

From: Stephanie Holt-Castle, Director of Growth & Communities
Sarah Nurden, Strategic Programme Manager

To: Roger Gough, Leader of the Council – FOR DECISION

Subject: **21/00042 - UK Community Renewal Fund - Bid submission**

Key decision: *It involves expenditure or savings of maximum £1m, and affects more than 2 Electoral Divisions*

Classification: **Unrestricted**

Past Pathway of report: None

Future Pathway of report: Growth, Economic Development Cabinet Committee
(retrospective update)

Electoral Division: All divisions may be affected, however the local members representing a division within the districts of Canterbury, Gravesham, Swale and Thanet may be particularly affected, as the UK Government has designated these districts within its 100 priority places.

Summary: This report provides details of the UK Community Renewal Fund (UK CRF), which is a new competitive fund for 2021/22.

The report sets out a decision to be taken by the Leader of the Council, which enables Kent County Council to submit UK CRF bids to Government and to enter into the necessary funding agreements with any UK CRF bid promoter, whose project is ultimately awarded funding by the UK Government later this year.

Recommendation(s):

The Leader is asked to agree:

- to finalise and submit to Government of one shortlist of UK Community Renewal Fund bids per district.

- That KCC will act as the accountable body for projects within Kent's geographical boundaries that are selected by the Government to receive UK Community Renewal Fund

- Delegate the authority to the Director of Growth and Communities, in consultation with the Section 151 Officer, to sign on KCC's behalf a grant offer letter or equivalent, where this is required to draw down funds following the award of funding by the UK Government.

- Delegate the authority to the Director of Growth and Communities, in consultation with the Section 151 Officer, to approve the transfer of funding to third-party project promoters, whose bids are successfully awarded funding by the UK Government.

1. Introduction

- 1.1 This report provides details of the UK Community Renewal Fund (UK CRF), which is a new competitive fund for 2021/22. Kent County Council has been asked by the Government to shortlist UK CRF bids up to £3million per place. Shortlisted bids will be considered by the UK Government for a *potential* funding award in late July 2021 onwards. There is no guarantee that all shortlisted bids or places will receive funding.
- 1.2 The decision, set out in this report, to be taken by the Leader of the Council, enables Kent County Council to submit the UK CRF bids to Government by its deadline of 18th June 2021, and enter into the necessary funding agreements with any UK CRF bid promoter, whose project is ultimately awarded funding by MHCLG later this year.

2. Background: The UK Community Renewal Fund (UK CRF)

- 2.1 The UK Community Renewal Fund, which will run in 21/22 only, is a UK Government (MHCLG) programme worth £220m. This new fund aims to support people and communities most in need across the UK to pilot programmes and new approaches to prepare for the UK Shared Prosperity Fund.
- 2.2 The Government is seeking project proposals from any legally constituted organisation (be they from the public, private, further education, higher education, voluntary or community sector) that will:
 - **Invest in skills** (e.g. work-based training; retraining/upskilling the workforce; promoting digital skills & inclusion projects)
 - **Invest for local business** (e.g. support businesses to recruit more employees; encouraging business to innovate; supporting decarbonisation projects)
 - **Invest in communities and place** (e.g. feasibility studies for local energy projects; promoting culture-led regeneration and community development; improving green spaces and preserving important local assets; promoting rural connectivity projects)
 - **Support people into employment** (e.g. supporting people to engage with local services to support them towards employment; identifying and addressing any potential barriers these individuals may face in gaining employment; raising aspirations; supporting people to gain the basic skills; projects that test what works in helping people move towards work).
- 2.3 Projects investing in skills, local business, communities and place should also contribute towards the Government's **net-zero carbon objectives**. All bids should be **innovative pilot projects**, whose evaluation findings will help shape, mould, and influence the UK Shared Prosperity Fund, which we understand will be rolled-out from 2022 onwards, be worth £1.5 billion per annum, and will replace EU funding streams.
- 2.4 The UK Government has included the four districts of **Canterbury, Gravesham, Swale and Thanet** within its **100 priority places** for the deployment of this Fund across the UK – yet the Fund's prospectus makes clear that bids will be accepted from every single district within the UK, and that multi-district bids are also eligible for submission. However, it will be more difficult for projects, predominately operating in districts not on

the priority list, to secure funding when the Government assesses the projects and makes its final funding award decisions.

2.5 Across the entire programme, UK CRF will supply 90% revenue funding and 10% capital funding. Individual projects may seek a different revenue -capital ratio, however, the Government's general rule is "projects should be predominantly, or exclusively revenue based".

