

Hull and East Yorkshire LEP Board

Paper D - Summary of Economic Development Funding Streams

Report to the Board – 19th July 2022

Report from Andrew Hewitt, Senior Policy & Business Growth Manager

1. Summary

1.1. This report provides a summary of major public sector funding streams which are available to promote economic development in the HEY LEP region in 2022/23.

2. Recommendations

2.1. That the Board notes the information included in this summary.

3. Background & Purpose

3.1. The funding landscape for the promotion of economic development activity is rapidly changing, with sources of funding which have been utilised fully in this region to drive growth, such as European Social Fund, European Regional Development Fund, Get Building Fund, and Growing the Humber, fully committed, or closed for new applications.

3.2. In this context the board requested a summary of the major sources of funding which were currently available for promotion of economic development activity in Hull and East Yorkshire. This summary seeks to provide an overview of the large-scale policy interventions promoted by central government for this purpose. This is not intended to be an exhaustive list of all funding from departmental budgets, but a strategic overview of the major funding streams which are on-line or are due to come online in the coming year.

4. Levelling Up Fund (Round 2)

4.1. The Levelling Up Fund is designed to invest in infrastructure that improves everyday life across the UK. The government intends that the £4.8 billion fund will support town centre and high street regeneration, local transport projects, and cultural and heritage assets.

4.2. The second round of the Fund will focus on the same three investment themes as the first round: local transport projects that make a genuine difference to local areas; town centre and high street regeneration; and support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets. In particular, the Fund will look to support:

- 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. We are requesting proposals for high-impact small, medium and, by exception,

large local transport schemes to reduce carbon emissions, improve air quality, cut congestion, support economic growth, and improve the safety, security and overall experience of transport users.

- 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 and 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.

4.3. Across England, Scotland, Wales and Northern Ireland (NI), unitary authorities (including metropolitan borough councils), London borough councils and district councils in two tier areas in England are eligible to submit bids for the second round of the Levelling Up Fund which was announced in the 2022 Spring Statement.

4.4. In addition to local authorities, the UK government will accept bids from a range of local applicants in NI, including but not limited to businesses, universities, voluntary and community sector organisations, district councils, the Northern Ireland Executive, and other public sector bodies.

4.5. Government expects all funding provided from the Fund to be spent by 31 March 2025, and the application deadline for bids from Local Authorities was 6th July 2022.

5. UK Shared Prosperity Fund

5.1. The UK Shared Prosperity Fund (UKSPF) is designed to succeed the old EU structural funds. The first round of UKSPF is a £2.6 billion programme which covers a three-year programme period from 2022 to 2025.

5.2. It is the UK government's objective that UKSPF will support wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
- Spread opportunities and improve public services, especially in those places where they are weakest

- Restore a sense of community, local pride and belonging, especially in those places where they have been lost
- Empower local leaders and communities, especially in those places lacking local agency

5.3. The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. This aligns with Levelling Up White Paper missions, particularly: '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 the top performing and other areas closing.'

5.4. Every place in the UK has been allocated a share of the UKSPF, with the government adopting a blended approach to allocate funding to each place. The methodology implemented to decide on local allocations is based on the following factors:

- within the continuity model that maintains EU structural fund distributions, 70% is allocated on a per capita basis, within each region based on Local Authority population size
- 30% of the allocation uses the same needs-based index previously used to identify UK Community Renewal Fund priority places, namely: Productivity; Household income; Skills; Productivity (for places with lower population density)

5.5. The implementation of this methodology results in the allocation of funding for our region as:

- East Riding of Yorkshire Council area – £11,943,257
- Hull City Council Area - £10,614,478

5.6. In order to access this funding allocation local government is being given responsibility for developing an investment plan for approval by the UK government, and for delivery of the Fund thereafter. East Riding and Hull are required to develop separate Investment Plans and manage separate programmes of delivery until the point at which a combined authority is formed.

5.7. The government notes that 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 is administered locally and the government state that LEPs should play a role in these partnership arrangements and has been asked to join partnership board in both East Riding and Hull.

5.8. Both Local Authorities are progressing with development of these Investment Plans with a process of receiving EOIs for potential projects already completed. The deadline for submissions of Investment Plans is the 1st of August 2022.

6. Freeport

6.1. Freeports have been set up to act as hubs for global trade and investment across the UK, to act as designated tax and customs sites with benefits to businesses from tax breaks, simplified customs, investment funding to open up sites and creating of high-skilled jobs.

6.2. There is also a focus on establishing innovation clusters, fostering conditions to attract new businesses, investors and innovations to the area.

6.3. The local authorities will be able to retain 100% of the business rates growth above an agreed baseline. This will be guaranteed for 25 years, giving certainty to support the Council forward fund key infrastructure to secure economic growth benefits in or around Freeport sites.

6.4. The Humber Freeport is one of the first wave of Freeports being promoted and currently Full Business Case Stage with the Department of Levelling Up, Housing and Communities.

7. Enterprise Zones

7.1. The Humber Enterprise Zone was the largest in the UK. It covered over 1,230ha spread over 49 sites.

7.2. Companies locating on Enterprise Zones were eligible for a business rate discount of up to 100% over a five-year period, worth up to £275,000 per business in total or Enhanced Capital Allowances. These benefits came to an end on the last EZ sites in the region on 31st March 2021.

7.3. However, in addition, all business rates growth within EZs for 25 years from April 2013 will be retained by the Local Authorities in the LEP area for reinvestment in economic develop activity in the area.