
Cabinet
Council

14 February 2023
21st March 2023

Name of Cabinet Member:

Cabinet Member for Jobs, Regeneration and Climate Change - Councillor J O'Boyle
Cabinet Member for Education and Skills - Councillor Dr K Sandhu

Director approving submission of the report:

Director of Business, Investment and Culture

Ward(s) affected:

All

Title:

Coventry UK Shared Prosperity Fund 2023-2025

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m per annum.

Executive summary:

In April 2022, the UK Government launched its new UK Shared Prosperity Fund (UKSPF). A total of £2.6bn in funding is available until March 2025, and the allocation for the West Midlands is £88.4m. UKSPF will fund vital activities across three themes:

- People & Skills
- Communities & Place
- Local Business

UKSPF is intended to be the successor to the European Structural Funds which are currently used to fund Coventry's business support, employment and skills activities. These EU funded schemes will come to a close during the second half of 2023, and it is therefore crucial for the city to get the right deal from UKSPF. The West Midlands Combined Authority (WMCA) is the accountable body for UKSPF and has agreed high level priorities for the way in which the money will be used in the region, which the Council has been consulted on. Coventry's indicative allocation for funding is £11.3m, and this report seeks authority to accept WMCA's UKSPF allocation for Coventry.

Using funding from the first two themes, Coventry is requesting UKSPF funding to establish a hub and spoke model to provide employment support across the city, with a particular focus on key areas of deprivation with target groups including those who are 50+ and unemployed, economically inactive and low paid women, ethnic minorities, those with disabilities and health conditions, those with multiple complex needs and young people who are NEET (not in employment, education or training).

Support will be delivered through the Job Shop and in partnership with voluntary and community sector (VCS) organisations.

Under the Local Business theme, funding will be requested for a network of business advisors, who will work with small and medium enterprises (SMEs), people starting new businesses and with social enterprises. These advisors will help business start, expand, take on new staff, develop new products or expand into new premises etc. This work will link to a pot of SME competitiveness grants which will provide funding for new building and equipment or for specialist advice to support growth and innovation. Funding will also be requested to build on the success of the Coventry and Warwickshire Green Business programme by providing specialist decarbonisation advice to business including energy audits, again support by a pot of grant funding. For businesses seeking private funding in the form of debt or equity, Investor Readiness training will be provided, likely as part of a West-Midlands wide programme.

The report requests authority to accept WMCA's allocation to Coventry up to £11.3m of UKSPF money for these activities, and for delegated authority to enter into funding agreements. Delegated authority is also sought to contract with delivery partners where necessary in order to complete this work.

Recommendations:

Cabinet is recommended to:

- 1) Approve the acceptance of WMCA's UK Shared Prosperity Funding allocation to Coventry up to £2.5m
- 2) Grant delegated authority to the Director for Business, Investment and Culture, following consultation with the Interim Chief Executive (Section 151 Officer), the Chief Legal Officer and the relevant Cabinet Member(s), to undertake all necessary due diligence in relation to the funding allocation including the authority to enter into funding agreements with the WMCA.
- 3) Grant delegated authority to the Director for Business, Investment and Culture, following consultation with the Interim Chief Executive (Section 151 Officer), the Chief Legal Officer, and the relevant Cabinet Member(s), to enter into back-to-back contracts with delivery partners as deemed necessary.

Cabinet is asked to recommend that Council:

- 1) Approve the acceptance of WMCA's Shared Prosperity Funding allocation to Coventry up to a further £8.8m, bringing the total to £11.3m
- 2) Grant delegated authority to the Director for Business, Investment and Culture, following consultation with the Interim Chief Executive (Section 151 Officer), the Chief Legal Officer and the relevant Cabinet Member(s), to undertake all necessary due diligence in relation to the funding allocation including the authority to enter into funding agreements with the WMCA.
- 3) Grant delegated authority to the Director for Business, Investment and Culture, following consultation with the Interim Chief Executive (Section 151 Officer), the Chief Legal Officer and the relevant Cabinet Member(s), to enter into back-to-back contracts with delivery partners as deemed necessary.
- 4) Authorise use of the UK Shared Prosperity Funding 4% administration allocation to support the productive delivery and administration of the fund

