

Strategy & Resources Executive Advisory Board Report

Ward(s) affected: All wards

Report of Strategic Director of Place

Author: Francesca Castelo

Tel: 01483444510

Email: Francesca.Castelo@guildford.gov.uk

Lead Councillor responsible: Julia McShane

Tel: 01483 837736

Email: Julia.McShane@guildford.gov.uk

Date: 6 February 2023

Guildford's UKSPF and REPF

Executive Summary

Guildford Borough Council was awarded £1 million from the Department of Levelling Up, Housing and Communities' (DLUHC) UK Shared Prosperity Fund (UKSPF) to spend on capital and revenue activities between financial years 2022-23 to 2024-25, with the aim of 'building pride in places and increase life chances' through investment on three investment priorities: Communities, Local Businesses and People and Skills.

This was then followed by the launch of the Department of Environment, Food and Rural Affairs' (DEFRA) Rural England Prosperity Fund (REPF), which allocated Guildford £400,000 to spend on capital grants to support rural businesses and communities from 2023-24 to 2024-25.

To access its UKSPF and REPF allocation, the Council has submitted an investment plan and addendum, respectively, outlining the opportunities and challenges of the borough, as well as its investment priorities. Both the UKSPF Investment Plan and REPF Addendum have been informed by feedback from and discussions with a range of stakeholders, and since submitting its UKSPF Investment Plan, further discussions with Council Officers and external stakeholders and partners have been conducted to develop the projects put forward in Guildford's Investment Plan. In addition, there have been changes to some of the projects outlined, which will require approval from DLUHC should the Council decide to go forward with the change.

On 5 December 2022, DLUHC has confirmed the validation of Guildford's UKSPF Investment Plan. Having now received its first year of UKSPF allocation, the Council now needs to decide if and how it should progress with the projects it has proposed in its Investment Plan.

Recommendation to Strategy & Resources Executive Advisory Board

The Strategy & Resources Executive Advisory Board is asked:

- a. To consider and comment on the proposed interventions for Guildford's UKSPF, including proposed changes.
- b. To consider and comment on the Rural Grant Programme proposed for Guildford's REPF.
- c. To recommend that Executive approve the progression of Guildford's UKSPF and REPF plans, as outlined in this report.
- d. To recommend that Executive delegate to the Strategic Director of Place, in consultation with the Leader, authority to enter into such other contracts and legal agreements connected with the UKSPF and REPF as may be necessary in compliance with Procurement Procedure Rules and within the allocated grant funding budget.

Reason(s) for Recommendation:

The £1.4 million total funding Guildford Borough Council has been allocated from the UKSPF and REPF is a significant sum of money that could have a positive impact on the borough's local communities and businesses.

Grounded on insights from local stakeholders, partners and GBC Councillors and Officers, the projects put forward in Guildford's Investment Plan and REPF Addendum aligns with the borough's local priorities and intends to leverage collaboration with the Council's partners to maximise value for money.

Is the report (or part of it) exempt from publication? (delete as appropriate)

No

1. Purpose of Report

- 1.1 This report outlines the proposed interventions for Guildford UKSPF and REPF, outlining any proposed changes to projects and project spend since the submission of Guildford's UKSPF Investment Plan in August 2022.

2. Strategic Priorities

- 2.1 The proposed projects for Guildford's UKSPF and REPF spend addresses a number of the Council's Corporate Priorities under Homes and Jobs, Environment and Community:
 - Revive Guildford town centre to unlock its full potential.
 - Support our business community and attract new inward investment.
 - Maximise opportunities for digital infrastructure improvements and smart places technology.

- Engage with residents and businesses to encourage them to act in more environmentally sustainable ways through their waste, travel and energy choices.
- Work with partners to make travel more sustainable and reduce congestion.
- Work with communities to support those in need.

3. Background

3.1 UK Shared Prosperity Fund

3.2 On 13 April 2022, the Government launched the UK Shared Prosperity Fund as part of its Levelling Up Agenda, with the overall aim to 'build pride in places and increase life chances'. As a central pillar of the Levelling Up Agenda, the UKSPF provides funding to empower places to identify and build on their own strengths and needs by focusing on three Investment Priorities:

- Communities and Place
- Supporting Local Businesses
- People and Skills

3.3 As a Lead Local Authority, Guildford Borough Council has been given £1 million to spend from 2022-23 to 2024-25 on capital and revenue projects. Lead Local Authorities can choose from a 'menu of interventions' in line with the UKSPF's investment priorities (though they can also put forward bespoke projects which will require approval from DLUHC).

