RURAL LENS REVIEW

UK Shared Prosperity Fund

Pre-launch guidance

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RURAL SERVICES NETWORK

At a glance

Rural Services Network's thoughts on the **UK Shared Prosperity Fund: pre-launch guidance**

- The RSN will be working hard to influence the funding formula for the fund to ensure it is fit for purpose in the rural context and reflects delivery costs in rural settings, (existing funding formulae do not reflect these aspects and disadvantage rural areas).
- This is a key rural proofing point and a major test for Government.
- Capacity remains an issue of real concern across rural authorities. Realistic and workable timescales for the required Investment Plans are essential.
- Fewer outcomes can be achieved in rural areas for a given amount of funding when compared to urban. That must be acknowledged from the outset.
- Given the large geographical size of rural District and Unitary authorities, they cover very many separate communities separated by distance. This presents many challenges in programme design and delivery.

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SUMMARY

- The Fund will provide £2.6bn of new funding for local investment by March 2025. The Fund will increase to £1.5bn a year by 2024/25.
- All areas will receive an allocation via a funding formula rather than a competition – **but see below** re Investment Plans required to access the funding allocated.
- District and Unitary Authorities will be "the geographies and authorities we (the Government) will work with"
- A proportion (no detail) of the allocation can be used to undertake the necessary Fund administration.
- More information to be published in the Spring.
- Investment Plans will need to be submitted this summer for Government approval. Places will be able to choose from investment in three Investment Priorities of:

  1. communities and place,

  2. local business and

  3. people and skills.

ABOUT THE PRE-LAUNCH GUIDANCE

The Guidance issued on 2nd February 2022 was published alongside the long-awaited Levelling Up White Paper. The RSN will be producing separate Rural Lens Reviews of the White Paper in due course.

The Shared Prosperity Fund Guidance provides information on:

- the aims of the UK Shared Prosperity Fund
- its contribution to the Government's shared objectives
- the delivery roles of the UK Government and local partners across the UK

The Government states (our use of bold type):

- "The Fund is a central pillar of the UK Government's ambitious levelling up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025, with **all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition.** This recognises that even the most affluent parts of the UK contain pockets of deprivation and need support.

- It seizes the opportunities of leaving the European Union, by investing in domestic priorities and targeting funding where it is needed most**: building pride in place, supporting high quality skills training and supporting pay, employment and productivity growth**. It will dramatically reduce the levels of bureaucracy associated with EU funds, **enable truly local decision making and better target the priorities of places within the UK. It will lead to visible, tangible improvements to the places where people work and live, giving communities up and down the UK more reasons to be proud of their area.**

- Places will be empowered to identify and build on their own strengths and needs at a local level, focused on pride in place. Local places will be able to use the Fund in conjunction with other funding such as the Levelling Up Fund to maximise impact and simplify delivery.

- The Fund's interventions will be planned and delivered by local authorities across England, Scotland and Wales, working closely with local partners".

In terms of next steps for “local places” the Guidance says:

“Local authorities in England, Scotland and Wales with responsibility for the Fund, set out in the Delivery Geographies, can use this document to start preparing for the launch of the UK Shared Prosperity Fund by:

- Starting early conversations about how the Fund can best support the people and businesses in their community to thrive and grow. This should take account of the Fund’s objectives and investment priorities and focus on the specific outcomes they want to achieve for their area.
- Identifying local partners and stakeholders who can provide advice and insight on local needs.

The **“four parts of Levelling Up”** are stated as:

1. Boost productivity, pay, jobs and living standards, especially in those places where they are lagging.
2. Spread opportunities and improve public services, especially in those places where they are weakest.
3. Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
4. Empower local leaders and communities, especially in those places lacking local agency”.

The primary goal of the UK Shared Prosperity Fund is **to build pride in place and increase life chances** across the UK. This Fund will **enable improvements to the places people live, as well as support individuals and businesses. It will drive noticeable improvements that matter to local communities and foster local pride in place.**

The UK Shared Prosperity Fund forms part of a suite of complementary Levelling Up funding. It builds on the competitive Levelling Up Fund and Community Ownership Fund through long term, stable funding, allocated to all places. **Its mix of revenue and capital funding** can be used to support a wide range of interventions to build pride in place and improve life chances. These can complement larger-scale Levelling Up Fund or Community Ownership Fund capital projects.

