

BARNSELY METROPOLITAN BOROUGH COUNCIL

REPORT OF: EXECUTIVE DIRECTOR GROWTH AND SUSTAINABILITY

**TITLE: UK Shared Prosperity Funding (UKSPF) & South Yorkshire
Mayoral Combined Authority (SYMCA) – Business Support
Projects**

REPORT TO:	CABINET
Date of Meeting	26/07/2023
Cabinet Member Portfolio	Regeneration and Culture
Key Decision	Yes
Public or Private	Public

Purpose of report

The Council seeks to ensure better access to business support for Barnsley's Small and Medium Sized Enterprises (SMEs) at all stages of development through a range of integrated UKSPF and SYMCA funded projects that will ensure Barnsley is the place for entrepreneurship, for establishing thriving start-ups and growing businesses.

Approval is sought to enter into funding agreements with SYMCA and the South Yorkshire Local Authorities to implement a programme of initiatives that will facilitate access to finance and support for SMEs in a bid to boost innovation, productivity and employment opportunities for all.

Council Plan priority

This work aligns with the Council's Growing Barnsley and Sustainable Barnsley priorities. It also aligns to our inclusive economy work – creating More and Better Jobs, developing thriving urban centres and supporting businesses to start up, grow and invest in the borough.

Recommendations

1. Approval is given for the Executive Director – Growth & Sustainability to authorise the UKSPF Business Support projects submitted by SYMCA on

behalf of the South Yorkshire Local Authorities to the Department Levelling Up Homes & Community (DLUHC). The projects include,

- a) Business Productivity Grants
- b) Launchpad – Business Start Up Programme
- c) Low Carbon – Barnsley Net Zero
- d) Rural Business Support Grants

2. Approval is given for the Executive Director – Growth & Sustainability in consultation with the Executive Director of Core Services to accept a contract from SYMCA to receive UKSPF to deliver business support projects listed in recommendation 1.
3. Approval is given for The Council to act as the South Yorkshire Programme lead for the Business Productivity Grant and Launchpad Projects.
4. Approval is given for the Executive Director – Growth & Sustainability in consultation with the Executive Director of Core Services to contract with the Business Productivity and Launchpad project partners, including, City of Doncaster Council, Rotherham Metropolitan Borough Council and Sheffield City Council
5. Approval is given for the Executive Director – Growth & Sustainability in consultation with the Executive Director of Core Services to accept a contract from Sheffield City Council (Project Lead), to deliver a UKSPF Low Carbon project in collaboration with Barnsley Business Innovation Centre (BBIC)
6. Approval is given for the Executive Director – Growth & Sustainability in consultation with the Executive Director of Core Services to accept a contract from SYMCA to deliver the SYMCA TECHSY programme.
7. Approval is given for the Executive Director – Growth & Sustainability to explore options with SYMCA for Barnsley to lead and access funds to deliver a South Yorkshire Acceleration programme.
8. Cabinet agrees that approval is given for the Director of Finance to amend revenue budgets in accordance with the financial implications embedded within the report.
9. Cabinet agrees that approval is given for the Executive Director – Growth & Sustainability in consultation with the Executive Director of Core Services to

restructure and recruit additional resources to the Enterprising Barnsley team to provide a fit-for-purpose delivery structure to deliver UKSPF and SYMCA business support projects.

1. Introduction

- 1.1 The South Yorkshire LEP commissioned an Independent Economic Review (IER) which highlighted the stark nature of the region's economic challenges. The report notes that South Yorkshire needs to transform the inherent structural and fundamental weaknesses in the local economy. These can be seen to directly link to South Yorkshire's industrial legacy and the area's on-going transition from an economic base dominated by primary industries to a competitive 21st century, high value manufacturing, knowledge and service led, economy.
- 1.2 The projects will support the objectives of Barnsley's 2030 and SYMCA's economic strategy which seeks to build on the regional economic strengths to increase the region's productivity. To enable economic growth across South Yorkshire, SYMCA is targeting investment and support at entrepreneurs and businesses with the potential to grow and create high value jobs, the projects will be vehicles to deliver those aspirations.
- 1.3 Funding for the Business Support projects will primarily be sourced from UKSPF, a three-year funding programme which runs from 2022 – 25 which is part of national government's mission to level up the whole of the United Kingdom. The aim of the fund is to level up opportunity and prosperity and overcoming deep-seated geographical inequalities. It also aspires to level up people's pride in their places, empower local leaders and communities, support businesses to grow, develop a stronger social fabric and better life chances.

