

Hull UKSPF Investment Plan Summary

1 August 2022

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1. Introduction

The UK Shared Prosperity Fund (UKSPF) is a key component of the Government’s levelling up agenda and is the replacement for European Structural Funds (ESIF), which Hull has a long track record of delivering. It was formally announced on 13 April 2022.

Hull has been allocated a total of £10,614,678 of funding. £9,081,013 is core UKSPF and the remaining £1,533,466 is specifically allocated to Multiply to support adult numeracy. Funding is subject to Government approval of an Investment Plan which was submitted on 1st August 2022 (30 June for Multiply). Funding is to be spent over three years 2022-2025.

The Investment Plan is required to meet the Government’s priorities for UKSPF and is shaped around local priorities. Hull has some entrenched challenges to overcome but has strength and depth in terms of capacity and capability to deliver the fund, built up over years of ESIF delivery. The ability to continue to deliver projects and programmes at the local/community level will be critical to the success of the fund in Hull.

Government has placed the responsibility for delivering the fund on Local Authorities, expecting them to work with various stakeholders and partners. To develop the Investment Plan, the Council engaged with stakeholders and partners between May and July 2022 and formed a shadow Partnership Board as an early key component of the delivery strategy.

UKSPF Priorities

The Government’s primary aim of the UKSPF is to build pride in place and increase life chances across the country. The fund has three investment priorities:

| Investment priority | Summary of objectives |
|-----------------------------|---|
| Community and Place | <ul style="list-style-type: none">• Strengthening our social fabric and fostering a sense of local pride and belonging• To build resilient and safe neighbourhoods |
| Supporting Local Businesses | <ul style="list-style-type: none">• Creating jobs and boosting community cohesion by supporting local businesses• Promoting networking and collaboration and stimulating innovation and growth• Targeted support to help business growth – eg innovation, productivity, energy efficiency, low carbon and exporting |
| People and skills | <ul style="list-style-type: none">• Boosting core skills and support adults to progress in work• Supporting disadvantaged people to access the skills they need• Funding local skills needs and supplementing local adult skills provision• Reducing level of economic inactivity and supporting those furthest from the labour market |

Funding for the first two priorities will commence in 2022/23, while the ‘People and Skills’ priority will commence in 2024/25 unless, as is the case in Hull, there is a risk to voluntary and community sector activity currently supported by ESF, falling away.

Overarching Strategy for UKSPF in Hull - Summary of Key Principles

The principles below seek to provide a framework for future investment decisions. The framework could be used to guide the allocation of the funds over the 3 year time period.

| Investment priority | Summary of objectives |
|-----------------------------|--|
| Community and Place | <ul style="list-style-type: none"> Community driven and community led. Supporting communities across the whole city. |
| Supporting Local Businesses | <ul style="list-style-type: none"> Efficiency- A single central service. Funding of specialist services where these are affordable and cannot be delivered through a central offer (for example where specialist skills are required; e.g. Energy, Exports and R&D). Maintaining flexibility as needs change. |
| People and skills | <ul style="list-style-type: none"> Personalised support (holistic support) Bespoke, accessible and localised support across the whole city. An integrated holistic offer. |
| Overarching Principles | <ul style="list-style-type: none"> Maximum impact for the funding received. Capital funding is likely to be largely place based. Retain existing relationships that have been built in the community. Cover a coherent geography. Sustainability of projects. |

Funding

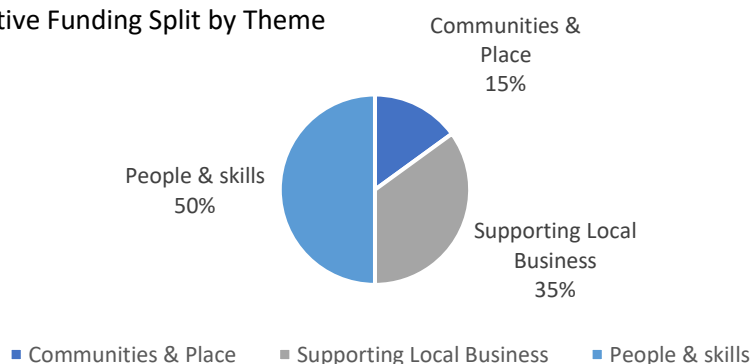
The proposed funding split between the three themes over the fund's three years, is founded on baseline policy analysis, stakeholder engagement and an open call for ideas and input (where over 90 EoIs were received). The focus was placed on where there are gaps in existing provision and where there is need and opportunity. The deliverability of projects will be a key consideration when the fund goes live.

