee and Newton Aycliffe 75th anniversaries. Running alongside the events will be a programme of specialist markets and a pilot wayfinding project to enhance the visitor experience and enhance the vitality of town centres by encouraging people to dwell longer and return.
- 32 Proposals for the remaining balance of resource under this investment priority are in development, focused on the delivery of a Place Labs programme across the county and activities that address the cost of living crisis, aligned to the council's Poverty Action Plan.

People and Skills

- 33 When the UKSPF Prospectus was issued and investment plans submitted, government guidance stated that UKSPF could not fund this investment priority until Year 3 (2024/25). One caveat to this was that UKSPF could be used to support Voluntary and Community Service (VCS) organisations that were currently delivering European funded activity and that was likely to remain a UKSPF funded priority, and the organisation would be placed at risk due to the funding ending. Provision was made within County Durham Investment Plan for the continuation of existing European funded VSC activity 'at risk' in Years 1 and 2 as follows:
- Year 1 - Reaching Out Across Durham (ROAD), delivered by Groundwork North East and Cumbria.
 - Years 1 and 2 – ROAD and VCS elements of the DurhamWorks Programme.

- 34 On 23 March 2023, the government removed its restriction that UKSPF could only be spent in Year 3 (2024/25) for non-VCS People and Skills activity. This enabled lead authorities to allocate UKSPF to any people and skills intervention to an individual organisation, partnership, or any delivery partner during the early years of the fund.
- 35 The transition from European funding to UKSPF for People and Skills is particularly challenging, representing a significant reduction and change in how employability and skills support is provided. In order to minimise the disruption - and lay foundations for the future evolution of the service - the focus has been on maintaining the existing successful partnership delivery infrastructure and expertise in the County and continuity of service delivery across the sector. Consequently, the council's Progression and Learning function, who have led a delivery partnership for employment support since 2015 using European funding, are continuing to lead on the delivery of the Employment Support and Skills Support in County Durham. These projects will be delivered in partnership with VCS delivery partners and other subcontractors. These activities will dovetail with the ending of European Social Fund activity in December 2023.
- 36 **Employment Support** - The Employment Support project in County Durham has been designed to ensure that residents opportunities in the labour market are improved, and to support the ongoing growth of the County's economy. Delivery will focus on three areas of activity. Firstly, individual Key Worker support provision for economically inactive adults; inactive adults with learning difficulties and disabilities; those with poor mental health; and those from other key vulnerable groups. Secondly, support for employers to give them the confidence to create jobs for people furthest from the labour market and to retain existing staff who may have developed support needs or require assistance with workplace progression. Thirdly, support for those who are in work but whose jobs are vulnerable as a result of low pay, zero hours or temporary contracts for example.
- 37 **Skills Support** - The Skills Support in County Durham project will form part of a co-ordinated approach to improve skills across the county, in order to contribute towards higher levels of economic inclusion, productivity and economic growth. This project will complement existing activity and will specifically focus on:
- (a) Improving literacy and verbal communication skills of individuals through a new 'Communicate' programme.
 - (b) Upskilling and retraining employees through flexible skills support programmes.

(c) Providing skills support for individuals who are experiencing skills barriers to their progression and who reside in areas impacted by increased levels of deprivation and/or rural isolation.

- 38 **Careers Framework** - In addition to the provision of ongoing services, the flexibility afforded by UKSPF has allowed the development of a new careers offer in direct response to long identified gaps in provision. This was developed through the IES Delivery Plan process, and a paper was presented to the TFG on the 25th September, which agreed that a piece of work would be commissioned to create an innovative approach to support the Careers Education, Information and Guidance (CEIAG) offer for all ages across County Durham. Through this work, the current CEIAG offers will be researched and all stakeholders will be brought together to share views and discuss ways in which the CEIAG offer could be improved. A report will be produced which will set out the findings and highlight what a new 'Careers Framework' could offer for County Durham residents.