2. Justification

- 2.1 The proposed projects (listed in Recommendation 1 & 6) provide a 'golden thread' from the Council's 2030 strategy and the economic challenges faced by the borough which include the need to create more and better jobs but also to raise the productivity levels of our indigenous business base.
- 2.2 The benefits of productivity gains have not been felt by the majority of residents. In the last decade growth in the borough has predominantly been in low-wage and lower productivity sectors (such as public administration, health/care,

education, and logistics) and occupations (such as administration, trades and service occupations).

2.3 Productivity is a strong determinant of quality of life and wellbeing. The lack of progress on this indicator confirms that a stronger role for innovation and creativity in economic growth is needed. It also promotes a focus on the quality of growth to transform our economic trajectory, achieve an inclusive economy with opportunities for all and improve the wellbeing of our people.

2.4 Through the Barnsley Jobs and Business plan the main focus was on creating jobs and generating GVA (Gross Value Added – a measure of the value of the goods and services produced in an area) which was the right diagnosis for the time. However, the world has moved on and Barnsley's economic growth must also address social inequalities and realise the area's potential; it is not purely about the quantity of jobs but the quality of jobs. Job growth on its own will not deliver an inclusive economy and improve the health and wellbeing of the local population.

3. Proposal

3.1 This suite of **UKSPF projects** aims to provide a step change and give everyone an opportunity to benefit from prosperity. This will be achieved through the interventions listed below.

(a) Supporting local SMEs to become more productive.

- i. The *Business Productivity* grant project will address the productivity gap and will support SMEs by providing access to grant support that will directly help them to increase productivity.
- ii. The *Launchpad Project* will address the start-up deficit which impacts the health of the aggregate economy. New and young businesses play a critical role in maintaining market competition; encouraging 'creative destruction' and typically drive productivity gains.
- iii. The *Barnsley Rural & Visitor Economy (capital) Grant Project* will support those rural areas that often face specific challenges, specifically lower productivity rates. The Rural Fund supports the aims of the government's Levelling Up White Paper and Future Farming Programme. It will provide small grants for capital projects

that will help to improve productivity and strengthen the rural economy and rural communities.

(b) Supporting local Small and Medium-sized Enterprises (SMEs) to decarbonise.

- i. The *Barnsley Net Zero / Low Carbon Grant* project will be a collaboration between the Council, BBIC and Sheffield City Council. The project will offer free and intensive support, designed exclusively for businesses based in the Barnsley area, which have high-impact potential for contributing to the net zero carbon emission targets. Support will include in-person and peer-to-peer advice, this will be underpinned with a grant offer for businesses to invest in products that will help reduce their carbon footprint.

3.2 This suite of **SYMCA funded projects** aims to provide additional resources to the South Yorkshire Local Authorities to help boost innovation amongst the regional business base. In turn this will improve productivity, reduce costs, increase competitiveness and help forge new partnerships and relationships.

(c) Supporting South Yorkshire businesses to innovate.

- i. The Council will work in collaboration with SYMCA to embed a regional *Tech SY* team within the Enterprising Barnsley service. The scope of work is to move the region forward to a clear shared vision for the tech and digital ecosystem (including infrastructure and digital inclusion) and a programme of collaborative work, to co-create the plans and activity to achieve change at scale. Whilst the team will be embedded within the Council it will be a regional team and will work collegiately with all of the South Yorkshire Local Authorities, SYMCA, Universities and the private sector to develop and implement jointly agreed interventions that benefit the whole region.
- ii. SYMCA will ring fence a central fund for the Council which will pay for *Business Specialists*. Specialist advisors are an essential resource and have helped to support our local businesses specifically in innovation, retail and strategic development. The additional resource will help us expand the Barnsley Manufacturing

and Logistics Improvement group, support our important retailers and help growing Barnsley businesses reach their potential.

