

REPORT TO:	Officer Decision
REPORT OF:	Michelle Sacks – Deputy Chief Executive (Growth)
SUBJECT:	Award of Round Three UK Shared Prosperity and Rural Prosperity Funding: NBV ‘Start Up, Scale Up’
PURPOSE:	To fund the NBV ‘Start Up, Scale Up’ project, as set out in this report, enabling support to be offered to business start-ups (through both advisory support and grant aid) in East Lindsey District, complementing our new Grants 4 Growth II offer. That a proportion of the council’s funding relating to the Supporting Local Business of UKSPF and REPF (£205,160) is utilised for this purpose.
KEY DECISION:	Yes
PORTFOLIO HOLDER:	Councillors Steve Kirk and Adam Grist
REPORT AUTHOR:	Saul Farrell – Senior Programme Manager (UK Shared Prosperity Fund)
WARD(S) AFFECTED:	All
EXEMPT REPORT?	No

SUMMARY

This paper concerns the recommendation to fund the NBV ‘Start Up, Scale Up’ project, enabling the mobilisation of a ‘start up’ business advisory service and small grants for early stage and start up businesses in our District. This will compliment the new Grants 4 Growth offer, recently announced. We recommend that a proportion of the council’s funding relating to the Supporting Local Business of UK Shared Prosperity Fund (UKSPF) and Rural Prosperity Fund (RPF) (£205,160) is utilised for this purpose

RECOMMENDATIONS

- 1) To award £205,160 of the council's allocation of UK Shared Prosperity Funding and Rural Prosperity Funding to NBV Enterprise Solutions Ltd. For the 'Start Up, Scale Up' project in East Lindsey District.

REASONS FOR RECOMMENDATIONS

Considerations and conclusions for this investment are made within the text of this report, including the options appraisal below.

OTHER OPTIONS CONSIDERED

Option 1 - Proceed as per the recommendation of this Report

Under this option, both a business grants and advisory support scheme, delivered by NBV Enterprise Solutions, for start-up businesses in our District will be implemented. This will support the realisation of the benefits as set out within the report below.

Option 2 – Do nothing

Under this option, the recommendations are not taken forward and neither the business grants nor the advisory scheme for start-up businesses will go ahead and consequently, the benefits of the report detailed below will not be realised.

1. BACKGROUND

- 1.1 Launching at the end of January 2023, East Lindsey District Council has a significant allocation of UK Shared Prosperity and Rural Prosperity Funding (£5.8m, less administration). This allocation was based on an Investment Plan which was submitted in the preceding year to the Department for Levelling Up, Housing and Communities (DLUHC), which was itself based on an extensive consultation with local communities and elected Members.
- 1.2 In line with our approved Investment Plan and DLUHC guidance, funding has been split equally across three themes:
 - Communities and Place – Supporting pride in place, improving residents' experiences of their communities
 - Supporting Local Businesses – Supporting local businesses to grow and local productivity, supporting employment growth
 - People & Skills – Reducing economic activity, supporting employment growth and improving the skills of adult learners (to be principally delivered in Financial Year 2023-4).

- 1.3 Rural Prosperity Funding (RPF) has been allocated by the Department for Environment, Food and Rural Affairs. This funding focusses on supporting rural businesses and communities, who have been historically underrepresented in the allocation of regeneration funding across the United Kingdom. This fund is entirely capital. As there is no allowance for administration within RPF, the two Programmes are administered concurrently by the same Programme Team across the South and East Lincolnshire Councils Partnership.
- 1.4 The expectation, legally embodied within our contract (Memorandum of Understanding) for funding from DEFRA and DLUHC, is that investments made by Local Authorities directly address the contracted outcomes within the agreed Investment Plan. They must also generate additionality – new activity in the local area rather than the replication of pre-existing service provision. They also stipulate that all projects commissioned must be delivered by the end of March 2025.
- 1.5 The allocation of funding of both UKSPF and RPF received for East Lindsey District, less administration (currently at 7.1%, which is within DLUHC guidelines for administration), is as follows:

Category	Capital	Revenue
Communities and Place	£1,134,720	£1,317,949
Supporting Local Business	£1,134,720	£1,317,949
People & Skills	£89,849	£800,500