Rural England Prosperity Fund

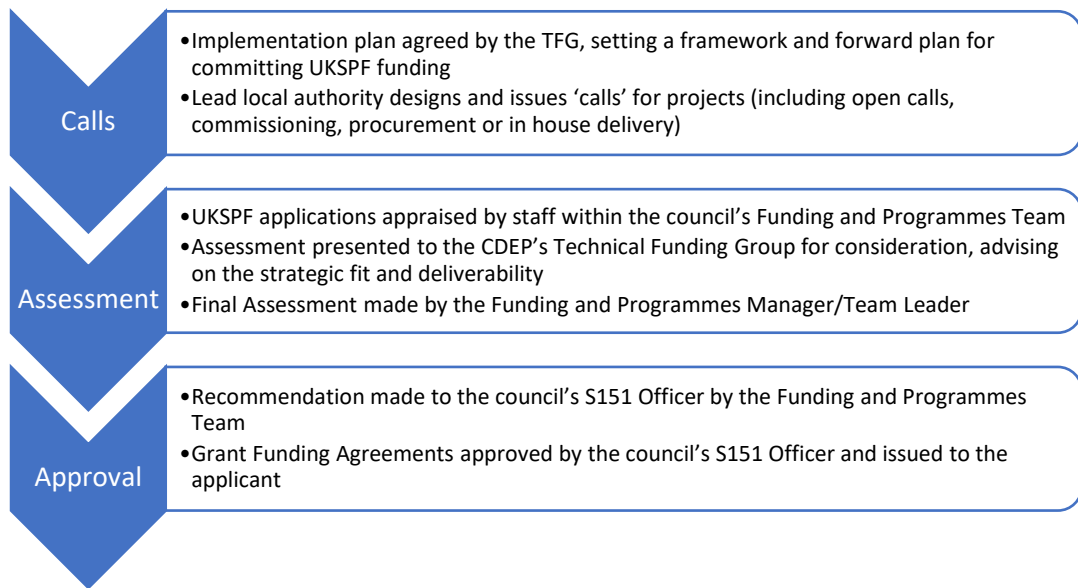
- 39 In addition to the REPF that has been approved within wider UKSPF investments, an open call was launched in July 2023 for projects to deliver capital investments to develop, extend, restore or refurbish local tourist assets and infrastructure to improve visitor experiences. The minimum grant request was £50k, with a maximum of £100k. A total budget of £600k has been allocated for this call.
- 40 23 Expression of Interest (EOIs) forms were received by the deadline of 14th August 2023. These EOIs were assessed, and the TFG were presented with the findings. Of the 23, 9 EOIs have been signposted to the Business Productivity and Growth Programme as they did not sufficiently align with the call criteria regarding tourist assets or infrastructure. The remaining EOIs will be developed further with the applicants and those that are suitable will be requested to complete a full application by 17th November 2023. A scoring/prioritisation process will be developed with the TFG since it is expected that the value of full applications will exceed the available budget.

Governance

- 41 Government guidance recognises a role for local partners in the governance of UKSPF. It specifies that "comprehensive and balanced local partnerships will be a core component of how the Fund is administered locally and will form an essential part of monitoring and reporting for the Fund over the funds 3 year duration" and that "once (investment) plans are approved, partners should be asked to provide advice on strategic fit and deliverability – taking care to avoid conflicts of

interest. This will ensure that Fund investments complement other activities in the area and meets Fund and local objectives.”