The expected funding profile is:

| | Indicative % split | Total |
|----------------------------------|--------------------|------------|
| Communities & Place | 15% | £1,362,152 |
| Supporting Local Business | 35% | £3,178,355 |
| People & Skills | 50% | £4,540,507 |

| | 2022-23 | 2023-24 | 2024-25 |
|----------------------|------------|------------|------------|
| Revenue Split | 90% | 87% | 80% |
| Capital Split | 10% | 13% | 20% |
| Total | £1,102,065 | £2,204,129 | £5,774,819 |

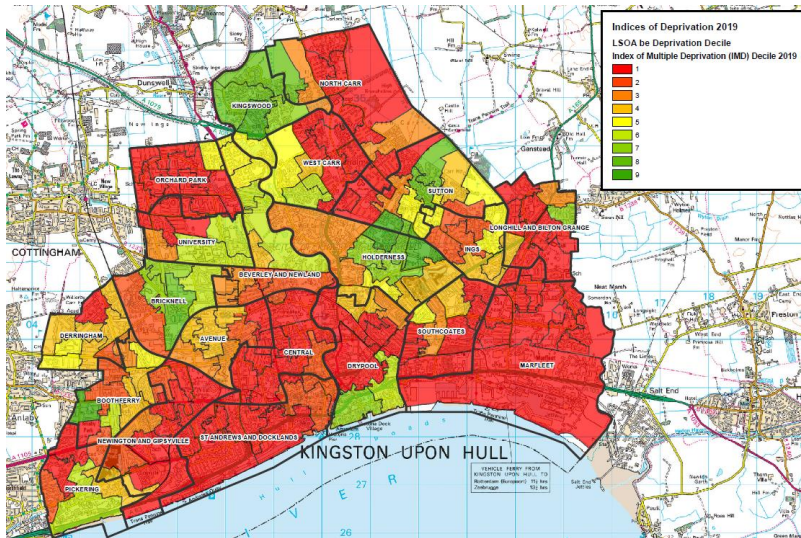
Indicative Funding Split by Theme



2. Communities & Place

Hull's main challenges that it is looking at address through the Investment Plan are:

Deprivation: With Hull ranked as the 4th most deprived local authority out of 317 local authorities across England, and more than half of all Hull's LSOAs in the most deprived fifth (bottom 20%) nationally (Index of Multiple Deprivation, 2019), deprivation is a key challenge for Hull.



Research by the OCSI into 'left behind

neighbourhoods' (LBNs) reinforces that there are pockets of deprivation within Hull. Hull is home to several left behind neighbourhoods, that is those suffering with highest levels of social, cultural and economic deprivation, identified by the OCSI through overlaying the Community Needs Index with the Index of Multiple Deprivation (Local Trust, 2019).

Health Inequalities: Addressing the existing health inequalities across the city is a key priority. The Hull



Joint Health and Wellbeing Strategy (2022) sets out to improve the physical and mental health of all residents in Hull.

Mental health / life satisfaction: In 2021, only 37% of residents in Hull reported good happiness levels, below the rate across Yorkshire and the Humber (41%) and England (42%).

Childhood obesity: In 2019, figures showed that 29% of reception children were either overweight or obese in Hull – the second-highest prevalence in England (Hull City Council, 2019).

Sports participation: There are low levels of sports participation in Hull with just 41% of people active in 2019 (fulfilling the national physical activity guidelines of 150 minutes of moderate intensity physical activity per week) and 44% inactive (fewer than 30 minutes per week) compared to England where 66% are active and 22% are inactive (Active Lives Survey, 2017-2018).

Smoking prevalence: 25% of adults in Hull smoke (ONS Annual Population Survey, 2020) compared to just 14% in England.

The challenge of health inequalities also relates to the supporting local business theme, in that poor health can be a key barrier in people entering the labour market.

Environmental risks and opportunities: Flood risk is a considerable environmental challenge for Hull due to its proximity to the Humber estuary. Over 90% of Hull is categorised as a high probability of flooding from any water source including rivers, the sea, rainfall.