3. Requirements placed on the lead authority by MHCLG:

3.1 The Government has selected County Councils and Unitary Authorities across the UK to act as "lead authorities" for the Fund. The duties of the lead authorities are summarised below:

- Invite bids via an open transparent process
- Constructively engage local stakeholders, including but not limited to:
 - District councils
 - Elected representatives, including local MPs
 - Universities,
 - Voluntary and community sector organisations,
 - Umbrella business groups,
 - Other lead authorities or partners across UK where relevant
- Appraise bids and undertake due diligence
- Prioritise a shortlist of projects. The lead authority may shortlist projects up to a maximum value of £3million per "place" (i.e. £3m per district)
- Submit a shortlist to UK government. Along with each shortlisted project application, the lead authority must complete a government template, providing various assurances that the lead authority has conducted an appropriate open and transparent process.
- Issue grant agreements to successful bidders once funding has been agreed by UK government.
- Undertake mid-project reviews in November/December.
- Undertake monitoring and assurance activity, and send regular progress reports to the Secretary of State.

4. Capacity funding & management costs:

4.1 To support each lead authority to complete these duties, the Government will provide £20,000 of capacity funding per priority place to the lead authority. This capacity funding will be provided "regardless of whether the UK CRF bids are successful" and be transferred in the summer. Consequently, KCC should receive £80,000 to administer the UK CRF process.

4.2 In addition, the Government state a flat rate of 2% of each project's UK CRF may be used by the lead authority for the costs incurred in managing fund awards. The intention of KCC to apply this condition to all projects was advertised in the 'invitation to bid' document placed on the KCC website.

4.3 For any successful bids, KCC will receive 50% of CRF funding on project commencement (this summer), and 50% on project completion (March/April 2022).

5. Timeline & further information

5.1 The future key dates for the UK CRF process are as follows:

Date	Event
Noon on 18 th June 2021	Lead Authorities to submit their shortlisted bids to the UK Government.
Late July 2021 onwards	The UK Government will announce which projects will be awarded UK CRF.
Late July 2021 onwards	UK Government to enter into a grant agreement with KCC. KCC to enter into a back-to-back grant agreement with promoters of projects awarded UK CRF.
Late July 2021 onwards to 31 st March 2022	Project Delivery and Monitoring
November/December 2021	Mid Project Reviews to be undertaken by lead authorities
31 st March 2022	UK CRF programme concludes

5.2 More details about the fund (i.e. the prospectus, technical note for project applicants, technical note for local authorities, FAQs, the application form, assessment process, etc) are available at: <https://www.gov.uk/government/publications/uk-community-renewal-fund-prospectus>

6. UK CRF bids received by KCC & the assessment process.

Bids received.

6.1 In total 52 UKCRF bids were received by Kent County Council. The accumulated total of the bids is £31.6m.

Government's assessment framework to shortlist bids

6.2 The Government has published their UK CRF assessment framework online¹, which explains how MHCLG and Ministers will decide which bids to fund. There are three stages to the Government's assessment.

6.3 At stage 1, pass/fail gateway criteria are used to sift out inappropriate applications.

6.4 At Stage 2, all projects will be scored against 5 Strategic Fit sub-criteria and 5 Deliverability, Effectiveness, and Efficiency sub-criteria.

6.5 At Stage 3, projects will be grouped into and selected in order of three bands:

- **Band A:** Projects that have scored **80%** or above on both 'strategic fit' and 'deliverability, effectiveness and efficiency' and predominantly focus on priority places².

¹ <https://www.gov.uk/government/publications/uk-community-renewal-fund-prospectus>

² Any project where 51% of activity or expenditure occurs within a priority place.

- **Band B:** Projects that have scored **80%** or above on both 'strategic fit' and 'deliverability, effectiveness and efficiency' and do **not** predominantly focus on priority places.
- **Band C:** Projects that have scored **50%** or above on both 'strategic fit' and 'deliverability, effectiveness and efficiency' and predominantly focus on priority places.

6.6 In addition to this process, Ministers can exercise discretion.

KCC's approach to shortlisting bids

6.7 This Government assessment approach was used by KCC to create the shortlist of UK CRF bids.

6.8 In the week of 4th May, KCC officers undertook gateway checks to root out bids that did not align with the gateway criteria.

6.9 During stage 2, there was a three-strand approach to assessment used, as shown by the diagram overleaf:

BIDS

Gateway Checks (in-house)

Due Diligence Checks by S151

All private-sector bidders were asked to submit a copy of the last three years of their accounts, so a credit check could be undertaken on the applicant.

KCC's finance team used this financial information to ascertain if each bid passed this gateway criteria: "Project proposal will be delivered by a legally constituted organisation that can receive public funds."

One bid failed the due diligence check and was removed from the process.

Local Stakeholder Evaluation Panels

The Government said "*lead authorities may choose to involve other organisation to provide advice during the assessment and prioritisation process, e.g. on alignment with local priorities or links to existing activity*". KCC used this approach.