3.4 To access the indicative allocations, Guildford Borough Council has submitted an investment plan detailing our local opportunities and challenges as well as the interventions we would like to invest in.

3.5 Following consultations with GBC Councillors and Officers and local stakeholders, the following projects have been put forward for Guildford's UKSPF investment plan:

| Project | Partner organisations co-funding the project | Proposed UKSPF Allocation Total |
|--|---|--|
| Town Centre Improvements | | £60,000 |
| Community and Neighbourhood Improvements (including Hostile Vehicle Mitigation proposal) | | £300,000 |
| E-Bike Hire Scheme | Surrey County Council and University of Surrey | £200,000 |
| Marketing and Events | | £19,500 |
| Community Grants | | £300,000 |
| Visitor Economy | | £20,500 |

| | | |
|---------------------------------|---|-------------------|
| Business Support | | £30,000 |
| Feasibility Study | | £20,000 |
| Business Decarbonisation Scheme | Surrey County Council and other Surrey Districts and Boroughs | £50,000 |
| | Total | £1,000,000 |

3.6 Further details on Guildford’s proposed UKSPF projects, including profile spend, capital and revenue split, proposed project addition and financial contributions from partners, can be found in Appendix 1 - Proposed Interventions for Guildford’s UKSPF.

3.7 Rural England Prosperity Fund

3.8 On 3 September 2022, DEFRA launched the Rural England Prosperity Fund which serves as a top-up to the UKSPF to help address the extra needs and challenges facing rural areas through supporting two investment priorities: ‘Supporting Rural Businesses’ and ‘Supporting Rural Communities’.

3.9 Guildford has been given an indicative allocation of £400,000 to spend for financial years 2023-24 and 2024-25. The REPF also has a menu of interventions which Lead Local Authorities can choose from, most of which are the same as UKSPF interventions for ‘Supporting Local Business’ and ‘Communities and Place’. However, the REPF can only be spent on capital projects (i.e. lasting assets, such as buildings or equipment) for business or community purposes in rural areas, starting from 1 April 2023. Revenue funding from the UKSPF can be used to support REPF projects, as long as it is consistent with the local authority’s UKSPF investment plan and allocation.

3.10 To access the REPF indicative allocations, Guildford Borough Council has provided specific additional information as an addendum to our UKSPF Investment Plan.

3.11 Following consultations with internal and external stakeholders, a grant funding programme was proposed, similar to the previous Surrey LEADER Grant Programme. The proposal will use Guildford’s REPF allocation to award capital grants to projects that work towards the following REPF investment priorities:

| Investment Priorities | Allocation Year 1 (2023-24) | Allocation Year 2 (2024-25) | Total REPF Allocation |
|--|------------------------------------|------------------------------------|------------------------------|
| Grant funding for micro and small businesses (available to local businesses) | £100,000 | £100,000 | £200,000 |
| Grant funding for growing the local social economy and supporting innovation | | £100,000 | £100,000 |

| | | | |
|---|---------------------|---------------------|--------------|
| (available to local businesses) | | | |
| Funding for investment and support for digital infrastructure for local community facilities (available to local communities) | | £100,000 | £100,000 |
| | Year 1 Total | Year 2 Total | Total |
| | £100,000 | £300,000 | £400,000 |

3.12 Proposed Changes

3.13 In order to support the proposed REPF Rural Grant Programme, Surrey County Council, Guildford Borough Council, Waverley Borough Council and Tandridge District Council will each need to commit c.£50,000 to co-fund the staff resource to administer the grant scheme and to support businesses and community groups in developing successful applications. This will be undertaken by the Surrey County Council's Greener Futures team.

3.14 As REPF is available for capital spend only, funding from Guildford's UKSPF allocation will need to be used to cover this revenue requirement. This will require changes to the allocation of funding currently profiled to the UKSPF. It is proposed the £50,000 requirement is covered through a reduction in allocation to the Decarbonisation Fund, and either the Feasibility budget line and/ or the Community and Neighbourhood Improvements Fund.