- iii. The Council's Enterprising Barnsley team will engage with SYMCA and its partners to deliver *Acceleration* support in the borough which will complement the Council's aspiration to encourage local businesses to innovate and create more and better jobs in the borough.

4. Consideration of Alternative Proposals

4.1 The 'Do Nothing' approach would mean the borough's economy will continue to lag behind both the regional and UK average and would drastically hinder the Council's aspiration of delivery the 2030 strategic objectives.

This would mean that 12 members of staff contracts would come to an end as there would no longer be funding available, which would also include potential exit costs dependant on staff length of service. Consequently, local businesses would have to apply for support via ad-hoc regional and national schemes whilst the emphasis should be on creating a local, well-balanced business support offer and an established finance infrastructure.

4.2 An alternative model with reduced investment was considered but the project costs have been carefully constructed to ensure that the private sector investment and UKSPF/SYMCA contributions are maximised to cover streamlined project management costs and ensure as much funding as possible is directed towards businesses.

4.3 Reducing the geographical scope of the projects was considered but this approach was rejected by the SYMCA UKSPF Strategic Group as it was requested that business support products be delivered across the whole of South Yorkshire and not in one particular borough. This approach will create economies of scale and help to reduce project management costs for partners.

5. Implications of the Decision

5.1 The business support projects will benefit local businesses through providing support to decarbonise, innovate, increase business competitiveness, increase business productivity, develop new products and services and enter new markets through the adoption of new technologies.

5.2 The projects aim to inspire local growth and community prosperity by creating 'more and better jobs' in the local economy to connect local people with these opportunities.

5.3 The projects will aim to facilitate a new social contract with businesses to balance increased productivity with benefits to local communities, which in turn support the growth of local employers. This will be delivered in collaboration with the Employment and Skills team to ensure those businesses receiving grant support via the projects work in collaboration with the Council to deliver its Inclusive Economy aspirations.

5.4 Such strategic relationships between places and local employers should deliver higher standards for residents in the shape of "good jobs", higher wages and stronger local skills supply chain.

5.5 Through exploring models for new interventions this will raise productivity levels not just in traditional 'high technology' sectors, but also in areas of the foundational economy such as health and social care.

6. Financial Implications

6.1 Consultation on the Financial Implications included in this report have taken place with representatives of the Service Director - Finance (Section 151 Officer.)

6.2 Approval is sought to accept the £2.722m (revenue) UKSPF - to be utilised for the purposes detailed in Section (3.1(a)i-iii) of this report and summarised in the table below:

Shared Prosperity (revenue) Fund: Overview of Proposed BMBC Spend 2023
2025

Proposed UKSPF Revenue Spend	2023 - 2025		Total £m
	2023/24 £m	2024/25 £m	
Launchpad	0.425	0.564	0.989
Business Productivity	0.614	1.103	1.717
Low Carbon	0.435	0.946	1.381
Total	1.474	2.613	4.087

6.3 The funding required to support those projects is being provided from the following key sources.

- (a) UKSPF £2.772m Contribution
- (b) Private Sector £1.032m Contribution
- (c) BMBC £0.283m Contribution

6.4 The £0.283m in revenue ‘match funding’ required from the Council to support project delivery will be provided via a combination of existing staffing budgets from within the Enterprising Barnsley Team, from grant allocations received specifically for the purposes of covering off Management/Administration and Project Delivery costs - BMBC taking lead responsibility for the Management/Administration of the UKSPF ‘Business Productivity’ and ‘Launchpad’ projects (£0.043m) and existing ear marked resources (£0.240m.)

6.5 Approval is sought to accept UKSPF Capital allocations which consists of £0.400m (Rural) and £0.242 (Business Support) UKSPF - to be utilised for the purposes detailed in Section (3.1(b)i) of this report and summarised in the table below:

Shared Prosperity (capital) Fund: Overview of Proposed BMBC Spend 2023
2025

Proposed UKSPF Capital Spend	2023 - 2025		Total
	2023/24 £m	2024/25 £m	
Rural & Visitor Economy Grant Project	0.478	0.878	1.356
Total	0.478	0.878	1.356

6.6 The funding required to support this project is being provided from the following key sources.

- (a) UKSPF £0.642m Contribution
- (b) Private Sector £0.642m Contribution
- (c) BMBC Contributions £0.072m contribution.