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- 1) Approve the acceptance of WMCA's UK Shared Prosperity Funding allocation to Coventry up to a further £8.8m, bringing the total to £11.3m

- 2) Grant delegated authority to the Director for Business, Investment and Culture, following consultation with the Interim Chief Executive (Section 151 Officer), the Chief Legal Officer and the relevant Cabinet Member(s), to undertake all necessary due diligence in relation to the funding allocation including the authority to enter into funding agreements with the WMCA.
- 3) Grant delegated authority to the Director for Business, Investment and Culture, following consultation with the Interim Chief Executive (Section 151 Officer), the Chief Legal Officer and the relevant Cabinet Member(s) to enter into back-to-back contracts with delivery partners as deemed necessary.
- 4) Authorise use of the UK Shared Prosperity Funding 4% administration allocation to support the productive delivery and administration of the fund

List of Appendices included:

None

Background papers:

None

Other useful documents

None

Has it or will it be considered by scrutiny?

No

Has it or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

Yes - 21 March 2023

Report title: Coventry UK Shared Prosperity Fund 2023-2025

1. Context (or background)

- 1.1. In April 2022, the UK Government Launched its new Shared Prosperity Fund (UKSPF). The objectives of the fund are:
 - Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
 - Spread opportunities and improve public services, especially in those places where they are weakest
 - Restore a sense of community, local pride and belonging, especially in those places where they have been lost
 - Empower local leaders and communities, especially in those places lacking local agency
- 1.2. The total value of the fund is £2.6bn, with funding being available until March 2025. Coventry's allocation within the fund is £11.3m. The fund is intended to be a successor to the EU Structural Funds such as the European Regional Development Fund (ERDF) and the European Social Fund (ESF). It is important to note that the total value of UKSPF available to Coventry will be considerably less than what was previously available through ERDF and ESF. For the 2014-2020 ERDF and ESF programmes, Coventry & Warwickshire was allocated £118m over 7 years or £16.86m per year – whilst the 6 Coventry & Warwickshire Local Authority areas have been allocated a total of £27.46m in UKSPF covering 3 financial years at an average of £9.15m a year. In most cases EU Structural Fund projects will draw to a close by the end of 2023, with many closing at the end of June 2023.
- 1.3. Management of UKSPF in the West Midlands is the responsibility of WMCA. A total of £88.4m has been allocated for the 7 Council areas that make up the Combined Authority, and Coventry's indicative allocation is £11.3m. Detailed negotiations have been underway for several months about the how this funding can best be used in a way that maintains existing provision that works well in each area, whilst forming part of a consistent approach across the West Midlands.
- 1.4. UKSPF is intended to be more flexible and less bureaucratic than the European funds which it replaces. The objectives of the fund will be met by activities across three themes: People & Skills, Communities and Place, and Local Business.
- 1.5. WMCA's UKSPF Investment Plan was approved by government in November 2022. This is a high-level document which sets out the overall aims for the fund in the West Midlands, and local areas will have the chance to decide how the funding will be used in order to achieve these aims. Coventry and the other councils that make up the WMCA were consulted on and contributed to the development of the plan.

1.6. In Coventry, the allocation of the funding between the three UKSPF priorities as follows:

UKSPF Priority	Funding Allocation
People & Skills Communities & Place	£5.4m (in total, for both priorities)
Local Business	£5.4m

*Note that the remaining 4% will be retained for programme management, and it is expected that some of this funding will be made available to individual local authorities.