3.15 Status of Funding

3.16 On 5 December 2022, the Council received confirmation that its UKSPF Investment Plan has passed DLUHC's validation and its first year of funding has been approved and received. Indicative allocations for 2023/24 and 2024/25 will be reviewed on submission of reporting requirements.

3.17 The Council is still awaiting a response from DEFRA as to the outcome of its REPF Addendum submission.

4. **Consultations**

4.1 Guildford Borough Council's Executive has been consulted in preparing Guildford's UKSPF (06 June 2022) and REPF (via email) submissions to receive feedback on priorities for the funds. Joint Executive Heads of Services and Officers across the Council have also been engaged and helped shape the proposals.

4.2 Insights from a number of local stakeholders and regional partners have also been used to inform which interventions should be prioritised and what activities could be undertaken using the UKSPF and the REPF. This includes:

- UKSPF:
 - a. Feedback from a range of groups such as the Guildford Town Centre Forum May 2022 meeting, Guildford-Surrey Board meetings (22 July 2022), education providers and businesses (e.g. roundtable discussion with the Games sector on 30 May 2022) were used to inform the Council's investment plan submission.
 - b. Feedback from stakeholders (e.g. Yvonne Arnaud Theatre, Guildford Philanthropy, Surrey Hills AONB, a range of business support providers) were received with regards to the borough's priorities and suggested projects for the UKSPF.
 - c. Local MPs were consulted on Guildford's proposed projects.
 - d. Surrey County Council, along with Surrey Districts and Boroughs, were engaged to see where there may be scope for collaboration and to maximise value for money. Further details on the stakeholder consultations used for the UKSPF can be found in page 9 of the Council's investment plan submission (see Appendix 1).

- REPF:
 - a. Local and regional rural economy stakeholders were asked to share their rural priorities in line with the REPF interventions, as well as any suggested projects. This includes rural economy stakeholders attending the 19 October Economic Development Strategy workshop; the Guildford Rural Forum (represented by 14 organisations, such as charities, skills providers, landowners and businesses); and the National Farmers Union.
 - b. Local authority partners (i.e. Waverley Borough Council, Tandridge District Council and Surrey County Council) have been engaged to share their insights and explore opportunities to collaborate together.

4.3 Local Partnership Group

4.4 Comprehensive and balanced local partnerships will be a core component of how the Fund is administered locally. Thus, Lead Local Authorities are required to set up a local partnership group to consult local stakeholders and ensure the Fund investments compliment other activities in the area and meet the Fund and local objectives. In response, a Local Delivery Board will be set up to act as an advisory group for the delivery and monitoring of the UKSPF, ensuring the Fund's aim is achieved in Guildford borough. The Local Delivery Board will include a rural representative(s) to give rural-focused insights on the delivery of Guildford's UKSPF and feedback on the REPF.

4.5 In addition, it is proposed in Guildford's REPF Addendum that a Local Action Group may be created, similar to the one set up for the previous Surrey LEADER grants, which will include a wide range of representatives from Guildford's rural scene (e.g. businesses, charities, community groups etc) to provide advice and scrutiny to the delivery of the REPF. This may include providing feedback on the design of the proposed REPF grant programme and sharing insights on the strength of an individual grant application.

5. Key Risks

- 5.1 The Council has a substantial existing capital programme of work underway in addition to its 'business as usual' activities, meaning that staff resources across the organisation are limited. However, in developing the proposals detailed within Guildford's Investment Plan, the Council has considered where projects are 'shovel ready' and will require limited involvement from officers in delivery, or where the delivery can be outsourced following procurement activity.
- 5.2 In addition, there is a risk that global price increases and increasing inflation rates mean that interventions proposed may need to be refined prior to delivery. Importantly, as all of Guildford borough's indicative UKSPF allocation has been apportioned to specific projects detailed in the investment plan (as required by the grant terms), any expenditure over that which has been apportioned may present a barrier to the delivery of a project given budget limitations. The Council will ensure that it is driving value for money through competitive procurement practices.
- 5.3 The LEADER style grant programme proposed in Guildford's REPF addendum and some projects in our UKSPF Investment Plan (i.e. E-Bike Hire Scheme, Decarbonisation Loan Scheme, Business Support Provision) will be part-funded and managed by external partners (e.g. Surrey County Council). Thus, the success and feasibility of these projects are dependent on the participation of the identified partners. This will require close cooperation and regular communications between the Council and its partners to ensure that the projects meet our expectations (e.g. financing, deliverables, monitoring requirements), as well as those set out by DEFRA and DLUHC.

