

READING BOROUGH COUNCIL

REPORT BY DIRECTOR FOR ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	11 JULY 2022		
TITLE:	DEPARTMENT FOR LEVELLING UP HOUSING AND COMMUNITIES (DLUHC) FUNDING PROGRAMMES		
LEAD COUNCILLOR:	COUNCILLOR BROCK	PORTFOLIO:	LEADERSHIP
SERVICE:	DEGNS	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 The Government has recently announced a number of funding streams to support its 'Levelling Up' policy agenda. This report sets out the action being taken by the Council to take advantage of three of these funding streams, specifically:

- UK Shared Prosperity Fund (UKSPF) core funding: this £2.6 billion fund replaces EU Structural Funds and aims to build 'pride in place' and improve life chances. The Council has received a conditional £1 million core UKSPF funding allocation for the three years commencing 2022/23, subject to Department for Levelling Up, Housing and Communities (DLUHC) sign-off on an Investment Plan to be prepared by the Council by the deadline of 1 August 2022.
- Multiply: this fund is a ring-fenced part of UKSPF which is being made available to deliver adult numeracy programmes. The Council has received a conditional £711,702 funding allocation (additional to the UKSPF core funding of £1m) for the three years commencing 2022/23, subject to Department for Education (DfE) sign-off on an Investment Plan which was submitted by the Council by the deadline of 30 June 2022.
- Levelling Up Fund (round 2): following a first round of Levelling Up Fund in 2021/22, Government launched a second competitive round with similar criteria with a deadline of 6 July 2022. The Council has submitted two bids in relation to (i) Minster Quarter regeneration and (ii) a package of sustainable transport projects.

1.2 Appendix 1 summarises the key aims and 'missions' of the Levelling Up White Paper.

2. RECOMMENDED ACTION

2.1 That the Committee:

2.1.1 Notes and approves the proposed approach to development of Reading's Shared Prosperity Fund Investment Plan to be submitted by the deadline of 1 August.

2.1.2 Notes the submission of an Investment Plan for the Multiply programme as required by Government by the deadline of 30 June 2022.

2.1.3 Notes the submission of Levelling Up Fund bids for Reading for Minister Quarter (including the inclusion of approved low carbon capital investment funds and Brownfield Land Release Fund as match funding) and a package of sustainable transport projects which were invited by the deadline of 6 July 2022.

3. POLICY CONTEXT

3.1.1 Levelling Up is the Government’s flagship policy agenda, the aims of which were set out in the Levelling Up White Paper published in February 2022 with the framework for delivery set out in the Levelling Up and Regeneration Bill. Appendix 1 summarises the key aims and the 12 ‘missions’ which the Government set out in the White Paper. Below are summarised the key aims of the UKSPF, the Multiply programme and the Levelling Up Fund which are the subject of this report.

UK Shared Prosperity Fund

3.1.2 The UK Shared Prosperity Fund (UKSPF) replaces EU Structural Funds and sees funding allocated to areas based on a formula rather than via competitive bids. A detailed UKSPF Prospectus was published in April and funding allocations for individual local authorities were published soon after. The core UKSPF funding allocation for Reading for the three years beginning 2022/23, which is conditional on DLUHC sign-off on an Investment Plan to be submitted by the Council by 1 August 2022, is summarised at Table 1.

Table 1: core UKSPF allocation for Reading

UKSPF allocation	2022/23	% of total	2023/24	% of total	2024/25	% of total	3-year total
Reading	£95,124	10%	£190,249	19%	£714,627	71%	£1,000,000

3.1.3 Funding allocations must be spent in year and cannot be rolled over to future years. The Fund will focus on communities and place and local business interventions in 2022/23 and 2023/24. UKSPF investment to support people and skills will follow from 2024-25. There is a minimum revenue/capital split, rising from 10% capital in 2022/23 to 13% in 2023/24 and to 20% capital in 2024/25.