- 42 Over the past 20 years, the County Durham Economic Partnership (CDEP) has regularly fulfilled this role in developing funding programmes. The partnership’s membership has been enhanced, with broader representation to reflect the guidance, including all the local MPs, and a CDEP+ model has been established for the purposes of UKSPF.
- 43 The purpose of the CDEP+ Board is to advise, support, challenge and influence the delivery of UKSPF and REPF in County Durham.
- 44 The Board advise on the design, commissioning and performance management of UKSPF and REPF in County Durham. Specifically, it is responsible for advising on the strategic fit and deliverability of UKSPF and REPF investment activities during the programme period - taking care to avoid conflicts of interest. This ensures that UKSPF and REPF investments meet both the fund and local objectives by complementing other activities and opportunities in County Durham.
- 45 At an operational level, it has been agreed that this function is delegated to the Partnership’s Technical Funding Group. It acts on behalf of the CDEP+ Board, to provide technical advice on strategic fit and deliverability and reports to the Board on a six-monthly basis.
- 46 These working arrangements allow the Board and its TFG to fulfil the roles expected of it, whilst recognising that assessing and approving applications for funding lies within the remit of the Lead Local Authority.
- 47 Within the Council, the Lead Local Authority function is being undertaken by its Funding and Programmes Team within REG, utilising its considerable experience of delivering many externally funded regeneration programmes. It leads on managing and monitoring the UKSPF programme, and committing funding in line with the process outlined below:



Performance Management and Monitoring

- 48 DLUHC requires formal reporting on a sixth monthly basis. To support its understanding of progress, it also requests that a summary update is submitted every quarter. This quarterly report is a short, largely qualitative summary update covering spend to date, forecasted spend and a brief narrative on progress and look ahead. The first of these quarterly reports was submitted to government on 17 March 2023.
- 49 The summary reporting is supplemented every 6 months at the middle and end of the financial year by more detailed questions about projects, outputs, outcomes and expenditure. The first of these 6 monthly reports was submitted on 2 May 2023. Within it, it set out the council's plan for committing UKSPF across the programme period.
- 50 All progress reports and plans need to be signed off by the lead local authority Chief Finance Officer.
- 51 Building on experience of delivering other externally funded programmes, the Funding and Programmes Team has established programme management systems to manage and monitor the UKSPF. In addition, the team has developed robust monitoring and audit arrangements, including implementation quarterly claims and collating audit documentation (checking invoices and bank statements). Internal Audit are also engaged with the team and will be carrying out an assurance visit in early 2024. This will be completed before the year end reporting is submitted to Government.

Evaluation

- 52 DLUHC have set out their plan for Evaluation of the UKSPF at a National Level. This includes undertaking Randomised Control Trials using appropriately selected projects; an intervention led evaluation looking at specific types of projects; a Place based evaluation, using a sample of Local Authority areas; and a National Programme level evaluation.
- 53 County Durham partners are keen to learn from the approach that has been taken with the UKSPF in County Durham and have therefore decided to undertake a local longitudinal evaluation. In particular, this evaluation will provide an understanding of the wider benefits the approach has achieved for County Durham, in particular how that has been impacted by:
- exploiting synergies between areas of activity;
 - the use of a 'Theory of Change' model (Why, Who, How, What?);
 - using the partnership approach to lever in additional funding streams, or to influence "asks" for future funding
 - maximising return on investment (including the return on the investment of partner time) and
 - taking full advantage of the combined involvement of key public, private and third sector partners throughout design and implementation

Levelling Up Funding

- 54 In the 2021 Budget, Central Government announced £4.8 billion Levelling Up Fund (LUF), to provide investment in infrastructure across the UK as well as town centre and high street regeneration, local transport projects and cultural and heritage assets.
- 55 County Durham was identified as one of the areas of greatest need of levelling up in the UK and has been classified as a Tier 1 area by Central Government. In previous bidding rounds each parliamentary constituency within the Local Authority area could submit one bid for Government grant of £20 million. County Durham, with six parliamentary constituencies, was able to submit up to six bids in total.
- 56 The first bidding round was launched in March 2021 and the County Council was successfully awarded £20m Levelling Up Funding for its submission for the Bishop Auckland Parliamentary Constituency: Rural Connectivity and Cultural Connectivity programme. This includes a package of activity which is now being delivered, including re-routing the A68 to bypass Toft Hill, reopening Whorlton Bridge and

infrastructure improvements to support the tourism offer focused on Locomotion, including a walking and cycle route which will link the cultural and heritage attractions at Locomotion (Shildon), Auckland Castle (Bishop Auckland) and Bowes Museum and Castle (Barnard Castle), and provide an active mode route connecting rural communities along the corridor.

