

UK Shared Prosperity Fund

Regional engagement event

Thursday 19 May 2022, St James Park, Newcastle

Hosted by:



Welcome

Thank you for taking part in the regional engagement session on 19 May.

The purpose of the session is to consider where it might make sense to work collectively at regional level on certain interventions and to engage with people who want to engage once at regional level rather than several times more locally.

A summary of the discussions at the event will be published and shared to support lead authorities as they develop their investment plans.

Agenda

Time	Activity
10am - 10.10am	Welcome and introduction Rob Hamilton, Chief Economist, North of Tyne Combined Authority
10.10am - 10.15am	North East Evidence Base – Levelling Up Richard Baker, Policy and Strategy Director, North East Local Enterprise Partnership
UK Shared Prosperity Fund – Objectives	
10.15am - 10.20am	Communities and place Sarah McMillan, Assistant Director of Policy, Northumberland County Council
10.20am - 10.25am	Supporting local business Sue Parkinson, Vice Chair, County Durham Economic Partnership
10.25am - 10.30am	People and skills Catherine Auld, Assistant Director Economic Regeneration, Sunderland City Council
10.30am – 12 noon	Table discussions
12 noon	Close

The UK Shared Prosperity Fund

The UK Shared Prosperity Fund (SPF) is a central pillar of the UK Government's Levelling Up agenda and a significant component of its support for places across the UK.

The Levelling Up White Paper identifies 12 cross-cutting missions which provide a focus for the UKSPF and for wider government action. It will legislate to create a responsibility to report on progress annually on an associated set of indicators. As is illustrated below, these missions are the focus for the UKSPF and its Investment priorities.



Ambitions of the Fund

To build pride in place and increase life chances across the UK, aligned with the missions set out in the Levelling Up White Paper – you can read the Paper at: gov.uk/government/publications/levelling-up-the-united-kingdom

Prioritise interventions to strengthen pride in place in 2022-23 and 2023-24, alongside the Multiply programme

From 2024-25, further emphasis on investment to support life chances and skills for those furthest from the labour market

Government published its prospectus and supporting documents on April 22 which is available here: gov.uk/government/publications/uk-shared-prosperity-fund-prospectus

The structure of the Fund

£2.6 billion is available for the UKSPF over the Spending Review period, with a mix of revenue and capital funding, to be spent by March 2025.

UK Shared Prosperity Fund

£ billion	Plans 2022-23	Plans 2023-24	Plans 2024-25
Total DEL	0.4	0.7	1.5
of which: Resource DEL	0.4	0.6	1.3
of which: Capital DEL	0.0	0.1	0.2

Every area has received a conditional allocation according to a funding formula. Lead authorities will be asked to develop an Investment Plan, and submit for government approval in the summer.

Investment Plans should include measurable outcomes, and priorities for intervention under three investment priorities: Communities and place, Local business, People and skills.

In the North East, the North of Tyne Combined Authority will be responsible for the fund in Newcastle, North Tyneside, and Northumberland. Durham, Gateshead, South Tyneside, and Sunderland local authorities will be lead authorities for their areas.

In England, the Fund will focus on communities and place and local business interventions in 2022-23 and 2023-24, further investment to support people and skills will follow from 2024-25.

Each lead local authority is required to identify local partners and stakeholders who can provide advice and insight on local needs for developing Investment Plans. Lead authorities should involve MPs "in every stage of UKSPF planning and delivery".

Each area will be required to invest a ring-fenced amount of the Fund in local Multiply interventions to support adult numeracy. This will be managed by the Department for Education and will total up to £430m across the UK by March 2025.

Regional allocations

UKSPF allocations			
	UKSPF core	Multiply	Total
North of Tyne	£47,085,061	£4,128,607	£51,213,668
County Durham	£30,830,618	£2,803,077	£33,633,695
Gateshead	£11,634,466	£1,169,621	£12,804,087
South Tyneside	£8,868,632	£810,389	£9,679,020
Sunderland	£14,936,161	£1,641,730	£16,577,891
North East total	£113,354,938	£10,553,424	£123,908,361