CO2 emissions and air quality: Emissions per km² are high in Hull (13.3kt) and considerably above the regional (2.2kt) and national rates (2.1kt) (BEIS UK, 2019). Additionally, 5% of deaths among people aged over 30 in Hull can be attributed to existing levels of air pollution.

Retail: Hull has one of the highest regional retail vacancy rates at 27% compared to the national retail vacancy rates which are currently 16% (Knight Frank, 2022).

Community participation and cohesion: As with environmental challenges, the extent to which community participation and cohesion is a challenge is neighbourhood dependent. This reinforces the need for funding allocations which are community-driven and community led, one of the key principles underpinning the allocation of the SPF communities and place funding.

Cost of Living and Fuel Poverty: In 2018, 11% of households in Hull were in fuel poverty – slightly higher than the average for all English regions which was 10% and with more areas in Hull where properties are in the lowest energy efficiency bracket than the highest (LG Inform, 2020). With the worsening cost of living crisis, it is rational to anticipate that cost of living and fuel poverty will remain a key challenge.

Public realm and the high street: Hull's Investment Plan will investment in local neighbourhood centres. Outside of the city centre Hull has four main district centres and twenty-nine local centres which are located across the city serving as commercial and residential hubs.

Active Travel: With physical inactivity a challenge within Hull, transforming activity levels in Hull by making Hull a place where people can be more active as part of their everyday lives.

Culture: The City enjoyed an extraordinary year in the spotlight as Hull UK City of Culture 2017. Keeping the momentum and building on the legacy of 2017 has been a priority for the city and is a challenge – to fully realise the opportunity presented.

Communities and Place Opportunities

Projects will seek to respond to the challenges and opportunities within each neighbourhood. Community driven and community led projects is a key principle that will shape the allocation of funds to ensure that communities across the whole city are supported.

In year 1, the communities and place funding will amount to 15% of the overall funding pot and will be targeted at immediate needs, such as fuel poverty and the cost of living.

There is also an opportunity to build on existing successes. Hull has been awarded £19.5m from the Levelling-up Fund (LUF). As the LUF projects are predominantly focused on city centre activity, there is scope for SPF to broaden out the impact of this funding into the surrounding neighbourhoods. For example, one of the projects that has received LUF funding is 'The Matrix' which will deliver a business support, learning and cultural facility.

Culture also presents a significant opportunity. Following Hull's year as City of Culture in 2017, statistics showed a significant increase in pride for the city, greater levels of participation, including volunteering as well as job creation.

Other opportunities include building on and improving Hull's existing civic, cultural, heritage and historic infrastructure which may include supporting activities in Hull's Old Town Heritage and High Street Action Zones which aims to maximise occupancy within the city's historic core and promote Hull's historic fabric and cultural assets or 26 conservation areas.

Finally, Hull also has the ambition to be a UNICEF Child Friendly City which will include reducing conflict areas along the city routes between pedestrians and motorists, for example through the use of shared surfaces or pedestrian friendly surfacing to signify user priority.

Strategy and key principles for Communities and Place

The principles below seek to provide a framework for future investment decisions. The framework could be used to guide the allocation of the funds over the 3-year time period.

| Challenges | SPF proposal (the opportunity) | Key principles |
|---|---|---|
| <ul style="list-style-type: none"> A range of challenges and opportunities which differ between communities (e.g. extent to which infrastructure (e.g. flooding) or community cohesion is a key priority). | <ul style="list-style-type: none"> A community fund grant pot for local communities to bid for, enabling projects to respond to the needs of the local community Funding focused year 1 to enable ease of delivery Community infrastructure will be a core component of the capital funding spend. | <ul style="list-style-type: none"> Community driven and community led Supporting communities across the whole city. |

Communities and Place Interventions

- E2: Funding for new, or improvements to existing, community and neighbourhood infrastructure projects including those that increase communities’ resilience to natural hazards, such as flooding. This could cover capital spend and running costs
- E6: Support for local arts, cultural, heritage and creative activities
- E7: Support for active travel enhancements in the local area
- E9: Funding for impactful volunteering and/or social action projects to develop social and human capital in local places
- E12: Investment in community engagement schemes to support community involvement in decision making in local regeneration
- E13: Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change

Communities and Place Outcomes

- Improved perception of facility/infrastructure project,
- Improved engagement numbers,
- Number of community-led arts, cultural, heritage and creative programmes as a result of support,
- Volunteering numbers as a result of support,
- Increased take up of energy efficiency measures

3. Supporting Local Business

The main challenges that Hull’s SPF investment plan are looking to address with respect to supporting local businesses are summarised below:

Business density: There were around 6,335 companies registered in Hull in 2020, accounting for just 4% of Yorkshire and the Humber’s total, the lowest proportion of all counties in the region (Hit Horizons, 2022). This is a trend which is at risk of continuing without intervention. In 2020, there were only 34.2 business start-ups per 10,000 people in Hull, a rate much lower than the national value of 53.3 (Centre for Cities, 2022).