12 district panels were arranged in May to which the following representatives were invited:

- The MP(s) for the District
- The District Council Leader & CEO
- Skills representative (a FE College Principal)
- Business representatives (a KMEP business member & a Growth Hub representative).
- Community/Voluntary Sector representative (from Kent Community Foundation)
- Net-zero representative (a Kent Environment Board representative).

Panel Members were asked to consider each bid against these two criteria:

- Project contributes to local needs and has evidence of local support.
- Project contributes to an investment priority.

Consultancy Checks

The Government said "*Lead Authorities must ensure that all applicants are assessed in the same way and conflicts of interest are avoided*".

To aid independent assessment and help with resource management, some UK CRF capacity funding was used by KCC on consultants (AECOM) to consider each bid against the 5 deliverability, effectiveness, and efficiency sub-criteria, and the remaining 3 strategic fit sub-criteria.

Information considered by KCC to inform
shortlisting.

6.10 The names of the UK CRF bids shortlisted by KCC can be found in **Appendix A**.

7. Options Considered

7.1 The options available to Kent County Council are:

- Do nothing and not submit UK CRF bids, or
- To advertise the fund, invite applications, shortlist the bids by district, and submit these shortlists to the Government for their consideration.

7.2 The 'do nothing' option was discarded, as the prospective investment of UK Government funding would benefit for Kent's communities, business and residents.

8. How the proposed decision meets the objectives of Setting the Course: the Interim Strategic Plan

The potential outcome of submitting the shortlist of bids to Government is that the Government will choose to fund the bids that focus on investment in skills, business, communities and place and supporting people into employment, and support the decarbonisation agenda. This investment, if awarded, will help KCC to address the following challenges which are listed in Setting the Course:

- The economic challenge: *this activity attracts investment to support growth.*
- The partnership challenge: *through collating the bids from partners, this Fund presents important opportunities to build on strengthened relationships.*
- The environmental challenge: *project bids will demonstrate a contribution to the net-zero carbon objectives or wider environmental considerations.*

9. Financial Implications

9.1 As set out in this paper:

- The maximum amount that Kent County Council could have secured is £36million (12 x £3m).
- On behalf of the Section 151 officer, a financial due diligence and credit check was undertaken on all applicants before shortlisting.
- A flat rate of 2% of each project's UK CRF will be used by Kent County Council for the costs incurred in managing fund awards.
- Capacity Funding of £20,000 per priority place has been offered by the UK Government to lead authorities.

10. Legal implications

10.1 Kent County Council will be asked to enter into a grant funding agreement or sign a grant funding offer letter (or equivalent) with the UK Government for any project, successfully awarded UK CRF.

10.2 In addition, if the project applicant is a third party, Kent County Council will be asked to enter into a back-to-back grant funding agreement with that organisation.

11. Data Protection implications

11.1 Data Protection has been considered, a privacy notice has been issued (<https://www.kent.gov.uk/about-the-council/information-and-data/access-to-information/gdpr-privacy-notices/economic-development/uk-community-renewal-fund-privacy-notice>), and the bid data is being held securely.

12. Equalities implications

12.1 Each prospective bid to the UK Community Renewal Fund was assessed for appropriate equalities consideration.

12.2 A KCC equalities lead officer was part of the team that undertook the gateway checks on UK CRF bids.

13. Risks

13.1 The Council is asked to note these two potential risks:

Late notification of successful award by Government & COVID-19 risk: The Government states projects will be informed in late July 2021 onwards if they will receive the funding. If the Government announcement is delayed, the eight-month window to initiate, deliver and complete a project may shrink. Uncertainty around COVID disruption exacerbates the short window for delivery.

Information yet to be published: Some information is yet to be published by the Government (as of 1st June). The UK CRF technical note states “*Lead Authorities should note that we [the Government] will publish further guidance later in the Spring. This will include guidance on assurance, monitoring and data requirements, the national evaluation approach and the funding agreement template*”. Hopefully, these documents will not include any unexpected surprises on the terms and conditions attached to the funding or the monitoring that KCC must undertake.

14. Governance

14.1 The Senior Responsible Officer for the UK CRF at Kent County Council is Stephanie Holt-Castle, in liaison with the Section 151 Officer, Zena Cooke.

15. Conclusions

15.1 This concludes the report on the UK CRF. The Leader is asked to take the recommendations set out below, so KCC can benefit from the UK Government’s investment in skills, local business, communities and place, and its support for individuals to enter into employment.

9. Recommendation(s)::

9.1 The Leader is asked to agree:

- To finalise and submit to Government of one shortlist of UK Community Renewal Fund bids per district.
- That KCC will act as the accountable body for projects within Kent's geographical boundaries that are selected by the Government to receive UK Community Renewal Fund
- Delegate the authority to the Director of Growth and Communities, in consultation with the Section 151 Officer, to sign on KCC's behalf a grant offer letter or equivalent, where this is required to draw down funds following the award of funding by the UK Government.
- Delegate the authority to the Director of Growth and Communities, in consultation with the Section 151 Officer, to approve the transfer of funding to third-party project promoters, whose bids are successfully awarded funding by the UK Government.