The investment plan approach

All places across the UK will receive a **conditional allocation** from the UK Shared Prosperity Fund. To access their allocation, **each place will be asked to set out measurable outcomes they are looking to deliver, and what interventions they are choosing to prioritise in an Investment Plan. These will be submitted this summer for UK Government approval.**

These Plans will need to take account of the wider funding landscape, and in particular, complementary interventions such as the Levelling Up Fund which will launch its second round this spring, or other national or local schemes, including employment and skills schemes. **In the Plans, places will sign up to indicators so they, and we (the Government), can monitor improvement.**

Within the context of the Fund's objectives, each place will have flexibility to invest across a range of activities that represent the right solutions to improve local pride in place, help spread and create opportunity, and a sense of community and belonging. Places will be able to choose from investment in **three Investment Priorities of communities and place, local business and people and skills**. **Reflecting the distinct circumstances of each nation and place**

Each place has a range of economic and societal relationships with other places across the UK, including their neighbours and places with common needs and opportunities. **Working with other places in the delivery of the Fund interventions will be welcomed where this meets the needs of their place, and achieves value for money or better outcomes for local people or businesses.**

In England, the Fund will focus on communities and place and local business interventions to boost pride in place in 2022-23 and 2023-24, alongside support for people through the Multiply adult numeracy programme. (The Department for Education will set out further details for local partners on plans to deliver Multiply, the £559m adult numeracy programme, to assist with local preparations in due course)

In addition, there will be the flexibility to fund voluntary sector organisations delivering locally important people and skills provision, where this is at risk due to the tail off of EU funds. Further investment to support people and skills will follow from 2024-25, when the funding pot reaches its full extent.

Investment priorities

The Guidance has set out the Government's initial information on each investment priority below. More detail will be provided in a full Prospectus later this Spring.

Communities and place

The overall objectives of this investment priority are:

- Strengthening our social fabric and fostering a sense of local pride and belonging, through **investment in activities that enhance physical, cultural and social ties and amenities, such as community infrastructure and local green space, and community-led projects.**

- To build resilient and safe neighbourhoods, through investment in quality places that people want to live, work, play and learn in, through targeted **improvements to the built environment and innovative approaches to crime prevention.**

Example interventions may include, but are not limited to, visual improvements to town centres and high streets, cultural/visitor economy interventions, litter, waste and graffiti reduction, projects to fight antisocial behaviour, and capital funding to improve neighbourhoods or community projects and initiatives.

Local businesses

The overall objectives of this investment priority are to:

- Creating jobs and boosting community cohesion, through investments that **build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities.**
- Promote networking and collaboration, through interventions that bring **together businesses and partners within and across sectors to share knowledge, expertise and resources, and stimulate innovation and growth**.
- Increase private sector investment in growth-enhancing activities, through **targeted support for small and medium-sized businesses to undertake new-to-firm innovation, adopt productivity-enhancing, energy efficient and low carbon technologies and techniques, and start or grow their exports.**

Example interventions may include, but are not limited to, support to increase town centre footfall, outdoor markets, the development of cultural, visitor and heritage assets, targeted business growth and innovation support.

People and skills

The overall objectives of this Investment Priority are to:

- Boost core skills and support adults to progress in work, by **targeting adults with no or low-level qualifications and skills in maths, and upskill the working population, yielding personal and societal economic impact, and by encouraging innovative approaches to reducing adult learning barriers.**
- **Support disadvantaged people to access the skills they need to progress in life and into work**, for example the long-term unemployed and those with protected characteristics through funding life, and basic skills where this is not delivered through national or local employment and skills provision.

- Support **local areas to fund local skills needs and supplement local adult skills provision** e.g., by providing additional volumes; delivering provision through wider range of routes or enabling more intensive/innovative provision, both qualification based and non-qualification based.
- Reduce **levels of economic inactivity and move those furthest from the labour market closer to employment, through investment in bespoke employment support tailored to local need**. Investment should facilitate the join-up of mainstream provision and local services within an area for participants, through the use of one-to-one keyworker support, improving employment outcomes for specific cohorts who face labour market barriers.