- 57 Further guidance for Round 2 Levelling Up bids was released in March 2022 with a deadline for submission of bids by 6 July 2022. Following considerable work to develop proposals within each of the remaining five constituency areas, the council submitted five bids as set out in Appendix 3. Unfortunately, it has since emerged that the funding criteria was changed during the bidding process, with funding through Round 2 only being awarded to lead local authority areas that had not previously been successful in through Round 1. As a consequence, as a successful Round 1 authority, County Durham was unsuccessful in Round 2.
- 58 So far, £3.8 billion has been awarded to projects (£1.7bn Round 1, October 2021 and £2.1bn Round 2, January 2023). The fund is due to run until 2024-25, although details of Round 3 and how the remaining LUF funds are to be distributed are still to be announced. Recent intelligence suggests this may be imminent with c.£1bn remaining for allocation. Speaking in the House of Commons on 16 October 2023, the Secretary of State for Levelling Up, Housing and Communities of the United Kingdom said government ‘will make sure that levelling up fund round three is brought forward just in advance of the autumn statement’ on 22 November 2023. Officers are awaiting any further announcements and will respond accordingly to secure the best outcome for County Durham.

Conclusion

- 59 The UKSPF presents a significant investment to support the development of the county’s economy and delivery of its Inclusive Economic Strategy.
- 60 Considerable progress has been made in committing UKSPF resources in line with the Investment Plan, including delivering against the priorities within the county’s Inclusive Economy Strategy and addressing several of the Council’s main objectives.
- 61 Strong governance and performance managements arrangements are in place to implement the programme, utilising the partnership arrangements through the County Durham Economic Partnership, and supported by the council’s Funding and Programme team.

Background papers

- [UKSPF Update - Economy & Enterprise OSC 19 December 2022](#)
- [UKSPF - Cabinet 13 July 2022](#)

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Appendix 1: Implications

Legal Implications

Durham County Council as Lead local authority has received a grant determination letter and Memorandum of Understanding setting out Fund requirements and obligations from DLUHC for UKSPF.

The council must comply with subsidy control rules for administering and awarding grant funding through UKSPF. The granting of public subsidies to private enterprise is now regulated by the Trade and Cooperation Agreement (UK-EU TCA). It will be important to ensure that UKSPF and REPF funding as implemented adopts and follows the subsidy control rules in any payment to projects.

Internal rules relating to grant and procurement (in line with the Public Contracts Regulations 2015 which remain in force) will also need to be followed.

Finance

UKSPF is paid annually in advance. In 2022-23, funding was paid when the local investment plan was approved. The 2023-24 allocation has been paid in advance and the 2024-25 allocation will be paid at the start of the financial year. As with the recent Future High Street and Stronger Towns Funds we have received a grant determination letter and Memorandum of Understanding setting out Fund requirements and obligations.

No formal requirement exists for matched funding for UKSPF, however the emerging investment plan should demonstrate alignment with existing funding and care will be taken not to create further funding pressures.

Consultation

The Prospectus set out the requirements for broad inputs from stakeholders into both the development of the UKSPF Investment Plan and REPF Addendum and ongoing management and implementation of programme. A strong partnership approach has been adopted, through the existing CDEP+ arrangements. In the development of the Investment Plan broad stakeholder engagement took place, with partner events held in July and October 2022, as well as thematic working groups. The consultation material from the recent Our Big Econversation has also informed the evidence base used to develop the UKSPF Investment Plan and REPF addendum. Stakeholder engagement is ongoing through the CDEP+ Board arrangements and its Technical Funding Group.

Equality and Diversity / Public Sector Equality Duty

The implications of the Public Sector Equality Duty are identified as a cross cutting theme throughout the UKSPF. All project proposals in appraisal will review the assessment impact and whether they have a positive or neutral impact on the duty.