- 1.6 In line with DLUHC guidance, which requested that we undertake to invest allocated 2022-3 funds as rapidly as possible, the council has sought to mobilise a small number of ‘quick to deliver’ projects in late FY 22-23/early FY 23-24 (‘Round One’), These projects represent a small proportion of available funding but were adjudged to be Value for Money and likely to deliver on the contracted outcomes.
- 1.7 At Round Two (June 2023), the District appointed Grants 4 Growth II to both distribute UKSPF/RPF Supporting Local Business capital and revenue grant aid on behalf of the Partnership, as well as to provide specialist business support services, in lieu of prior ERDF-funded Growth Hub provision. This provision is, as Grants 4 Growth and the Growth Hub have been historically, tailored to established businesses over 12 months in age. As the District’s UKSPF/RPF Investment Plan commits to ambitious targets relating to the number of business start-ups, there is a clear gap in provision that has arisen.
- 1.8 Since the launch of the Prospectus, the Council has recruited a Programme Team (March 2023), held Assessment Panels and conducted Theme and locality-based Partnership Groups for the latest round of funding (Round Three – June/July 2023). The membership of these groups involves subject-matter experts and community representatives respectively, drawn from organisations and communities in the District. This has resulted in a recommendation to appoint NBV Enterprise Solutions Ltd to deliver the project, ‘Start Up, Scale Up’.

2. DETAILS OF THE PROJECT

2.1. As the partial replacement for European Regional Development Funding (ERDF) and European Social Funding (ESF), our contract with government requires UK Shared Prosperity Funding to support business growth, improved productivity and increase the number of business start-ups in East Lindsey District.

2.2. In line with the Council's agreed Investment Plan, Expressions of Interest and then subsequently, Full Applications were open to organisations, including organisations with a specialism in business support, to deliver business start-up support in the District.

2.3. NBV Enterprise Solutions have submitted a comprehensive proposal for business start-up advice and support, which was entered into Round Two of Assessment for the UK Shared Prosperity Fund. Following feedback from the relevant Theme and Partnership Groups, the application was withdrawn, modified and re-submitted for Round Three. The amendments were focussed on refining the cost basis and ensuring that the start-up support was tailored to the Partnership area's unique sectoral mix (with a particular focus on agriculture and visitor economy businesses). The proposal received a very positive reception at Round Three and has therefore received a successful award of UKSPF/RPF funding.

2.4. The project will provide two dedicated start-up Business Advisors in the Partnership area. This Advisor will use their experience and range of specialisms to advise businesses on their start-up options, with support including:

- Start-Up business plan creation
- Support to access finance in the form of commercial loans, grant funding and private sector investment. NBV are an official referral partner for the national Start Up Loan and Funding Circle.
- Offering mentoring and coaching to help a business start, survive and adapt to changing environments.
- Providing support on long-term business planning.
- Advice on digital adoption and digital marketing
- Introducing businesses to networks and associates
- Supporting businesses to become more carbon efficient.
- Giving advice on business improvement techniques.

Alongside the 'one to one' support offered by the Business Advisor, there will be a range of 'one to many' interventions and workshops, covering subjects as diverse as creating a marketing plan, social media, customer services, Intellectual Property, basic business law, telesales, leadership and website development (and many more).

2.5. This will also be complimented by grant funding, distributed by NBV, available to support businesses in 'starting up' (to a value of £99,000 across the Partnership area). This will involve the provision of finance to support businesses. These beneficiary grants will be small grants (often in the region of £1-2,000) offered at an average rate of 75% (significantly higher than the average intervention rate for Grants offered under Grants 4 Growth II, to account for the size and early

stage of the prospective grant recipients). Grants will be managed digitally through an established online grant management portal (Wufoo) and will be tracked centrally by NBV (with reporting back to the UKSPF/RPF Contract Manager within the Council).

2.6. In terms of next steps to be taken after this decision, it is anticipated that the scheme will be mobilised in September and October 2023, for continuous delivery to the end of the UK Shared Prosperity Fund Programme (March 2025).

CONCLUSION

3.1 Recommendation: To proceed upon the basis of awarding £205,160 from East Lindsey District Council's UK Shared Prosperity and Rural Prosperity Fund for the purposes of delivering the NBV 'Start Up, Scale Up' Project.

EXPECTED BENEFITS TO THE PARTNERSHIP

These recommendations will allow the Partnership to meet the commitments that it has given to DLUHC through the UK Shared Prosperity Fund. It will also meet the key political commitment of ensuring that funding is distributed equitably and widely to businesses within the Partnership area, as well a commitment to support local economic growth, employment growth and improvements to productivity within our local businesses. Principally, the focus here will be on increasing the number of new business start-ups in the District and ensuring that those businesses which do start up are sustained beyond the first year.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

This project will be contract managed by the UK Shared Prosperity/Rural Prosperity Fund team and the funding will be shared proportionately across the three councils, drawn from each individual Council's allocation of UKSPF/RPF. There will be one contract manager operating across the Partnership, within the UKSPF/RPF Programme Team. By delivering across the Partnership in this manner, it allows this project to realise significant cost efficiencies and allows for the commissioning of business growth advisors at an appropriate scale to support the sub-region's priority sectors.