Example interventions may include technical and vocational qualifications in areas where there are skills shortages locally; and intensive, wraparound one-to-one support to address barriers to employment, supplemented by additional services. Additional services may include life skills, basic skills and specialist support including achieving basic qualifications in alternative settings, work experience, supported employment, enrichment activities, counselling and advice, and community referrals. These interventions should be additional and complementary to existing employment and skills provision in each area.

Multiply

To meet the UK Government's priority of enhancing adult numeracy, **each area will be required to invest a ring-fenced amount of the Fund in local Multiply interventions.** This will be managed by the Department for Education and will total up to £430m across the UK by March 2025. Further information on how this element of the Fund will be delivered will be set out in due course.

The Department for Education will also deliver a national digital numeracy platform, giving people the ability to learn at their own place (including at work, or at home), and pace. It will undertake randomised control trials and evaluation activity to test innovative approaches to reducing adult learning barriers, and build the evidence base on what works. Up to £129m has been allocated to the Department for Education up to March 2025 for these activities. This will complement local Multiply interventions.

Meeting other national policies and priorities

Interventions supported by the UK Shared Prosperity Fund will need to take account of other local and national policies and priorities – including the government's commitment to reach **Net Zero by 2050** and clean growth, and complement other UK, national or local provision. This will make sure that funding is effectively targeted. **Further details on these requirements will be provided in the prospectus later in the spring.**

Empowering local leaders

Working to a UK-wide framework published by the UK government, local partners will influence the Fund through development and delivery of an Investment Plan for each place.

The Department for Levelling Up, Housing and Communities will oversee the fund at UK level, working with other departments. For example, the Department for Education will lead delivery of the Multiply element of the Fund and will play a key role in relation to wider skills interventions, working with local partners. The Department for Work and Pensions will play a key role in the planning and delivery of employment interventions supported by the Fund.

Who will deliver the Fund?

In England, Scotland and Wales, local government will be given responsibility for developing an Investment Plan for approval by the UK government, and for delivery of the fund thereafter. They will receive an area's allocation to manage, including assessing and approving project applications, processing payments and day-to-day monitoring. This recognises that pride in place can be best achieved by delivery close to local people and businesses; by authorities that understand each place's unique local context, and with established governance.

Lead local authorities for each area will have flexibility over how they deliver the Fund, for example they may wish to use a mix of procurement, local competitions or deliver some activity through in-house teams.

Working with other places will be welcomed in the delivery of Fund interventions where it meets the needs of their place, and achieves value for money or better outcomes for local people or businesses. In particular, we strongly encourage lead local authorities to work with other district, county or unitary authorities to agree and commission skills and employment activity.

In England, **the Fund will primarily operate over the strategic geographies of the Mayoral Combined Authorities and the Greater London Authority, and lower tier or unitary authorities elsewhere.** The geographies and authorities the Government will work with are set out in the Delivery Geographies.

Supporting local places to deliver

Each lead authority will be able to use a **proportion of their allocation to undertake necessary Fund administration**, such as project assessment, contracting and monitoring.

This approach, **and broader technical guidance for Fund delivery will be developed further over the Spring with further information made available to places as they are developing local Investment Plans.**

Alongside existing capacity funding for complementary funds such as the Levelling Up Fund, the Government is "also **exploring the need for additional capability support for local government and other partners to maximise the opportunities that the Fund affords".**

How places access the Fund

The Fund will make available a **mixture of both revenue and capital funding** to places. This funding will be **allocated by formula to invest in local priority projects**. This approach responds to clear feedback from partners. It will facilitate places' planning and allow the UK Shared Prosperity Fund **to act as a predictable baseline element of local growth funding.**

Further information on the allocation formula, including local allocations, will be made available in due course.

Developing national governance and local partnerships

Local partnerships

Throughout the UK, access to local insight and expertise is essential for each place to identify and address need and opportunity and respond with the right solutions for each place. **Comprehensive and balanced local partnerships will be a core component of how the Fund will be administered locally. Local leaders will be tasked to work with a diverse range of local stakeholders, civic society organisations, employer bodies responsible for identifying local skills plans, and businesses to achieve Fund outcomes in their areas.**

Local partners will support the authority leading the Fund in each place to develop an Investment Plan, which we will commission from each place later in the Spring. Once the Fund has launched, partners will provide advice to the authority leading the Fund in each place on strategic fit and deliverability. This will ensure that Fund investments complement other activities in the area and meet goals.