To deliver the £0.642m of Capital Grant BMBC will contribute £0.072m for programme management costs. This will be funded through the existing

Enterprising Barnsley 'base budget' and no additional resources will be requested.

6.7 Approval is sought to accept £0.850m in SYMCA - funding to be utilised for the purposes detailed in Section (3.2(c)i) of this report and summarized in the table below:

SYMCA Fund: Overview of Proposed BMBC Spend 2023/25

Proposed SYMCA Revenue Spend	2023 - 2025			Total £m
	2023 £m	2024 £m	2025 £m	
TECHSY	0.243	0.486	0.121	0.850
Total	0.243	0.486	0.121	0.850

6.8 The funding required to support this project is being provided from the following key source.

(a) SYMCA £0.850m

6.9 Total approval is sought to accept the £3.414m UKSPF and £0.850m SYMCA allocations summarised in the table below:

Shared Prosperity/SYMCA Fund: Overview of Proposed BMBC Spend 2023 2026

Proposed UKSPF Revenue Spend	2023 - 2026			Total £m
	2023/24 £m	2024/25 £m	2025/26 £m	
Launchpad	0.425	0.564		0.989
Business Productivity	0.614	1.103		1.717
Low Carbon	0.435	0.946		1.381
Rural & Visitor Economy Grant Project	0.478	0.878		1,356
TECHSY	0.243	0.486	0.121	0.850
Total	2.195	3.977	0.121	6.293

6.10 The total funding required to support those projects are being provided from the following key sources.

- (a) UKSPF £3.414m Contribution
- (b) SYMCA £0.850m Contribution
- (c) Private Sector £1.673m Contribution
- (d) BMBC £0.356 Contribution

6.11 It is important to note that there is no requirement for any new financial contribution from the Council to progress the recommendations outlined in this report.

6.12 BMBC Finance Officers will continue to work closely with the Enterprising Barnsley Programme Management Team to ensure spend remains within the available funding allocation and is compliance with funder eligibility requirements.

6.13 Appendix A provides a full breakdown of the financial implications of the various projects arising from the recommendations in this report.

7. Legal Implications

7.1 A funding confirmation letter has been received from SYMCA awarding UKSPF, as soon as the Council receives the formal funding agreement this will be submitted to BMBC Legal Services legal for comment, no issues have been raised.

7.2 The Council have a 'tried and tested' contract arrangement in place for delivering regional business support projects with the South Yorkshire Local Authority partners.

7.3 As Lead Authority protections are being sought via legally binding contract arrangements to ensure project partners are held to delivery of their responsibilities in terms of the delivery of outputs targets, financial profiles and any consequent liabilities (e.g. funding clawback) arising from their non-delivery of those targets. The Council already have similar contracts in place for an existing pan-SCR business support programme (ERDF- Launchpad) therefore the Council will look to use this arrangement as a methodology to enter into contractual relationships with the partner authorities.

8. Employee implications

8.1 To be able to deliver such a complex portfolio of projects it is important that a fit for purpose structure is in place to ensure that the Council has the right resources, skills and experience to deliver a suite of compliant projects. The proposed restructure not only maximises existing staff time, resources and expertise but is cost effective and will mean the teams can 'hit the ground running'.

8.2 The current (116150) Programme Manager post will have oversight of the UKSPF projects and will be responsible for compliance, delivery, budgeting and will have direct line management responsibility for 7 Project Officers. To reflect the increase in geographic scope, budget responsibility and complexity of projects the existing Programme Manager post will be amended and re-submitted for evaluation.

8.3 As agreed in Cab.22.3.2023/15, the projects will maximise the existing Enterprising Barnsley and wider Council staff resources. Therefore staff who are working on ERDF will transfer over to UKSPF / SYMCA funded projects. Those staff who are on Fixed Term contracts that currently end between the 30th June – 30th September 2023 will have their contracts extended to coincide with the completion of the UKSPF programme on the 31st March 2025.