Climate Change

The Net zero agenda is a further cross cutting aspect of UKSPF and REPF. Supporting businesses and communities work towards net zero has emerged as priorities within the areas of focus for funding. It is expected that some of the interventions will contribute positively to the net zero. All project proposals in appraisal will be asked to provide evidence on environment impact and longer-term sustainability.

Human Rights

None identified.

Crime and Disorder

None identified.

Staffing

The administration of UKSPF requires additional staffing input. The Prospectus identifies up to 4% of the programme allocation is available to support administration of the programme and proposals for administration will be developed alongside the investment plan. Staff have been appointed within the Funding and Programmes Team to manage and monitor the programme.

Accommodation

N/A.

Risk

Overall, there is a significant risk that there will be considerably less funding going forward to support locally managed and delivered jobs and growth activity across County Durham by comparison with previous years.

There are also risks associated with the delivery of the UKSPF/REPF programme. Guidance published by the Government set out the headline criteria for the scheme, including the responsibilities of the Council in managing the grant. This includes eligibility, delivery and monitoring processes. Other risks include fraud however through a robust application process projects can be assessed before grant is awarded. The Council has a successful track record in managing and delivering externally funded

programmes over the last fifteen years and the UKSPF/REPF programme implementation will build on these processes.

Procurement

Activity delivered through UKSPF could include a mix of direct delivery, procurement and commissioned services. Corporate procurement colleagues will be engaged in the process to ensure the Council delivers funding in-line with the Fund's procurement guidance. As the Lead local Authority, the council must ensure all proposed investment is compliant with Public Contracts Regulations 2015 and must follow the council's constitution and grant rules, processes and procedures where relevant.

Appendix 2: UKSPF Implementation

Investment Priority - Supporting Local Business

Investment Place Focus

- Activities that increase productivity within the county, providing a broad business support offer, strengthening the local business ecosystems, and providing support at all stages for businesses to start, sustain, grow and innovate. This includes social enterprise development linked to community wealth building;
- Fostering of innovation and growth including creating business accelerator programmes, incubators and workspace provision;
- Green technology and support for decarbonisation, recognising the County's climate change emergency. There will also be a focus on nurturing the county's sector specialisms and clusters, such as advanced manufacturing and engineering, as well as those sectors typically not as well supported under previous funding.

Implementation

| Project Period | Name of Project | Project Sponsor | Project Summary | UKSPF | Stage | Key Outputs | Key Outcomes |
|---------------------------|---|---|---|-----------------|--------------------|------------------------------|--------------|
| Year 1 Jan 23 – Mar 23 | Enterprising Durham Framework Development | Lead Authority procured activity – Contractor - Ideas for Change Consulting Ltd | To carry out a research and facilitation piece of work to prepare the ground for creating an integrated partnership delivery approach to supporting enterprise and business start-up in County Durham | Revenue £58,171 | Delivery completed | 1 Feasibility Study produced | n/a |

| | | | | | | | |
|----------------------------------|---|---|---|--|--------------------|--|--|
| Year 1 Feb 23 – Mar 23 | Understanding Rural Durham | Lead Authority procured activity – Contractor - University of Newcastle upon Tyne | To commission a piece of research work to understand better the particular needs of the County's rural businesses and address gaps in knowledge and update baseline on the needs and opportunities within the rural economy | Revenue £29,199 | Delivery completed | 1 Feasibility Study produced | n/a |
| Year 2 & 3 Jun 23 – Mar 25 | Durham Productivity & Growth Programme | Durham County Council (Business Durham) led consortium with RTC and UMi | To provide a single coordinated package of support for businesses at all stages of their development to sustain and grow, to be delivered in collaboration with identified delivery partners. | £8.16 million (Rev and Capital) of which £1.617m is REPF) | In delivery | 900 Businesses supported 250 Businesses receiving grants | 193 Jobs created |
| Year 2 & 3 Apr 23 – Mar 25 | In-TUNE Innovating Together – Universities in the North-East | Durham University led consortium | A collaborative regional project led by Durham University in partnership with Newcastle, Northumbria, Sunderland Universities and CPI to deliver targeted innovation and commercialisation support across the North of Tyne and Durham areas supporting business productivity, innovation and spin-out formation. | £2 million | In delivery | 121 Businesses receiving support 75 potential entrepreneurs supported | 125 organisations engaged in new knowledge transfer activity |