Lead authorities **should involve MPs in every stage of UKSPF planning and delivery, and we will set out our requirements in the full Prospectus later this Spring.**

Next steps

Drawing on the information set out in this Pre-Launch Guidance, **each lead local authority is encouraged to start identifying a diverse range of local stakeholders, appropriate groups and organisations to represent cross-sector voices.**

In circumstances where a local authority already has a group that could be used, it can designate the group for UK Shared Prosperity Fund purposes, taking care to ensure that it is fully representative and that its terms of reference meet the Fund's needs.

The UK government and devolved administrations should have a standing invite to any partnership meetings to provide advice and information about their interrelated investments and policy priorities. **Broader governance, statutory and regulatory requirements will be detailed in the full Prospectus, which the Government expect to publish later in the Spring.**

RURAL ASSESSMENT

In advance of detail coming out on the UK Shared Prosperity Fund the RSN engaged Economists - Pragmatix Advisory to review and comment upon issues from a rural perspective. The report was titled "Towards the UK Shared Prosperity Fund: Developing a prioritisation framework to support the levelling up of rural communities".

We also engaged Pragmatix to produce a summary report entitled "Cultivating Rural Growth", highlighting some of the key themes and recommendations across the three reports we have commissioned from them, as set out below:

- Towards a Greener Green Book process – Delivering the promise of proportionate public funding for rural communities
- Towards the UK Shared Prosperity Fund referred to above; and
- Rural Recovery and Revitalisation - The economic and fiscal case for investing in rural affordable housing to drive post pandemic recovery.

The reports clearly demonstrate that:

- the way in which government allocates spending spatially is placing rural communities at a disadvantage and failing to unlock the opportunities they can offer to the nation as part of a digitised, decarbonised and decentralised modern economy

- rural areas face the triple whammy of higher costs, lower funding and greater need but lack of economies of scale mean delivery of rural services will likely cost more than in urban locations

- despite this, public sector spending per head is higher in regions with a greater share of the population living in urban areas

- This urban-centric bias has a particularly acute impact on the rural regions with no major cities, that make up Britain's Leading Edge

Considering Productivity, Standards of Living, Housing and Funding, the reports show:

Productivity	Standards of Living
• Industry mix in rural areas is constrained by limits of geography and scale • Rural jobs are less productive, even in key sectors like manufacturing and tourism	• Lower wages and higher living costs squeeze rural living standards • Official statistics fail to capture rural poverty and low earners
Housing	**Funding**
• Beyond London, problems of affordability are most acute in rural areas, with key workers priced out of their communities • Building new affordable rural homes is essential meet growing demand – and will help to boost public finances	• Rural areas are in receipt of proportionally less government funding • Appraisal mechanisms and priority frameworks favour urban locations • Focusing on real incomes should determine areas in need of 'levelling up'

We also expressed significant concerns about the capacity of many rural councils and their local partners to fully engage in competition for funds and the weightings given in appraisal processes to the outcomes which can be achieved in rural compared to urban areas given the extra costs involved in the rural context.

Looking to the Pre-Launch Guidance now issued we welcome the fact that all areas will receive an allocation via a funding formula rather than a competition **but the construction of that formula will be crucial**. It must be fit for purpose in the rural context and fully reflect delivery costs in rural settings (existing funding formulae do not reflect these aspects and disadvantage rural areas). **This is a key rural proofing point and a major test for Government.** The fact that the Fund will be a mix of revenue and capital funding is welcome – but the split between the two will be very important.

The funding formula is said to be 'skewed to need'. The measures in the Levelling - Up White Paper are very urban centric.

Capacity remains an issue of real concern across rural authorities and while it is welcome that there will be an allocation to manage the Fund, including assessing and approving project applications, processing payments and day-to-day monitoring that still requires people who **understand each place's unique local context.**

Reference is made to the Fund being able to complement other funding streams - **but many of those have so far, by-passed rural communities.**

The requirement for Government to have to approve the Investment Plans smacks of a dead hand of centralisation.

Realistic and workable timescales for the required Investment Plans is essential.

Fewer outcomes can be achieved in rural areas for a given amount of funding when compared to urban. That must be acknowledged and reflected in funding from the outset.

Given the large geographical size of rural District and Unitary authorities they cover very many separate communities separated by distance. Each has unique challenges and opportunities.This presents many challenges in programme design and delivery.