- 1.7. Because People and Skills money does not become available until 24/25, Coventry City Council Employment and Skills Service (CCC ESS) successfully negotiated with WMCA flexibility to move money between People and Skills and the Communities and Place priority. This will allow crucial work to assist people furthest away from the job market to begin as soon as European funded projects close and avoid a gap in provision. Of the total budget for Coventry, 50% will be made available for these two priorities.
- 1.8. Communities & Place and People & Skills UKSPF funding has been 'delegated' to LA's. As a result of our successful negotiations, WMCA have agreed that CCC ESS can determine local priorities for Coventry within these two funding strands and take the lead role in designing the programme of support. Working together with WMCA we have agreed a new 'hub and spoke' delivery model which will deliver on Coventry's employment and skills priorities. However, as Lead Accountable Body, WMCA can require us to make changes and will hold the Council to account in meeting their criteria, which means current plans may be adapted later in the UKSPF programme.
- 1.9. Under the People & Skills and Communities & Place strand CCC ESS will deliver a 'hub and spoke' mode, providing person centred, holistic employment support across the city. Support will target key areas of deprivation with target groups including those who are 50+ and unemployed, economically inactive and low paid women, ethnic minorities, those with disabilities and health conditions, those with multiple, complex needs and young people who are NEET (not in employment, education or training). Support will be delivered through the Job Shop and in partnership with voluntary and community sector (VCS) organisations.
- 1.10. The remaining 50% will be directed towards business support activity, which will principally include locally delivered business advice and grants to support business competitiveness and growth. The specific types of activities proposed under the Local Business theme include:
- 1.11. **SME Growth Advisors.** Each area will receive UKSPF funding for support to Small and Medium Enterprises, entrepreneurs and social enterprise. In Coventry it is anticipated that this funding will be used to continue the work of our highly successful business support partnership, where advisors from the Council, the Growth Hub, the Chamber of Commerce and other partners provide advice and support to local businesses to grow, establish new products and create jobs by taking on new staff. Support to help start a new business will also be provided as part of this activity.
- 1.12. **SME Competitiveness Grants.** A pot of grant funding will be available to link to the work of the SME Growth Advisors. Businesses with a plan to buy new equipment, take on new staff, establish new premises etc. will be able to apply for a grant ranging from £5,000 to £100,000. Revenue

grants for specialist external expertise to support growth and innovation will also be available. The grants will be matched 50/50 with the funding provided by the applicant business. This will build on the work of our very successful Investment Fund and Innovation Grants programmes which are currently funded through ERDF. The indicative value of this pot is £1.15m over two years.

- 1.13. **Decarbonisation Advice and Grants.** Building on the established Coventry and Warwickshire Green Business Programme, we are aiming to secure UKSPF funding to help Coventry businesses play their part in meeting the UK's target of net zero emissions whilst at the same time enhancing their competitiveness and sustainability. The new programme will offer one-to-one and one-to-many information and advice, including peer networks thereby helping businesses to understand how they can work towards becoming net zero, and understand how new regulations will affect them. This funding will also provide energy audits that will allow businesses to quantify and benchmark their emissions by examining the energy used by their building and equipment and identify cost-effective energy saving measures supported by grant funding.
- 1.14. **Investor Readiness.** In addition to direct grant funding, support will also be provided to strengthen the SME sector's ability to access external, private finance. These activities focus on equity finance (raising capital in exchange for an ownership share) or debt finance (applying for bank loans) and will be aimed at SMEs with the highest growth potential. Ensuring that Coventry's SMEs are able to access private finance is essential to supporting their growth, and this offer will be key to achieving that. This activity is likely to be delivered by a WM-wide programme, and the Council's likely role here will be to ensure that the offer is promoted to and tailored correctly for Coventry's businesses to gain the full benefit of the available funding.
- 1.15. Coventry City Council will act as lead partner for business support activities in the Coventry area initially, and there may be opportunities to deliver these activities in other parts of the region. Currently, business support programmes are delivered in Coventry and Warwickshire; as Warwickshire is not a constituent member of the WMCA, the area's UKSPF allocation is not part of the overall West Midlands pot. However, Coventry City Council will bid or tender for UKSPF work in Warwickshire if the opportunity arises, and it is the right approach both for Coventry and neighbouring Warwickshire authorities. Other West Midlands authorities may choose to request that Coventry delivers some of the business support themes in their areas, and should this be the case, this will be considered as long as the Council can secure additional UKPSF from that area's allocation in order to cover the costs of this additional delivery.

