

## Economy and Enterprise

### Overview and Scrutiny Committee

8 July 2024

### 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 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 and delivery.

### 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 capital 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, and 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 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. The TFG has met on a regular basis and has been key to the implementation of the UKSPF Programme in County Durham.
- 8 Through effective oversight, governance, and management of the UKSPF programme the full grant of £34,349,306 has been committed to projects (93% is committed to approved projects in delivery, with a further 7% to projects in the final stages of development).

- 9 Currently funding from UKSPF, Multiply and REPF is only confirmed until the end of the current financial year, March 2025. There is therefore a potential gap emerging between UKSPF and any future funding programmes, this presents a significant risk to the ability to continue to deliver vital activities to support the economic development and regeneration of our communities and businesses.

### **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 Inclusive Economic Strategy (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. The table 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 Rural England Prosperity Fund (REPF), £34,349,306 has been committed to projects to date. This can be seen in the table below.

<b>Investment Priority</b>	<b>Current Investment Plan Allocation</b>	<b>Approved/committed</b>
<b>Supporting Local Business</b>	£14,234,434	£14,060,145
<b>Communities and Place</b>	£6,547,281	£6,751,100
<b>People and Skills</b>	£9,650,000	£9,583,929
<b>Rural England Prosperity Fund</b>	£3,512,301	£3,431,108

<b>Management and Administration</b>	£398,903	£398,903
<b>Total</b>	<b>£34,342,919</b>	<b>£34,225,185</b>

- 19 Of the £34,349,306, 93% is committed to approved projects in delivery. A further 7% (£2,324,775) is due to be approved shortly to projects in development. 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. This process will be illustrated in the example given in the presentation that accompanies this report.

- 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 Implementation** – 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 **Innovation activities** – work continues to develop and procure a range of schemes that will support increasing innovation and R&D of County Durham businesses which are key areas that have been identified through the IES Delivery Plan process by the Productivity and Innovation Working Groups. These include targeted sector growth plans; a sector-led innovation challenge and brokerage activities to increase the uptake of national innovation programmes.
- 28 Activity currently underway includes a Durham University **SME Internship Programme** where skilled students/graduates are placed into full-time internships with County Durham SMEs who wish to move

into new markets and develop new products, thereby improving their innovation. The placements are for a period of up to 3 months. A **Changing Innovation Mindsets** programme is being developed by Durham University which will develop a Capability Opportunity Motivation – Behaviour (COM-B) model which will assess the innovation performance across the County; map current offers and activity using key data; collect data and research the motivational drivers of innovation activities; analyse the evidence to identify opportunities for modifying engagement behaviours and innovation mindsets. This will lead to tailored recommendations being made for actions and interventions to extend the reach and uptake of innovation support across all levels in County Durham. In addition, CPI are developing a transformative **Deep Tech Inward Investment Strategy** in order to bring these types of companies into County Durham. The first of three **Targeted Sector Growth Plans** focused on Advanced Manufacturing has been procured, with two others focused on the county's key sectors of Life Sciences and Green Tech due to be procured shortly.

## Communities and Place

- 29 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.
- 30 **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 helps 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, also has volunteering opportunities and social action as a cross cutting activity and uses County Durham Together's vision and governance throughout its implementation.

- 31 **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.
- 32 **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 75<sup>th</sup> 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.
- 33 **Place Labs** – Place Labs are local cultural hubs that support communities to develop creative programmes, practice, and places. They were originally designed as part of the Durham 2025 UK City of Culture bid with further pilot activity and concept development undertaken using DCMS funding in 2022 and 2023. The UKSPF funding will support the transition of 3 pilot place labs (Durham City, Peterlee & Durham Dales) into full operation and the feasibility and set up of 3 further place labs in Stanley, Shildon, and a virtual/digital place lab.
- 34 **Poverty Alleviation** – Led by the council’s Poverty Action Steering Group and informed by the overarching vision of the Poverty Action Strategy and Plan, a UKSPF proposal has recently been approved which will build upon the significant work already successfully delivered and has been developed in response to the evidence and need and demand that has been identified but cannot be funded by the council moving forward. Within the project are activities to address Food Poverty, Welfare Advice and guidance, Financial inclusion, Fun and Food School Holiday activities. These activities will be informed through purchasing of datasets and research resources and co-ordinated with other UKSPF projects by a Poverty Action Co-ordinator.