6. Financial Implications

- 6.1 Guildford Borough Council has been allocated £1 million from the UKSPF to spend from financial years 2022/23 to 2024/25 on capital and revenue projects. The amount of funding Guildford receives during the funding years, including the proposed capital and revenue split, is set out below:

| Funding sources | Year 1 (2022-23) | Year 2 (2023-24) | Year 3 (2024-25) | Total |
|------------------------|-------------------------|-------------------------|-------------------------|--------------|
| Total UKSPF allocation | £69,893 | £139,787 | £790,320 | £1,000,000 |
| Capital allocation | £50,000 | £50,000 | £560,000 | £660,000 |
| Revenue allocation | £19,893 | £89,787 | £230,320 | £340,000 |

- 6.2 4% of the UKSPF allocation (£40,000 for Guildford) can be used for administration and implementation costs (e.g. project assessment, contracting, monitoring, stakeholder engagement). In addition, £20,000 has been made available to all Lead Local Authorities to support the development of an investment plan, which we have now received. The drafting of the submission

document was carried out by Officers (rather than external consultants) and therefore the £20,000 will be allocated within the Economic Development budget to cover any future administrative costs relating to the Fund.

- 6.3 Lead Local Authorities are paid annually in advance. In 2022/23, this will be paid once the Investment Plan has been signed off. In 2023/24 and 2024/25, payment will be given early in the financial year, upon submission of reporting requirements and satisfactory review of performance in the preceding year. All spend must be undertaken by 31 March 2025, when the funding will end. Any underspends in the final year of the programme (2024/25) are expected to be repaid to DLUHC.
- 6.4 In light of discussions with relevant services both before and after the submissions of the UKSPF Investment Plan, most of the projects put forward in Guildford Investment Plan submission is envisioned to be fully financed by UKSPF funding. Any projects where there may be funding gaps, as well as alternative sources of potential funding, have been identified. Responsibility of securing additional funding from other sources (i.e. other than the UKSPF) to cover any shortfalls in funding lies with the service owner(s) of the project.
- 6.5 Any changes to Guildford UKSPF profile spend and investment priority allocation must check with the UKSPF's [reporting and performance management guidance](#) to confirm whether approval from DLUHC and a material change request must be acquired.

7. Legal Implications

- 7.1 DLUHC requires Lead Local Authorities to submit a signed copy of the UKSPF Memorandum of Understanding (MOU) to commence receipt of funding. The UKSPF MOU is not intended to create legally binding obligations but describes obligations which Lead Local Authorities are required to fulfil to receive the UKSPF grant funding.
- 7.2 The full obligations of Lead Local Authorities can be found in [DLUHC's Additional Information page](#). Some of the Council's main obligations include:
- Ensuring all procurements achieve best value for money.
 - Ensuring that all public facing documents comply with branding requirements (logos, digital content etc).
 - Ensuring we comply with monitoring requirements, complete questionnaires, case studies and making compliant monitoring returns to the Department for Levelling Up (DLUHC).
 - Ensuring that we provide quarterly qualitative updates to the DLUHC, and every 6 months provide formal reporting detailing how our use of the funding is progressing.
 - Ensuring that we meet assurance requirements by providing an assurance statement every 6 months at.
 - Annually completing a Statement of Grant outlining GBCs plans for the next year.

- 7.3 The assurance and performance management for the UKSPF sit alongside Lead Local Authorities' existing statutory duties and rules to use public money well.
- 7.4 The Council's Legal team has reviewed and approved the MOU to be signed by the Section 151 Officer. A signed copy of Guildford's UKSPF MOU has been submitted to DLUHC on 15 December 2022.

8. Human Resource Implications

- 8.1 Services across the Council will play a role in the delivery of the UKSPF and REPF as the projects proposed cuts across a range of the Council's objectives and priorities. As funding for each financial year is conditional upon the submission of reporting requirements and review of performance, staff resourcing requirements (both internal and outsourced) have been considered to ensure the timely and satisfactory collection of data.
- 8.2 The Executive Head of Regeneration and Planning Policy will be the senior responsible owner for the UKSPF projects. It is anticipated that the Economic Development Officer will be responsible for the delivery of the UKSPF and REPF Investment Plan on a day-to-day basis including procurement activity, coordinating relevant resources across the Council and partner organisations to achieve the objectives set out. They will also be responsible for the ongoing monitoring of projects and associated outputs and outcomes as detailed in this submission. Any additional staffing requirements above the existing establishment will need to be identified and costed as part of relevant project plans.