2. Options considered and recommended proposal

- 2.1. The Council could have chosen to decline the opportunity to act as the lead delivery body for UKSPF activity in Coventry. With WMCA having overall responsibility for the funding and accountability to government, the Council could have chosen to undertake a purely strategic role, working with WMCA to define the activities that would make the biggest difference in the city, and leaving them to commission the activity from third party providers. This approach has been discounted because the Council has an excellent track record of using EU and UK Government funding to run successful projects in both business support and employment & skills activities. The Council is the lead partner in both sets of activities, and if it did not take on this role there is a risk that the overall offer for business and residents would be much poorer, and partner organisations that deliver essential services would struggle to secure funding.
- 2.2. The recommended option is for Coventry City Council to act as the lead body for UKSPF in both business support and skills & employment activities covering Coventry. This will allow the Council to continue to act as lead partner in these activities, providing its own high quality in-house delivery where appropriate, and working with external partners and the voluntary sector to ensure

that specialist provision is available where that is required. The Council currently takes this approach in both European Social Fund (ESF) and European Regional Development activities and successfully leads highly effective partnerships to make the most of both funding sources. The preferred option is that Coventry City Council continues to act in this role with the new UKSPF funded work.

3. Results of consultation undertaken

- 3.1. Securing UKSPF will support the aims of the Council's Economic Development Strategy and Skills Strategy, both of which were approved the Cabinet in October 2022. In preparation of these strategies consultation was undertaken with the public, as part of the overall One Coventry Plan consultation process.

The Council is also consulting with its partner organisations in order to decide on the priorities for UKSPF in Coventry. This includes Coventry and Warwickshire Growth Hub, Coventry and Warwickshire Chamber of Commerce, Coventry University, University of Warwick and the majority of Voluntary and Community Sector organisations. This consultation will continue during the development of bids / tenders and into the delivery phase. A stakeholder engagement event for VCS organisations working on employment and skills activities has been arranged for 23 January.

4. Timetable for implementing this decision

- 4.1. The current UKSPF programme makes funding available during the financial years 2022/23, 2023/24 and 2024/25. With ERDF closing in June 2023, and ESF programmes closing in December 2023, the aim is to establish the Coventry UKSPF funded activity in time to allow continuity of provision post EU funding.

5. Comments from Interim Chief Executive (Section 151 Officer) and Chief Legal Officer

5.1. Financial Implications

The report seeks authority to accept an allocation of up to £11.3m of external UKSPF grant for the purposes set out in section 1 of the report. This is the indicative allocation for Coventry from a wider WMCA allocation for the region of £88.4m

It is not expected that match funding is required, however where this may be the case, this will be achieved using existing operational budgets in the Economic Development and Employment and Skills services. No new commitments of match funding will therefore be required as a result of the decisions recommended in this report.

The vast majority of the grant monies awarded will be directed at the services set out in the report, a small contribution of c4% will however be retained to cover local management costs of the EDS and ESS teams, whose budgets are set up to require funding from the grant regimes they deliver

The WMCA is the nominated Accountable body for the UKSPF, however they will in awarding monies to the City Council pass delivery risk to the City Council through formal legal Grant Aid Agreements. See section 6.2 of the report which outlines the approach to risk management.

5.2. Legal Implications

All the activities carried out with UKSPF funding will need to comply with Subsidy Control Legislation that has now come into force. Under the new regime, public authorities will be required to self-assess whether the financial assistance they grant is consistent with key principles and will be required to publish information about subsidies. A Subsidy Advice Unit will be established within the Competition and Markets Authority, which will have oversight of the new regime and will be responsible for advising public authorities on more complex subsidy measures.

CCC Legal will work with the delivery teams to ensure that any support provided to businesses or delivery partners is compliant with the new rules.

The rules governing Public Procurement will also need to be complied with. To demonstrate value for money, procurement to deliver the range of projects if funding is secured, will be considered per project in accordance the grant, the Councils Contract Procedure Rules and the Public Contract Regulations 2015.