| | | | | | | | |
|---|--|---|---|--------------------|-------------|---|--|
| Year 2 & 3 Apr 23 – Mar 25 | Enterprising Durham Framework Delivery | Durham County Council (Business Durham) led consortium with NEEAL | New integrated and coordinated package of support for entrepreneurs, start-ups, and social enterprises, through the early stages of development and growth. | £3,168,420 | In delivery | 600 people engaged 300 potential entrepreneurs supported | 150 new businesses created 100 jobs created |
| | | | Supporting Local Business Sub Total | £13,415,790 | | | |
| In development : Proposals to support Innovation and R&D and business space infrastructure. | | | | | | | |

Investment Priority - Communities and Place

Investment Plan Focus

The County Durham UKSPF Investment Plan proposed the following areas of focus under the Communities and Place Investment Priority:

- Investment to support improvements to town centres and high streets, stimulating vitality in these areas. Improvements to community and neighbourhood infrastructure will also be prioritised, including measures to increase community resilience, address digital exclusion and improve green infrastructure at a local level.
- Support for the wider promotion of the County, building on the work undertaken to support the County of Culture programme, raising the profile of the County, and its culture, tourism and heritage offer to encourage people to visit and explore the area. This will be supplemented with activities that support local arts, cultural, heritage and creative activities, including events.
- A strong community spirit exists within the county, building on this a focus of activity is to support impactful volunteering and social action projects, particularly those that maximise impact by delivering community infrastructure and environmental improvement schemes, while also mobilising and engaging people to help improve access to employment and provide wider health and well-being benefits. Capacity building to support the delivery of this will be built in. This activity will also include a focus on preventative activities for young people to address NEETs.

Implementation

| Project Period | Name of Project | Project Sponsor | Project Summary | UKSPF | Stage | Key Outputs | Key Outcomes |
|-------------------------------|-----------------------------|--|--|---|--------------------|--|--|
| Year 1 Apr 22 – Mar 23 | Towns and Villages activity | Durham County Council (Economic Development) | New and enhanced public realm space at Spennymoor New build community centre at Lowes Barn Recreation Ground Targeted business support in improving their retail premises | Capital £641,580 | Delivery completed | 1 Facility supported 220m2 public realm created or improved 3,908m2 commercial buildings developed/ improved | 45 Volunteering opportunities supported 37 Jobs safeguarded |
| Year 1 Oct 22 – Mar 23 | Winter Wonders | Durham County Council (Culture, Sport and Tourism) | To deliver a programme of cultural engagement projects and performance events in 12 towns/villages across County Durham | £58,008 | Delivery completed | 33 Local events supported | 5219 people reached |
| Year 2 & 3 Apr 23 – Mar 25 | Community Infrastructure | Durham County Council (Economic Development) | This is an integrated package which includes a number of elements proposed which will be developed and delivered as part of a partnership framework, with a key focus on improving community resilience ensuring sustainability and viability. | £5,239,275 (of which £1.3m is from REPF) | In delivery | 37,500 people reached 60 volunteering opportunities supported 25 facilities supported | 50 jobs safeguarded 15% increase in take up of energy efficiency measures 60 volunteering numbers as |