Timeline

When	Activity
2 February 2022	Pre-launch guidance.
13 April 2022	Fund launch.
22 April 2022	Investment plan platform launch. Contacts for each lead local authority sign up to access the investment plan portal. Investment plan log-ins issued.
April – May 2022	Engagement sessions with local authorities and other local partners to support the investment plan process.
April – June/ July 2022	Lead local authorities (and UK government in Northern Ireland) work with stakeholders to develop local investment plans.
Summer 2022	Further guidance published including guidance on monitoring benefits and evaluation, assurance, subsidy control, branding and publicity. Application processes and templates for Northern Ireland will be published – these may be used by lead local authorities in England, Scotland and Wales where desired.
30 June 2022	Investment plan window opens.
1 August 2022	Investment plan window closes.
July – September 2022	Indicative investment plan assessment period for UK government.
October 2022 onwards	Anticipated date for first investment plans to be approved.
October 2022 onwards	Anticipated first payment to be made to lead local authorities.
March 2025	Three year funding period ends.

Discussion session: supporting local business

The following pages provide background information and evidence about the discussions you will have at the regional engagement session on 19 May 2022.

Investment programme objectives

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.

Promoting 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.

Increasing 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.

Understanding our economy



In 2020, the population in the North East area was estimated to be about 2,003,600. The working age population was about 62.5% of the total. The North East has a higher percentage of older workers compared to England, and a higher percentage of youngest workers, partly due to the presence of the four universities.



The North East was closing the employment and economic inactivity rate gaps with England excluding London, but these gaps have widened due to the impact of Covid. The employment rate varies little across the North East LEP but the economic inactivity rate is highest in Sunderland.



The population of the North East LEP area has grown 4% over 10 years, a slightly slower rate than in England excluding London (6.7%).



County Durham is the most populous authority in the North East LEP area, while Newcastle has the highest proportion of working age residents. 25% of Northumberland's population are aged 65+ as it attracts the most people in retirement.



Productivity growth in the North East LEP area has yet to fully close the gap compared to England excluding London. GVA per hour worked in the North East LEP area was £7.5 lower in the North East LEP area in 2019 than in England excluding London. Within the North East LEP area productivity is highest in Sunderland due to the highly productive automotive cluster.



Real GDP growth has been slow in the North East LEP area compared to nationally, especially since the 2008 recession. Taking into account inflation GDP per head in the North East LEP area was larger in 2006 than in 2019 (£24,022 vs £23,645). GDP per head is highest in Newcastle partially due to the inflow of commuters to the city.



The North East LEP has a low number of business per head reflecting the small size of the private sector in the region. The North East has more sole proprietors.



The North East LEP is connected by commuting flows across the region, and Travel to Work areas across many local authority boundaries. Commuting flows redistribute income across the North East, with more rural areas benefiting from jobs in urban centres.

Understanding our businesses base

Business base



The North East LEP area has fewer businesses per head than England excluding London and fewer births and deaths, limiting the potential for private sector growth. If the North East LEP area had the same rate as England excluding London, there would be an additional 26,000 businesses in the region. Newcastle, Sunderland and Gateshead have the highest business birth rates in the LEP area, while other authorities are below the LEP average



Progress addressing low business birth and death rates has slowed. Scale-up rates for new and existing enterprises perform better, with similar rates to other Core Cities. We have a higher proportion of high growth businesses than national averages.



The North East has a higher proportion of innovation active businesses, but low levels of R&D spend and patents granted.



Over 99% of private sector enterprises in the North East LEP area are SME's, a similar share to nationally. The North East has more sole proprietors. Newcastle has a slightly higher share of large firms, Northumberland and Durham have most sole proprietors and partnerships.



Scale-up rates for new and existing enterprises in the North East are relatively similar to most of the other Core Cities. Similarly, the North East LEP area is comparable to many core cities in relation to the number of high growth firms.

Opportunities and challenges



All local authorities in the North East LEP area have a specialisation in at least one of the five areas of strategic importance outlined in the Strategic Economic Plan, with employment distributed across the region. For example, Sunderland, Durham and Gateshead have a greater concentration of advanced manufacturing. Pharmaceutical manufacturing is concentrated in Durham and Northumberland. Construction is concentrated in South Tyneside. Newcastle has the most employments in software development and computing, North Tyneside has more in digital telecoms. Knowledge intensive business services are concentrated in Newcastle, with large financial, software and legal subsectors- this is having an impact on key opportunity areas in our economy like digital and key enablers like construction and logistics.