## **People and Skills**

- 35 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 Durham Works Programme.

- 36 On 23 March 2023, the government removed its restriction that UKSPF could only be spent in Year 3 (2024/25) for non-Voluntary and Community Sector (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.
- 37 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.
- 38 **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.

- 39 **Skills Support** - The Skills Support in County Durham project forms 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:
- Improving literacy and verbal communication skills of individuals through a new 'Communicate' programme.
  - Upskilling and retraining employees through flexible skills support programmes.
  - 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.
- 40 **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 25<sup>th</sup> 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.

## **Multiply**

- 41 In addition to the main UKSPF programme, the government allocated £2.8m to County Durham to deliver the Multiply programme. This project is delivered by DurhamLearn and 11 partners aims to enhance adult numeracy skills, recognising their critical role in daily life and employment. The project offers targeted support to adults needing to improve their mathematical abilities. The project seeks to deliver engaging, flexible, and learner-led programs, particularly targeting high-deprivation areas where participation in basic skills is low, working with community organisations, employers and schools to engage those hardest to reach.
- 42 The Multiply project employs a multifaceted approach, including bespoke learning programs, flexible learning formats, community

outreach, and collaboration with primary schools. Significant outcomes include increased participation, enhanced workplace numeracy skills, progression to further education, increased confidence and better support for children's education.

## **REPF – Tourism Assets and Infrastructure Improvements**

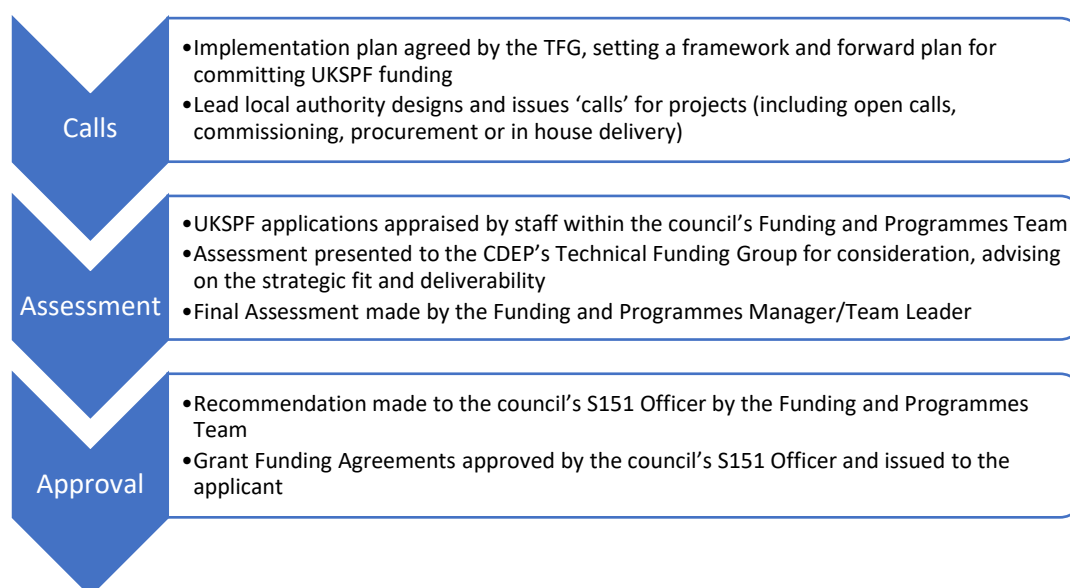
- 43 In addition to the REPF that has been approved within wider UKSPF investments, an open call was launched in July 2023 for projects to deliver capital investments to develop, extend, restore, or refurbish local tourist assets and infrastructure to improve visitor experiences. The minimum grant request was £50k, with a maximum of £100k. A total budget of £600k was allocated for this call.
- 44 23 Expression of Interest (EOIs) forms were received by the deadline of 14<sup>th</sup> August 2023. These EOIs were assessed, and the TFG were presented with the findings. Of the 23, 9 EOIs were signposted to the Business Productivity and Growth Programme as they did not sufficiently align with the call criteria regarding tourist assets or infrastructure.
- 45 Following a period of project development undertaken by the UKSPF Team with the project applicants, 9 Full Applications were received totalling £760,703 by 17<sup>th</sup> November 2023 and assessments and prioritisation on these were concluded by 21<sup>st</sup> December 2023.
- 46 The prioritisation exercise resulted in seven applications being approved totalling £608,578, this was slightly above the call value of £600,000. One project has subsequently withdrawn however, with £532,773 committed to approved projects in delivery, the remaining balance has been reallocated within the programme.