6. Other implications

6.1. How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

Securing UKSPF will make a very important contribution to the achievement of the Council's core aims. The activities through the Local Business Priority are expected to help to deliver the One Coventry Plan's objective of Improving the Economic Prosperity of the City and Region by helping businesses to grow, take on new staff, expand into new premises and also provide access to employees with the appropriate skills through the employment and skills activity that is proposed here. Work funded through UKSPF will also raise the profile of Coventry, as more local businesses are helped to export their products internationally, providing trade links with other countries. The Decarbonisation activities will also be expected help to "Tackle the Causes and Consequences of Climate Change". The People & Skills and Communities & Place activities will also support this objective through enabling local residents to have the skills to support business growth.

The funding, particularly through the People & Skills and Communities & Place Priorities, will also help to address the objective of "Improving Outcomes and Tackling Inequalities Within Our Communities", by helping local people find jobs, and also helping people to continue to develop their skills once they are in work.

Finally, securing the UKSPF funding and acting as lead partner for delivering of business and employment and skills activities will contribute to the Council's aim to act as leader and enabler for the city, ensuring that through our relationship with WMCA and with our delivery partners, the very best outcomes are achieved for our residents and businesses.

6.2. How is risk being managed?

Coventry City Council has a long track record of delivering externally funded skills and business support projects, and the risks associated with this type of work are well understood. For example, there are financial risks such as the failure to deliver output or financial targets, and the risk that this could lead to funding clawback. Risks of this kind are mitigated by ensuring that sufficient programme management resource is available to enforce adherence to the funder's rules, and to work closely with delivery partners to ensure they are producing eligible outputs on time and on budget. There is sufficient experience in the delivery teams in the Economic Development Service

and the Employment Skills and Adult Education Service to manage these risks appropriately at service or division level and an entry on the corporate risk register will not be necessary for this

6.3. What is the impact on the organisation?

The principal impact on the organisation will be securing funding for staff directly employed by the Council working on our business support or employment and skills activities. Successfully bidding for UKSPF funding for these programmes will provide funding crucial to retaining highly skilled staff currently working on projects which are due to come an end later this year. There are no impacts on ICT, accommodation, assets etc.

6.4. Equalities / EIA?

A detailed Equalities Impact Assessment of the new business support programmes and employment and skills activities which will be funded by UKSPF will be completed in time to allow findings to be taken into account before the new programmes open later in 2023. Due to the reduction of funds from ESF to UKSPF there will be less funding directed at communities than previously. We will use UKSPF effectively to ensure maximum community impact, but this can still only partially mitigate for the loss of funds. The Equalities Impact Assessment will consider this impact for our communities. We also need to consider the barriers to accessing business support; for example whether people from different ethnic groups are less likely to benefit from the support we provide or whether some areas of the city are more difficult for projects to reach. Equalities impact work has also been completed for the Economic Development Strategy and Skills Strategy, which will inform the approach to this work.

6.5. Implications for (or impact on) climate change and the environment?

If our bids are successful, UKSPF will be used to secure funding to continue the work of the Coventry and Warwickshire Green Business Programme which has had a positive impact on the environment by helping to reduce carbon emissions from local businesses. If this work can continue the decisions recommended in this report will have a positive impact on climate change and the environment. Our Skills Strategy sets out a clear priority to ensure our skills provision has a strong focus on green skills. Our UKSPF employment support programmes will support this through ensuring residents are able to access available 'green skills' provision, are given good quality 'green skills' careers advice, connected to employers offering jobs.

6.6. Implications for partner organisations?

A proportion of the Coventry UKSPF will be used to fund the Council's partner organisations in business support, employment and skills programmes. Because the funding available will be considerably less than in previous programmes there is likely to be some impact on partner organisations, particularly VCS organisations involved in employment and skills delivery. The Council will continue to offer the same proportion of the available funding to VCS organisations as it did under previous funding programmes. A stakeholder engagement event has been organised with key VCS organisations, which will be followed by a bidding process in February and March. Successful VCS applicants will then be in a position to begin delivery from April.

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Andy Williams	Director of Business, Investment and Culture	-	16 th Jan 2023	19 th Jan 2023
Councillor J O'Boyle	Cabinet Member for Jobs, Regeneration and Climate Change	-	19 th Jan 2023	24 th Jan 2023
Councillor Dr K Sandhu	Cabinet Member for Education and Skills	-	16 th Jan 2023	16 th Jan 2023

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