8.4 Individual employee implications for each project can be found in Appendices B

9. Equality

9.1 Equality Impact Assessments have previously been completed for the ERDF projects but will be refreshed when the final iteration of the delivery plan has been completed in collaboration with the other South Yorkshire Local Authorities and SYMCA.

10. Sustainability

10.1 Decision-making wheel completed for the overall UKSPF programme:



10.2 The Council is facilitating and enabling the Borough’s transition to zero carbon by 2045. The ‘Zero45’ strategy has 5 broad themes, one of which is Resource Efficiency. The Centre for Industrial Energy, Materials and Products recognise that the UK economy is suffering from low productivity compared to many of its European neighbours and more efficient resource use would make businesses more productive and lower their costs, delivering a significant boost to the UK’s competitiveness.

10.3 The Barnsley Net Zero project will meet the decarbonisation challenge ‘head on’ and will work with Barnsley businesses to lower their carbon emissions and help the borough meet the aims and aspirations of the ‘Zero45’.

10.4 The previous ERDF Low Carbon grant project supported 14 businesses in Barnsley and helped save 147 TC02e. By amalgamating the ERDF Low Carbon grant programme, with the award-winning Barnsley Net Zero project, the aim is to support at least 48 businesses in the borough to reduce their carbon emissions.

11. Communications

11.1 The projects will have to promote and publicise the activities and impact of the UKSPF

Programme according to the UK Government’s published branding which is yet to be finalised. Joint promotion between the Council and its project partners will ensure that timely and accurate information will be provided through appropriate

press releases via local press, social media/website updates, local member briefings and engagement with key stakeholders.

12. Risk

12.1 The risk to the Council is hitting the annual output targets which will trigger the release of 2024/25 UKSPF. The risk has been mitigated by implementing the following actions,

- a) Through extending existing successful ERDF projects the Council and its partners already have a pipeline of businesses who can benefit from the programmes.
- b) The Local Authorities have agreed with SYMCA that the financial risk of not accessing 2024/25 funding will be underwritten via SYMCA Gainshare funding.

12.2 Other risks highlighted are listed below

Risks Description	Owner	Probability	Impact	Mitigation
Lack of clarity in the business base regarding the project offer.	Delivery team overseen by Project Steering Group	Low	Medium	All partners and delivery staff will be briefed on the focus of the projects, and the project teams of BMBC, SY LA's and SYMCA will develop protocols for reviewing the respective portfolios of clients to ensure a cross referral model.
Delivering outputs: Regional businesses do not engage, leading to under achievement.	Delivery team overseen by Project Steering Group	Low	High	Successful engagement and project delivery are therefore dependent on identifying, primarily through 1:1 contact and networks, those companies with capacity and capability to engage with transformative digital innovations. This will be achieved through pro-

				active engagement by the delivery team, and ensuring, partners are briefed in order to identify new prospects.
Regional business support agencies do not engage, leading to lack of coordination and integration	Project Steering Group	Low	Low	The project steering groups will include members of the Local Authorities and the Growth Hub to ensure the co-ordination and integration of project delivery and cross referral.
The partners do not have the capacity or expertise to meet client need.	Project Steering Group	Low	Medium	The partners will have access to SYMCA funded Business Advisors that will ensure there is enough expertise in the region to meet client need.
Delays to project milestones.	Project Steering Group	Low	Med	The intended project management team are experienced in successfully delivering business support projects and are confident the milestones are realistic and deliverable.
Client satisfaction	Project Steering Group	Low	Low	Clients will be invited to complete a customer feedback questionnaire on completion of an engagement. Project review meetings will monitor engagement, progress and client feedback.

Annual Funding	Project Steering Group	Low	High	<p>Government will release funding to SYMCA on an annual basis dependent on delivery.</p> <p>The risk has been mitigated through the delivery of existing ERDF projects and SYMCA underwriting 2024/25 spend with Gainshare funding.</p>
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13. Consultation

13.1 SYMCA led on a series of UKSPF and business support consultation events that took place digitally and across South Yorkshire with partners from the private, public and comm/voluntary sectors in summer 2022 to feed into the SY Investment Plan.