CORPORATE PRIORITIES

None

STAFFING

None

CONSTITUTIONAL AND LEGAL IMPLICATIONS

This is a Delegated decision, made by the Deputy Chief Executive (Growth) in consultation with the relevant Portfolio Holder and in this specific case, the Leader of the Council. The funding for the scheme has already been provided by Central Government and accepted by the Council, and forms part of the councils approved budget.

DATA PROTECTION

None

FINANCIAL

The combined allocation of £205,160 in UK Shared Prosperity Funding and Rural Prosperity Funding from the 'Supporting Local Business' Theme.

RISK MANAGEMENT

Risk management shall be undertaken within the context of the contract management process. The applicant has produced a project-specific risk register, and this is being kept under review. The three key risks are as follows:

- **Non-attainment of key contracted Programme outcomes** – If the council does not deliver against its contracted investment plan (both in terms of outputs and outcomes), there is a risk in terms of handing funding back to central government, as well as the future allocation of funding to the area. This is being managed closely through the application assessment and contracting process, as well as in conversation with DLUHC.
- **Delaying decision-making further** – This substantially increases the risk of underspend and decreases the chance of completing programme delivery by the end of March 2025. This means that either the council will under-perform on its contracted outcomes or, in the worst-case scenario, be required to hand funding back to central government.
- **Failure to deliver appropriate support to business start-ups** – The delivery of low quality support or the lack of disbursement of grant aid in this area would substantially increase the risk of the UKSPF/RPF Programme not attaining its ambitious targets in the realm of business start-up support. Consequently, this would likely pose a reputational risk for the council within the local business community and increase the risk of non-attainment of key contracted Programme outcomes.

- **STAKEHOLDER / CONSULTATION / TIMESCALES**

These projects have been assessed between June and July 2023 through the agreed UKSPF/RPF Assessment process. This has included the following:

- Processed at Expression of Interest and full application stage through the internal Assessment Panel of Officers
- Consultation within the relevant Theme Group of specialists (Supporting Local Business)
- Consultation within the East Lindsey District UKSPF/RPF Partnership Group and relevant Town Deal Board.
- Consultation with the relevant Portfolio Holder
- Consultation with Senior Leadership Team within the South and East Lincolnshire Councils Partnership

REPUTATION

No specific reputational risks arising in this case. However, there is a substantial reputational risk associated with not committing UKSPF/RPF funding in a timely manner and to high quality projects that meet the outcomes that the Local Authority has committed to within the UKSPF/RPF

Investment Plan, such as this one. At a project level, under-delivery is likely to carry substantial reputational risk and this will be managed closely through the contract management process.

CONTRACTS

The project will be managed through a standard UKSPF/RPF Grant Funding Agreement, as with all UKSPF/RPF projects that are externally contracted. This will be managed by a dedicated contract manager within both services, with further oversight provided by senior leadership within the Growth Directorate.

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

The council has considered equalities, diversity and inclusion in formulating this recommendation, including compliance with relevant legislation. This includes protected characteristics under the 2010 Equalities Act and subsequent amendments. It is the view of the author that there are no implications in this regard in respect of this report recommendation. The proposed grant funding and advisory support shall be open to all within our local community and there shall be reasonable adjustments for those facing barriers to access. This shall be monitored through the contract management process.

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

MISSIONS	
This paper contributes to the follow Missions outlined in the Government’s Levelling Up White paper.	
Living Standards	By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.
Research and Development	By 2030, domestic public investment in Research & Development outside the Greater South East will increase by at least 40% and at least one third over the Spending Review period, with that additional government funding seeking to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.
Skills	By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.

ACRONYMS

APPENDICES	
None	
<i>APPENDIX A</i>	<i>(Title of document)</i>
<i>APPENDIX B</i>	<i>(Title of document)</i>
<i>APPENDIX C</i>	<i>(Title of document)</i>

BACKGROUND PAPERS	
<i>(If none then insert the working ‘No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.’ Also delete the below text/boxes.)</i>	
Background papers used in the production of this report are listed below: -	
Document title	Where the document can be viewed
UKSPF Prospectus	https://www.e-lindsey.gov.uk/article/23065/UK-Shared-Prosperity-Fund

CHRONOLOGICAL HISTORY OF THIS REPORT
A report on this item has not been previously considered by the Council.

REPORT APPROVAL	
Report author:	Saul Farrell Senior Programme Manager – UK Shared Prosperity Fund/Rural Prosperity Fund
Signed off by:	Michelle Sacks (Delegated Decision) Deputy Chief Executive - Growth
Approved for publication:	N/A