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| | | | | | | | a result of support |
| Year 2 & 3 Apr 23 – Mar 25 | Place Branding | Durham County Council (Visit County Durham) | This project will develop a place brand for County Durham that will target audiences essential for economic success, ensuring the county has a strong identity both within the region and beyond, whilst providing a competitive edge for securing investment. The project will also undertake stakeholder engagement and include Brand Activation. | £200,000 | In delivery | 500 organisations receiving non-financial support 1,000 people reached | 5% increase in visitor numbers |
| Year 2 & 3 Apr 23 – Mar 25 | Town Centre Vitality | Durham County Council (Culture, Sport and Tourism) | This project will deliver a series of cultural engagement events across the County including celebrations for Peterlee and Newton Aycliffe 75 th anniversaries. There will also be a programme of specialist markets and a pilot wayfinding project to enhance the visitor experience and enhance the vitality of town centres by encouraging people to dwell longer and return. | £349,000 | In delivery | 13 neighbourhood improvements undertaken 12,830 people reached 27 Local Events supported | 114 community-led arts, cultural, heritage and creative programmes supported Increased footfall of 5,600 |
| Year 2 & 3 | REPF Rural Tourism | Range of project sponsors | This is a call for capital projects to develop, extend, restore or refurbish local tourist assets and | £600,000 | In development | tbc | tbc |

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| Apr 23 – Mar 25 | | | infrastructure to improve visitor experiences. | | | | |
| | | | Communities and Place Sub Total | £7,087,863 | | | |
| Pipeline: Development of proposals for delivery of a PlaceLabs programme and activity to address the cost of living crisis aligned to the council's Poverty Action Group. | | | | | | | |

Investment Priority - People and Skills

Investment Plan Focus

- Providing a broad employment support offer, supporting inclusivity through tailored support, particularly for young people and adults from vulnerable groups to address their barriers to work and who have become disengaged from the labour market.
- There will be a focus on activities to increase basic skills, which will also provide wrap around support to enhance and complement the Multiply programme offer.
- There will be a broad skills support offer for the workforce, including skills support for redundancy. The offer will be adaptable to respond to sector pressures as identified through the emerging Inclusive Economic Strategy and meet the needs of growth sectors, aiming to address skills shortages. This will include for example, provision for green skills and those needed within local carbon sectors.

Implementation

When the UKSPF Prospectus was issued government guidance stated that funding for this investment priority could not start until Year 3 (2024-2025). One caveat to this is that UKSPF could support VCS organisations currently delivering ESF activity that would be at risk due to funding ending, and where it is a priority for this activity to continue. Provision was made within County Durham's UKSPF Investment Plan for the continuation of existing ESF funded VCS activity 'at risk' in Years 1 and 2.

On 23 March 2023, government changed this original guidance, removing the restriction that UKSPF could only be used in Year 3 for non-VCS delivered activity and activity has now been advanced into Year 2 (2023/24) to avoid gaps in provision of employment and skills support.

| Project Period | Name of Project | Project Sponsor | Project Summary | UKSPF | Stage | Key Outputs | Key Outcomes |
|---------------------------|--|--|--|------------------|----------------|--|---|
| Year 1 Apr 22 – Mar 23 | ROAD Continuation (previously funded through ESF) | Groundwork NE & Cumbria | The project is to engage and support those who are hardest to reach across the county in breaking down barriers to employment and to move participants closer to the labour market | Revenue £500,000 | In Delivery | 89 economically inactive people engaging 29 volunteering opportunities | 24 people gaining a qualification 49 people with reduced barriers to participation |
| | Employment Support in County Durham | Durham County Council (Progression and Learning) | A project to ensure that residents improve their opportunities in the labour market and support the ongoing growth of the County's economy. | £5,120,000 | In delivery | 1450 economically inactive people engaging 900 people receiving support to sustain employment | 800 people reporting increased employability 150 people sustaining employment for 6 months |
| | Skills Support in County Durham | Durham County Council (Progression and Learning) | A co-ordinated approach to improve skills across the county, in order to contribute towards higher levels of economic inclusion, productivity and economic growth. | £4,000,000 | In delivery | 1300 people supported to participate in education 750 people supported to engage in life skills | 300 people in employment 986 people with reduced barriers to participation |
| | Careers Framework | Lead Authority/Business Durham procured | Through this work, the current CEIAG offers will be researched and all | 80,000 | In development | | |