10. Contact details

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Appendix A: Kent-based projects shortlisted for submission to the Government

Proposal Name	Activity within which district or unitary areas	UK CRF requested
<i>In alphabetical order:</i>		
<i>(PP) = Priority Place</i>		
Breaking Barriers – Inclusive Employability	<ul style="list-style-type: none"> • Canterbury (PP) • Thanet (PP) • Folkestone & Hythe 	£437,938
Bridge the Gap	<ul style="list-style-type: none"> • Canterbury (PP) • Swale (PP) • Thanet (PP) 	£561,618
Canterbury & Folkestone Skills Renewal	<ul style="list-style-type: none"> • Canterbury (PP) • Folkestone & Hythe 	£998,668
Canterbury's Creative Exchange	<ul style="list-style-type: none"> • Canterbury (PP) 	£815,895
Cohesive Communities	<ul style="list-style-type: none"> • Gravesham (PP) • Dartford 	£1,629,172
Creative Tunbridge Wells	<ul style="list-style-type: none"> • Tunbridge Wells 	£425,000
Diversity House: Centre for Innovation and Development	<ul style="list-style-type: none"> • Swale (PP) 	£423,631
Employment and Support Hub - Canterbury & Thanet	<ul style="list-style-type: none"> • Canterbury (PP) • Thanet (PP) 	£640,556
Employment and Support Hub - Gravesham & Swale	<ul style="list-style-type: none"> • Gravesham (PP) • Thanet (PP) 	£1,363,023
GreenCore	<ul style="list-style-type: none"> • Canterbury (PP) • Thanet (PP) • <i>Medway*</i> <p><small>*Medway is its own lead authority and this project is recommended for shortlisting by their officers.</small></p>	£726,650
Growing Green: A net-zero innovation pathway for micro and SME businesses	<ul style="list-style-type: none"> • Swale (PP) • Thanet (PP) • Tonbridge & Malling 	£513,122
Growing Regional Innovation by Design	<ul style="list-style-type: none"> • Canterbury (PP) • Thanet (PP) • Dover 	£662,763
Growth Gurus – Community Hub	<ul style="list-style-type: none"> • Sevenoaks (specifically Swanley) 	£552,500
Ignition	<ul style="list-style-type: none"> • Gravesham (PP) • Thanet (PP) 	£545,120
Kent and Medway Partnership for Enterprise, Food and Health	<ul style="list-style-type: none"> • Gravesham (PP) • Swale (PP) • <i>Medway*</i> <p><small>*Medway is its own lead authority and this project is recommended for shortlisting by their officers.</small></p>	£528,714
Net Zero Pathway for Change	<ul style="list-style-type: none"> • Canterbury (PP) • Gravesham (PP) • Thanet (PP) 	£625,603
Pop Up Digital	<ul style="list-style-type: none"> • Ashford • Dover • Folkestone and Hythe 	£1,586,896
Recover. Rebuild. Restart.	<ul style="list-style-type: none"> • Dartford • Folkestone and Hythe • Maidstone 	£49,680
Runway Futures	<ul style="list-style-type: none"> • Ashford • Maidstone • Tonbridge & Malling 	£521,119
Community Renewal and Decarbonisation	<ul style="list-style-type: none"> • Maidstone 	£500,000

Sheerness Dockyard Church Project	<ul style="list-style-type: none"> • Swale (PP) 	£83,260
South East Creatives – Thanet Focus	<ul style="list-style-type: none"> • Thanet (PP) 	£500,000
Sustainability Spaces	<ul style="list-style-type: none"> • Canterbury (PP) • Swale (PP) • Thanet (PP) 	£983,577
Swale & Ashford Skills Renewal	<ul style="list-style-type: none"> • Swale (PP) • Ashford 	£998,668
Thanet & Dover Skills Renewal	<ul style="list-style-type: none"> • Thanet (PP) • Dover 	£998,668
The Kent Level Up Support Scheme	<ul style="list-style-type: none"> • Swale (PP) • Thanet (PP) • Dartford 	£79,440
Trinity's 8-week Training & Work placement Program	<ul style="list-style-type: none"> • Gravesham (PP) • Swale (PP) • <i>Medway*</i> <p><small>*Medway is its own lead authority and this project is recommended for shortlisting by their officers.</small></p>	£500,000
West Kent Work-Hubs	<ul style="list-style-type: none"> • Sevenoaks • Tunbridge Wells 	£412,778
What Matters – NEETS Navigator Study	<ul style="list-style-type: none"> • Ashford 	£51,557
Youth National Seaside Heritage Centre	<ul style="list-style-type: none"> • Thanet (PP) 	£192,168