3.2 The funding allocation is indicatively split into revenue and capital funding over the three years from 2022/23.

3.3 The Government has set three priorities for UKSPF:

- Priority 1 - Community and Places: strengthening social fabric and fostering a sense of local pride through investment in activities that enhance physical, cultural and social ties and amenities, such as community infrastructure, local green space, and community-led projects.
- Priority 2 - Supporting Local Business: creating jobs and boosting community cohesion through investments that build on existing industries and institutions and range from support for start-ups to improvements to local retail, hospitality and leisure sector facilities; promoting business networking and collaboration; and targeting support for SMEs to innovate and adopt productivity-enhancing, energy-efficient and low carbon technologies and techniques.
- Priority 3 - People and Skills: boosting core skills and supporting adults to progress in work, targeting adults with no/low-level qualifications and skills in maths; supporting disadvantaged people through funding life and basic skills where this is not delivered through national or local employment and skills provision; supporting

local areas to fund local skills needs and supplement local adult skills provision; and reducing levels of economic inactivity and moving those furthest from the labour market closer to employment, via bespoke employment support tailored to local needs. Funding for this priority is not due to start until 2024/25 though local authorities may be able to fund activities in this area before then in exceptional circumstances.

- 3.4 The Investment Plan must be submitted by 1 August and signed-off by DLUHC to access the core UKSPF funding allocation.
- 3.5 The Investment Plan will promote Reading as an inclusive place to live, work and be enterprising. It will explore interventions in line with the government prospectus' 41 interventions that;
- Promote collaboration at a pan-Berkshire level, with the support of Thames Valley Local Enterprise Partnership to support and stimulate business growth and enterprise, demonstrating our commitment to future devolution opportunities where it makes sense for Reading. This may include additional resourcing for the Berkshire Growth Hub which provides information, resources and support for those starting up, running or growing their business
 - Support businesses and community enterprises in Reading to achieve their potential with a focus on creative industries. For example by providing funding to develop Reading's diverse events and festivals programme, working with the community groups who organise them to build capacity within the arts sector to deliver events in the Town Centre and in local neighbourhoods.
 - Prepare people for work through training, development and upskilling with a particular focus on those furthest from the labour market and targeting our more deprived neighbourhoods.
 - Provide match support to other funding initiatives such as Levelling Up Fund Round 2.

Multiply Programme

- 3.6 In March the Government announced further details of the Multiply programme, the Government's new adult numeracy programme. Multiply is an early priority within the UKSPF with up to £559 million being made available over the next three years to (i) enable local areas to deliver bespoke adult numeracy interventions (ii) provide a new national online platform that offers free personal tutoring and digital training and (iii) build the evidence base on 'what works' in improving functional adult numeracy. A full prospectus and indicative funding allocations, which are conditional on DfE sign-off on an Investment Plan which was submitted by the Council by the deadline of 30 June 2022 to enable delivery to start in September 2022.

Table 2: Multiply allocation for Reading

Multiply allocation	2022/23	% of total	2023/24	% of total	2024/25	% of total	3-year total
Reading	£215,166	30%	£248,268	35%	£248,268	35%	£711,702

Levelling Up Fund (Round 2)

- 3.7 In March the Government also published the Prospectus for the second round of the Levelling Up Fund, a competitive process with a deadline for bids of noon on 6 July 2022. Reading was eligible to submit up to three bids - one for each Parliamentary

constituency, and one transport bid. The bids can be up to a value of £20 million each. The themes for round 2 of LUF are:

- **Transport investments** including (but not limited to) public transport, active travel, bridge repairs, bus priority, local road improvements and major structural maintenance, and accessibility improvements.
- **Regeneration and town centre investment**, building on the Towns Fund framework to upgrade ‘eyesore’ buildings and dated infrastructure; acquire and regenerate brownfield sites; invest in secure community infrastructure and crime reduction; and bring public services and safe, accessible community spaces into town/city centres.
- **Cultural investment** maintaining, regenerating, or creatively repurposing existing cultural, creative, heritage and sporting assets, or creating new assets that serve those purposes including theatres, museums, galleries, production facilities, libraries, visitor attractions (and associated green spaces), sports and athletics facilities, heritage buildings and sites, and assets that support the visitor economy.