## **Governance**

- 47 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.”
- 48 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.

- 49 The purpose of the CDEP+ Board is to advise, support, challenge and influence the delivery of UKSPF and REPF in County Durham.
- 50 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.
- 51 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.
- 52 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.
- 53 Within the council, the Lead Local Authority function is being undertaken by its Funding and Programmes Team within the Regeneration, Economy, and Growth (REG) directorate, 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**

- 54 DLUHC requires regular reporting to update on commitments, spend and achievement of outputs and outcomes. All progress reports and plans need to be signed off by the lead local authority Chief Finance Officer.
- 55 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**

- 56 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. The Employment Support in County Durham project has been selected as part of the intervention led evaluation and the County Durham programme as a whole has been chosen as a place based case study.
- 57 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:
- (a) exploiting synergies between areas of activity;
  - (b) the use of a 'Theory of Change' model (Why, Who, How, What?);
  - (c) using the partnership approach to lever in additional funding streams, or to influence "asks" for future funding;
  - (d) maximising return on investment (including the return on the investment of partner time); and

- (e) taking full advantage of the combined involvement of key public, private and third sector partners throughout design and implementation.

## **Continuation of UKSPF**

- 58 The future of UKSPF is unclear beyond the end of this current financial year. Lack of confirmation on the continuation of this funding and the amount local areas will receive poses a significant risk to the ability to deliver current UKSPF funded activities like employment support to residents and business growth activities. This impact will be felt as early as Summer 2024 as projects start to prepare for curtailing activity without any confirmation of future funding, and with any gap between funding regimes and the programmes they support will potentially result in the people, expertise, infrastructure and synergies between them being lost.
- 59 A significant number of the actions in the IES are currently being delivered through utilising the County's allocation of UK Shared Prosperity Funding. The CDEP has worked together as a partnership to ensure that UKSPF funding is being used effectively, joining up delivery to maximise collaboration and impact for the county's communities and businesses. Developing and mobilising these new approaches to delivery has taken considerable time and effort from partners and we are already seeing the benefits that are starting to flow from this. A gap in funding or funding reduction would jeopardise our ability to deliver on the ambition and actions identified in the Inclusive Economic Strategy.
- 60 The CDEP is advocating for at least a one-year bridging allocation to allow UKSPF funded activity to be continued. It has been lobbying for continuation funding of at least a year to be confirmed as soon as possible. This would safeguard investment into local areas to avoid the risk of losing expertise and project infrastructure, but more importantly avoid a gap in activity and support for County Durham residents and businesses.

## **Conclusion**

- 61 The UKSPF presents a significant investment to support the development of the county's economy and delivery of its Inclusive Economic Strategy.
- 62 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.

63 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**

[E&EOSC Paper, UKSPF Update, 6 November 2023](#)

[Cabinet Paper, UKSPF, 13 July 2022](#)

**Author(s)**

Claire Williams

Tel: 03000 261897

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## **Appendix 1: Implications**

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### **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**

In 2022-23 and 2023-24 the UKSPF allocations were paid in advance. We will claim for all other resource spent by 31 March 2025 with the final UKSPF return. 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 were developed alongside the investment plan. Staff have been appointed within the Funding and Programmes Team to manage and monitor the programme using a more modest budget than 4% would allow.