13.2 A group of Officers engaged in Business Support and Business Growth has been convened by SYMCA to inform the development of the Supporting Business' strand of work for South Yorkshire.

13.3 Internal to the Council consultation has taken place with representatives from BMBC Finance and Human Resources (including the Unions). Initial consultation has taken place with the representatives from the Executive Director of Core Services regarding the legal implications of contracting with external partners but further discussing will be required as soon as the final funding agreements are issued by SYMCA.

14. Glossary

BBIC – Barnsley Business Innovation Centre

DLUCH – Department for Levelling Up, Housing and Communities

IER – Independent Economic Review

GVA - Gross Value Added

SMEs – Small Medium Sized Enterprises

SYMCA – South Yorkshire Mayoral Combined Authority

UKSPF – UK Shared Prosperity Fund

15. LIST OF APPENDICES

15.1 Appendix A: Financial Implications

16. BACKGROUND PAPERS

16.1 SY Investment Plan submitted to DLUCH, July 2022

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

10. REPORT SIGN OFF

Financial consultation & sign off	Senior Financial Services officer consulted and date <i>Appendix A attached.</i>
Legal consultation & sign off	Legal Services officer consulted and date Mike Bentley, Consultant and Locum Solicitor 11 th July 2023 <i>Legal Report attached</i>

Report Author: Martin Beasley

Post: Group Leader Enterprising Barnsley

Date: May 2023

Legal Report

Documents have been provided for review in connection with the United Kingdom Shared Prosperity Fund and initial draft agreements have been received for the Launchpad - UKSPF 12 - and for the Business Productivity Project – UKSPF 13. From an examination of that for Launchpad here are the main features that entering to the grant agreement with SYMCA will entail and that will place duties and obligations upon BMBC. Note that no similar examination of the grant agreement for the Business Productivity Project has been undertaken but from an initial examination it appears to be based upon the very same template and so are identical to each other apart from the varying essential details such as scheme name, dates and grant amounts.

Assessment:

Items marked thus * are particularly noteworthy.

Date shown as 1st April 2023.

Grant only to meet Eligible Costs subject to the Special Conditions and for no other purpose.

Only Qualifying Expenditure from the Commencement Date to the Completion Date and any paid *before or *after is ineligible for Grant purposes.

Notification in advance of third party funding is necessary with the amount and purpose; payment is conditional upon advance provision of match funding letters being provided.

No duplicate funding shall be applied for nor accepted in any respect; no exceeding any threshold set out in the Subsidy Act; limit of 15% overheads for staff costs.

Prompt written notice* as soon as BMBC aware it will not claim the Maximum Amount of Grant.

BMBC must warrant and confirm that if there is any shortfall in the match funding anticipated or if there is a cost overrun BMBC shall procure alternative funding or provide the funding itself* to ensure that the Project Outputs and Project Outcomes are achieved by the Completion Date.

Wording not particularly clear in 3.2(b) but it seems that there is potential for BMBC to have to pay out grant monies first* and then claim reimbursement from SYMCA later.

In year 2024/2025 receipt of grant monies by BMBC shall be dependent, indeed contingent, upon SYMCA itself* receiving the relevant monies from central government.

Clawback - nothing unusual about clawback in favour of central government. However here the clawback can be *100% if BMBC underperforms or does not complete the project irrespective of the actual trigger amount.

Key dates appear and 5 of those dates have already passed or are imminently about to do so.

All parties must comply with the subsidy control regime.

Like SYMCA BMBC is itself an intermediate conduit for the grant monies to be used for the ultimate recipients. It is therefore essential that agreements between BMBC and those recipients repeat the same impositions as are included in the grant agreement between SYMCA and BMBC.

Commentary

It is confirmed that these grant agreements issued by the South Yorkshire Mayoral Combined Authority have been examined and the result of the consultation for legal review is that these follow the usual formula for grant agreements relating to central government funds which percolate down to the ultimate recipients via local government.

Certain key features need to be taken into account and both Members and Officers progressing the UKSPF schemes need to be particularly aware of the provisions listed.

Anna Smith has raised the clawback provisions with SYMCA and the response given to her is that the SYMCA will seek to resolve any issues that may arise; nonetheless the clawback provisions remain.