3.8 Minster Quarter had previously been identified as a strong match for the Levelling Up Fund bid criteria. In anticipation of a further LUF round in 2022, a delegation to the Chief Executive, in consultation with the Chief Financial Officer, Leader and Deputy Leader, to submit a bid for Minster Quarter was therefore agreed by Policy Committee at its meeting on 14 June 2021 (minute 5(3) refers). Under this delegation, a bid was developed and submitted by the noon 6 July deadline.

3.9 The LUF bid ‘Heart of Reading - Culture and Community at Minster Quarter’ will focus on the cultural regeneration of the Minster Quarter and Bridge Street area. It will invest in the enhancement of the cultural offer at the Hexagon Theatre and a new and exciting library, discovery and learning provision in an accessible and central location. A successful bid, alongside the redevelopment of the Minster Quarter which is the subject of a separate Policy Committee report, will transform the area into a new, vibrant community for those living within the Minster Quarter area and beyond.

3.10 The LUF guidance sets an expectation of a minimum local match funding contribution of 10% and emphasises the importance of bids aligning with the Government’s ‘net zero’ policy commitments. There are 2 potential match funding opportunities available to consider,

1) The Council’s low carbon capital investment programme includes proposed investment of £1.136m in decarbonisation of the Hexagon Theatre, a flagship site within the Minster Quarter, and £1.342m for decarbonisation of the Civic Centre, and

2) £1.000m Central library capital programme budget.

3.11 The use of all or part of these sums could be included within the bid as necessary as part of the Council’s match funding contribution. A SEPT Committee resolution of June 2021 gave delegated authority to the Executive Director for Economic Growth & Neighbourhood Services, in consultation with the Director of Finance and Lead Member for Strategic Environment, Planning and Transport, to commit sums identified within the programme’s approved capital budgets as match funding for bids as required.

3.12 Given the emphasis within LUF on transport improvements, and the Council’s eligibility to bid for an additional transport project, the Council was keen to take advantage of the opportunity to bid for a package of sustainable transport investment which would enable it to accelerate its ambitions in this area. Committee timescales did not allow

for a report to be submitted seeking permission to bid in advance of the 6 July deadline. The Constitution states that in exceptional circumstances, 'a bid may be submitted following consultation with the Strategic Finance Director, Lead Councillor and Leader or Deputy Leader, and reported to the next meeting of the Committee by the relevant Head of Service'. These consultations have taken place and this report satisfies the requirement to report the submission of the LUF round 2 bid for transport projects to the next available Committee.

- 3.13 Reading's LUF round 2 transport bid includes a package of sustainable travel interventions, focused on improving access to employment, education and leisure opportunities for residents living in the areas of higher deprivation to the south and west of the Borough. The package includes enhanced active travel links (walking and cycling facilities), linking residential and employment areas in south Reading and providing onward travel options through better access to South Reading Mass Rapid Transit (MRT) services. These new active travel links are complemented with a package of traffic signal upgrades, which include enhanced pedestrian crossing facilities, and essential bridge strengthening works to ensure vital links connecting areas of higher deprivation with the town centre remain open. The final element of the package is the next phase of the South Reading MRT scheme, which includes provision of an outbound bus lane on the A33 over the River Kennet bridge, providing a continuous bus priority route. The bid is for £18m capital grant funding, with a £2m local match contribution provided by the Council from the approved capital programme for phases 4 and 5 of the South Reading MRT Scheme.