## **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 are 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.

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## Appendix 2: UKSPF Implementation

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### Investment Priority - Supporting Local Business

#### Investment Plan 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 Sept 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.	£3,167,999	In delivery	600 people engaged 300 potential entrepreneurs supported	150 new businesses created 100 jobs created
Year 2 & 3 Jan 24 – Mar 25	SME Internships Programme	Durham University	The purpose of the Internships Programme would be to place up to 25 skilled students/graduates into full-time internships with local SMEs for periods of up to 3 months.	£175,000	In delivery	20 businesses receiving non-financial support 25 businesses receiving grants	6 businesses with improved productivity 10 businesses adopting new to the firm technologies or processes
Year 2 & 3 Jan 24 – April 24	Deep Tech Inward Investment Strategy	CPI	A project to develop a transformative deep tech inward investment strategy in order to bring these types of companies into County Durham.	£30,000	In delivery	1 Feasibility study	
Year 2 & 3 Jan 24 – Mar 25	Changing Innovation Mindsets in County Durham	Durham University	A project to develop a COM-B model to change innovation mindsets in County Durham	£89,775	In delivery	1 Feasibility study	
In development: Proposals to support business space infrastructure and further activity to support innovation and R+D.							

## **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**

<b>Project Period</b>	<b>Name of Project</b>	<b>Project Sponsor</b>	<b>Project Summary</b>	<b>UKSPF</b>	<b>Stage</b>	<b>Key Outputs</b>	<b>Key Outcomes</b>
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	Capital £607,021	Delivery completed	1 Facility supported 220m2 public realm created or improved 3,908m2 commercial buildings	45 Volunteering opportunities supported  37 Jobs safeguarded

			Targeted business support in improving their retail premises			developed/ improved	
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 Sept 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 a result of support
Year 2 & 3 Oct 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	£200,000	In delivery	500 organisations receiving non- financial support	5% increase in visitor numbers

			a competitive edge for securing investment. The project will also undertake stakeholder engagement and include Brand Activation.			1,000 people reached	
Year 2 & 3 Sept 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 <sup>th</sup> 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 Jan 24 – Mar 25	Place Labs	Durham County Council (Culture, Sport, and Tourism)	Place Labs are local cultural hubs that support communities to develop creative programmes, practice, and places.	£565,237	In delivery	9,300 people reached 30 organisations receiving grants 134 local events supported	15 community-led arts, cultural, heritage and creative programmes as a result of support as a result of support  268 volunteering



							opportunities created  150 increased visitors
Year 2 & 3  Feb 24 – Mar 25	Poverty Alleviation	Durham County Council (Resources – Transactional and Customer Services)	A package of activity covering a range of poverty alleviation measures including co-ordination and investment in data and research to inform the targeting.	£998,000	In delivery	13,400 people reached  24 volunteering opportunities supported  9 local events supported	13,400 more users of facilities
Year 2 & 3  Dec 23 – Mar 25	REPF Rural Tourism	Range of project sponsors	This is a call for capital projects to develop, extend, restore, or refurbish local tourist assets and infrastructure to improve visitor experiences.	£532,773	In delivery	4,000 more visitors  27 volunteering opportunities supported  8 tourism assets created or improved	10,445m2 of land made wheelchair accessible  4,000 people with improved perception of attractions and improved experience

## 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 Jan 23 – Mar 24	ROAD Continuation	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	Revenue £465,139	Complete	89 economically inactive people engaging	24 people gaining a qualification 49 people with reduced

	(previously funded through ESF)		to move participants closer to the labour market			29 volunteering opportunities	barriers to participation
Year 2 & 3 Jan 24 - March 25	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
Year 2 & 3 Oct 23 – March 25	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
Year 2 & 3 March 2024 – March 25	Careers Framework	Lead Authority/Business Durham procured activity – Contractor – to be confirmed	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.	£79,905	In delivery		