9. Equality and Diversity Implications

- 9.1 The Council has a statutory duty under section 149 of the Equality Act 2010 which provides that a public authority must, in exercise of its functions, have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 9.2 An Equalities Impact Assessment has been completed considering the projects put forward in the UKSPF Investment Plan and REPF Addendum.
- 9.3 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.

10. Climate Change/Sustainability Implications

- 10.1 The Council formally declared a climate emergency in 2019 and set a goal for the borough to reach net zero emissions by 2030. The Council is committed to reducing emissions, particularly from vehicles, energy use and construction processes.
- 10.2 Guildford's UKSPF Investment Plan and REPF addendum proposes projects which work towards a net-zero / low carbon borough, particularly:
- a. UKSPF:
 - i. Working with Surrey County Council and other Local Authorities on a Decarbonisation Loan Scheme to help businesses across the borough implement energy efficiency and other low carbon technologies to reduce their carbon emissions.
 - ii. Working with Surrey County Council and the University of Surrey to extend the E-Bike hire scheme to Guildford town centre and other urban sites in the borough to promote active and low carbon travel.
 - b. REPF:
 - i. Working with Surrey County Council, Waverley Borough Council and Tandridge District Council to offer a LEADER-style grant programme for rural businesses and communities. For Guildford businesses, this includes capital grant funding for small scale investment in micro and small enterprises in rural areas, including funding to undertake net zero infrastructure projects. This includes supporting land-based businesses, which are currently excluded from the LoCASE Carbon Reduction Grant Programme.

11. Summary of Options

- 11.1 The Strategy & Resources Executive Advisory Board is asked to consider and comment on Guildford's UKSPF and REPF Plans. The Executive will be asked to consider the following options:
- 11.2 **OPTION 1:** The Executive could decide not to approve the proposed interventions (including changes) for Guildford's UKSPF and REPF. This would make the Council unable to advance the proposed projects and make use of the £1.4 million allocated by DLUHC and DEFRA within the prescribed timescales to empower our local businesses and communities.
- 11.3 **OPTION 2:** The Executive could decide to approve the proposed interventions (including changes) for Guildford's UKSPF and REPF, conditional upon changes being made. It must be noted that Guildford's UKSPF Investment Plan has already been validated by DLUHC. Any amendments to Guildford's UKSPF and REPF submission that can be classified as a 'material change' must undergo a change process and are subject to scrutiny and a further approval process from DLUHC. Undergoing a change process can cause delays in implementing other programme of works in the Investment Plan and affect how much of Guildford's UKSPF allocation it can spend in a given funding year.

11.4 OPTION 3 (Recommended): The Executive could decide to approve the proposed interventions (including changes) for Guildford's UKSPF and REPF. This would enable projects to commence and address local priorities, in alignment with the funding requirements.

12. Conclusion

12.1 Guildford's UKSPF and REPF proposed interventions have the potential to deliver major benefits to the borough, addressing a range of local business and community priorities.

12.2 Noting the spend deadlines stipulated, it is recommended that the Executive approves the recommendations outline in this report to commence delivery of Guildford's UKSPF and, upon confirmation of approval, REPF proposed interventions.

13. Background Papers

[UK Shared Prosperity Fund Prospectus](#)

[UK Shared Prosperity Fund: Additional Information](#)

[Rural England Prosperity Fund Prospectus](#)

14. Appendices

Appendix 1: Proposed interventions for Guildford's UKSPF

Please ensure the following service areas have signed off your report. Please complete this box and do not delete.

| Service | Sign off date |
|--------------------------------|----------------------|
| <i>Finance / S.151 Officer</i> | <i>24/01/2024</i> |
| <i>Legal / Governance</i> | <i>25/01/2024</i> |
| <i>HR</i> | <i>24/01/2023</i> |
| <i>Equalities</i> | <i>24/01/2023</i> |
| <i>Lead Councillor</i> | <i>26/01/2023</i> |
| <i>CMT</i> | <i>N/A</i> |
| <i>Executive Liaison</i> | <i>N/A</i> |
| <i>Committee Services</i> | |