4. THE PROPOSAL

- 4.1 **Current Position:** deadlines for submission of the Multiply Investment Plan and Levelling Up Fund bids did not enable them to be reported to Committee in advance, so they were submitted under the delegated authorities described above. Work is underway on the UKSPF Investment Plan, following the guidance published by Government on the process and content which it is expected to contain. The Council is engaging local partners in the development of the Investment Plan, including voluntary sector representatives, and engagement with stakeholders is underway accordingly.
- 4.2 **Proposed option:** it is proposed that officers continue to develop the UKSPF Investment Plan in line with the guidance and consult relevant Lead Members in the process of finalising the Plan. Noting the encouragement within the guidance for cross-boundary working, particularly on employment and skills, the Council will liaise with the other Berkshire unitary authorities to ensure that scope for collaboration is explored fully.
- 4.3 **Other options considered:** if the Council does not submit a satisfactory Investment Plan, it will be unable to benefit from funding summarised in this report which would clearly not be a viable option.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The action summarised in this report aligns with Corporate Plan priorities and are designed to secure additional resources to assist in the delivery of these priorities. For example, the strong emphasis in the Council's LUF bids on low carbon development and sustainable transport will help forward our 'Healthy environment' priorities; and the Investment Plans being developed for UKSPF and Multiply will help forward our aims in respect of 'Thriving Communities' and 'Inclusive Economy'.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers), endorsed the Reading Climate Emergency Strategy 2020-25 in November 2020 and adopted a new corporate Carbon Plan 2020-25 also in November 2020. A climate impact assessment has been conducted which suggests a 'net medium positive' impact, assuming that the funding bids referred to in this report are successful. While there would be some environmental impacts, including carbon emissions, associated with the development of Minster Quarter and the transport package described in the short-term construction phase, it is anticipated that these will be outweighed by the provision of more sustainable transport options, more modern, low-carbon development and improved public realm/greenspace which are core principles of the design brief for Minster Quarter. Alignment with the Council's environmental and climate policy commitments will also be a consideration in the allocation of UKSPF core funding.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way". The UKSPF Prospectus sets out the expectations of how local authorities will consult and engage with the wider community in developing the Investment Plan and these are being observed in the preparation of the Investment Plan.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 The UKSPF Investment Plan will require the Council to demonstrate how it has considered and complied with the Public Sector Equality Duty. It is therefore envisaged that an Equality Impact Assessment will be conducted as an integral part of the Plan development process.

9. LEGAL IMPLICATIONS

- 9.1 There are no legal implications arising from the recommendations in this report.

10. FINANCIAL IMPLICATIONS

- 10.1 Financial allocations made by the Government to the Council for UKSPF and Multiply are in addition to sums in the approved budget and MTFS and no match funding is required. A minimum 10% local contribution is recommended for LUF bids, and the suggestions of match funding put forward as part of the Council's LUF fund bids would be from within approved capital budgets shown in paragraph 3.10 and 3.13.

11. BACKGROUND PAPERS

- 11.1 No unpublished documents have been relied upon in drafting this report.

APPENDIX 1: the Focus Areas and ‘12 Missions’ from the Levelling Up White Paper

<i>Focus Area</i>	<i>Mission</i>
<i>Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging</i>	
Living Standards	By 2030, pay, employment and productivity will have risen in every area of the UK, with each area containing a globally competitive city, and the gap between the top performing and other areas closing.
Research & Development	By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least 33%. This additional government funding will seek to leverage at least twice as much private sector investment to stimulate innovation and productivity.
Transport Infrastructure	By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.
Digital Connectivity	By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population
<i>Spread opportunities and improve public services, especially in those places where they are weakest</i>	
Education	By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third.
Skills	By 2030, the number of people 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.
Health	By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years.
Well-being	By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.
<i>Restore a sense of community, local pride and belonging, especially in those places where they have been lost</i>	
Pride in Place	By 2030, pride in place, such as people’s satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing.
Housing	By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government’s ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.
Crime	By 2030, homicide, serious violence and neighbourhood crime will have fallen, focused on the worst affected areas.
<i>Empower local leaders and communities, especially in those places lacking local agency</i>	
Local Leadership	By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.