North East goods exports increased by 5% in Q4 2021, but exports for 2021 overall were 12% below exports in 2019. Relative to 2014 North East export levels are lower than all comparator regions. Road vehicle exports have seen a 42% decrease since COVID-19, whilst other commodities have grown by 2%. Exports to Germany have seen the largest increase since 2019, and Germany is now the North East's largest market. Service exports from the North East have improved recently, but to the EU fell in 2019, following a national trend.

Employment



Relative to before Covid-19, levels of job adverts in the North East have increased more quickly than in England. North East businesses are finding it more difficult to fill vacancies due to low application numbers and a lack of qualified applicants.



Skills mismatches are impacting on key enabling sectors – in particular like digital, construction and logistics.



The North East region has a low share of 'better jobs' and degree educated workers across all sectors, and especially in financial services. The North East LEP also has a high share of underutilised workers. Up until the onset of Covid-19, the region had seen strong growth in 'more and better jobs'.



Prior to Covid-19 employment in the North East LEP area was projected to increase by 15,000 from 2017 to 2027, with the largest increases projected to be in health and social work; professional services; support services and information technology.



Looking forward we need to strengthen digital delivery across our economy and enhance digital skills of our workforce and in our community.



**North East
Evidence Hub**

A full evidence base for the UKSPF has been developed and will be published on the North East Evidence Hub on Friday 20 May.

Visit evidencehub.northeastlep.co.uk for more details.

Supporting local business interventions

E16: Investment in open markets and improvements to town centre retail and service sector infrastructure, with wrap around support for small businesses.

E17: Funding for the development and promotion (both trade and consumer) of the visitor economy, such as local attractions, trails, tours and tourism products more generally.

E18: Supporting Made Smarter Adoption: Providing tailored expert advice, matched grants and leadership training to enable manufacturing SMEs to adopt industrial digital technology solutions including artificial intelligence; robotics and autonomous systems; additive manufacturing; industrial internet of things; virtual reality; data analytics. The support is proven to leverage high levels of private investment into technologies that drive growth, productivity, efficiency and resilience in manufacturing.

E19: Increasing investment in research and development at the local level. Investment to support the diffusion of innovation knowledge and activities. Support the commercialisation of ideas, encouraging collaboration and accelerating the path to market so that more ideas translate into industrial and commercial practices.

E20: Research and development grants supporting the development of innovative products and services.

E21: Funding for the development and support of appropriate innovation infrastructure at the local level.

E22: Investing in enterprise infrastructure and employment/innovation site development projects. This can help to unlock site development projects which will support growth in places.

E23: Strengthening local entrepreneurial ecosystems, and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks.

E24: Funding for new and improvements to existing training hubs, business support offers, 'incubators' and 'accelerators' for local enterprise (including social enterprise) which can support entrepreneurs and start-ups through the early stages of development and growth by offering a combination of services including account management, advice, resources, training, coaching, mentorship and access to workspace.

E25: Grants to help places bid for and host international business events and conferences that support wider local growth sectors.

E26: Support for growing the local social economy, including community businesses, cooperatives and social enterprises.

E27: Funding to develop angel investor networks nationwide.

E28: Export Grants to support businesses to grow their overseas trading, supporting local employment.

E29: Supporting decarbonisation and improving the natural environment whilst growing the local economy. Taking a whole systems approach to invest in infrastructure to deliver effective decarbonisation across energy, buildings and transport and beyond, in line with our legally binding climate target. Maximising existing or emerging local strengths in low carbon technologies, goods and services to take advantage of the growing global opportunity.

E30: Business support measures to drive employment growth, particularly in areas of higher unemployment.

E31: Funding to support relevant feasibility studies.

E32: Investment in resilience infrastructure and nature based solutions that protect local businesses and community areas from natural hazards including flooding and coastal erosion.

Questions for discussion during the session

Which areas highlighted in the regional evidence base, if addressed, would have the biggest impact?

What UKSPF interventions would have the biggest impact on addressing these opportunities and issues. Where is the case strongest for collaboration at a cross-lead authority or regional level?

What could we do differently, what has worked in the past and what hasn't worked? Based on your experience, are there any other issues or comments that you think should be considered?



evidencehub.northeastlep.co.uk