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| | | activity – Contractor – to be confirmed | stakeholders will be brought together to share views and discuss ways in which the CEIAG offer could be improved. | | | | |
| | | | People and Skills Sub Total | £9,700,000 | | | |

Appendix 3: Levelling Up Funds Round 2 Submissions

City of Durham: Enhance and Maintain Transport Assets to Support Durham City's Economy

The £20 million Levelling Up submission for the City of Durham sought to contribute to the delivery of three schemes that will collectively enhance and maintain Durham City's economy. The schemes would economic development through transport and cultural led regeneration and included:

- (a) Bowburn Relief Road – tackling traffic capacity constraints to bring forward Phase 3 of Integra 61, by reassigning traffic away from Junction 61 and Bowburn village (A177);
- (b) City Centre active mode connectivity, linking new and existing cultural attractions;
- (c) Stabilisation of A690 – ensuring the A690 remains open and there are no adverse impacts on the A1 or the wider city.

Easington: Horden Regeneration - Wellbeing and Quality of Life

The £20 million Levelling Up submission for Easington sought to contribute to the delivery of three schemes that supports wellbeing and quality of life improvements as part of a longer-term approach to housing led regeneration within Horden. The Levelling Up scheme supports regeneration through the new and enhanced community assets on brownfield land, improving local streets and enabling housing development land. The schemes includes:

- (a) Enabled Residential Land to provide land for social housing to support the rehousing of residents impacted by regeneration plans;
- (b) Community assets on brownfield land including a woodland plantation, nature reserve and new community building;
- (c) Improving local streets to encourage modal shift to non private car use.

North Durham: Stanley Regeneration

The £20 million Levelling Up submission for North Durham sought to contribute to the delivery of three schemes that supports high street regeneration, boost economic growth, encourage modal shift and tackle known congestion issues on the A693, it includes:

(a) High street regeneration - bring buildings back to life within town centre through the introduction of new managed workspace, public realm, enhancement of the wellbeing offer at the Louisa Centre and bus station revitalisation;

(b) Decongestion improvements along the A693, including at the Asda Roundabout and Oxhill junction, also allowing for improved public transport journey times and punctuality;

(c) Active mode improvements – linking key nodes such as the Academy and High Street with residential areas. The town will be better connected to the Coast 2 Coast route.

North West Durham: 3 Towns Regeneration – Strong, Connected and Active Towns

The £12 million Levelling Up submission for North West Durham sought to contribute to the delivery of three schemes that will enhance recreational facilities, support wellbeing, improve active mode provision, grow the local economy and boost high street regeneration across the three towns of Crook, Willington and Tow Law. The schemes proposed include:

(a) Town Parks and Leisure – range of improvements across the towns including a new community hub, improved parks, Multi Use Games Areas (MUGAs), event spaces, BMX track and skate park;

(b) Stronger Towns through high street regeneration and employment growth – enabling infrastructure to support development at Low Willington Industrial Estate, targeted improvement for the high street, wayfinding and public realm;

(c) Active mode and Sustainable Streets – new and upgraded cycling and walking routes within and between the three settlements. New EV charging infrastructure to support and encourage sustainable travel.

Sedgefield: Newton Aycliffe Regeneration

The £20 million Levelling Up submission for Sedgefield sought to contribute to the delivery of three schemes that will support high street regeneration, improvement public transport provision, improve culture and wellbeing and enhance active mode connectivity within the town. The schemes proposed include:

(a) High street regeneration – repurposing land and buildings at the within the town centre to provide improved flexible and amenity space, a public transport

interchange, reprovision of surface level car parking and improved commercial buildings;

(b) Enhancement of active mode routes across the town linking employment locations, rail stations, green spaces, parks and residential areas;

(c) Improved cultural and wellbeing offer within the town centre to enhance provision and provide a cultural family attraction alongside the existing leisure and library services.