Industrial structure: The percentage of private knowledge intensive business service jobs in Hull is just 6%, which is much lower than the national value of 14% (Centre for Cities, 2020). Employment in the manufacturing industry is slightly more common in Hull and one in ten businesses in Hull, were registered within the manufacturing industry in 2021. There is a need to support the traditional manufacturing industry in enabling the area's transition towards a greener, higher value and higher skill economy.

Self-employment and entrepreneurialism: In Hull only 7.4% of those employed work for themselves compared with 15% nationally (Centre for Cities, 2019). Many people in Hull face specific challenges in finding the funds required to start-up their own business, with low levels of collateral wealth, low disposable incomes and low savings levels dominating. Hull's Microbusiness Strategy (Heading Up local Leadership) aims to drive wealth, prosperity, and quality employment while providing direct support for those with entrepreneurial talent starting up their own business, with a focus on under-represented groups.

Availability of finance: In Hull there is a significant number of small businesses; only 2% of businesses in Hull are medium-sized enterprises and only 1% are large businesses (ONS UK Business Counts, 2021). In Hull, only 85% of new businesses formed in 2019 survived during their first year. Availability of finance is identified as a specific issue for start-ups.

Limited innovation activity: The area had the lowest percentage of innovation active businesses in 2018-2020 with just 23% businesses being innovation active, considerably below the UK rate (45%). The significant investment in renewable energy and decarbonisation across the Humber provides an opportunity.

Social enterprise: Social enterprises often operate in some of the most deprived areas and are an important aspect of the region's economy, and therefore play a critical role in supporting people who are socially and economically disadvantaged.

Energy and environment challenges: Hull has challenges with flooding and climate change in terms of adaptation and mitigation, which impacts people and businesses. The Living with Water Partnership has drawn together key partners in this arena to provide a long-term strategy to water resilience which led to Hull becoming one of the First Wave Water of Resilient Cities internationally.

Furthermore, the cost of energy is a challenge for businesses, in particular for small and medium enterprises, who could economically benefit from greener and more sustainable practices.

One of the key challenges is also in relation to the limited funding to continue supporting existing initiatives, including a range of ERDF supported activity. A key part of the strategy for SPF funded projects and a key opportunity under the 'Supporting Local Businesses' theme is that where possible, existing projects and services that have been highly successful and impactful can be consolidated, streamlined and integrated to maximise efficiency and ensure the offer responds to as many businesses as possible.

Supporting Local Business Opportunities

Hull has the opportunity to consolidate, streamline and integrate existing services. This will ensure the impact on existing businesses who are recipients of support is minimised, and there is a clear path to access such support. It is important that businesses do not feel administrative boundaries, and as such, this strategy and the forthcoming programme will place emphasis on a joined-up approach to maximise efficiencies, whilst ensuring the offer is responsive to more localised needs.

A simplified offer would include:

- A main hub providing general advice to all business types and sectors
- A brokerage for specialist support – eg export, R&D, carbon reduction

- Greater flexibility to respond to a economic shocks/changing economy

Current strategies recognise the need to support start ups and that entrepreneurship should be supported at any age. A cross section of support is needed, not all businesses need all types of support and some need more than others. There are many factors to consider such as low collateral and access to finance to low car ownership and access to premises and business space.

Strategy and Key Principles for Supporting Local Businesses

The principles below seek to provide a framework for future investment decisions. The framework could be used to guide the allocation of the funds over the 3 year time period.

| Challenges | SPF proposal (the opportunity) | Key principles |
|---|---|--|
| <ul style="list-style-type: none"> • Limited resources limit ability for most specialist services to be delivered separately. • Existing provision for business support through EU funding is at risk | <ul style="list-style-type: none"> • Opportunity to consolidate, streamline and integrate existing services to maximise efficiency and ensure the offer responds to as many businesses as possible. • Funding for a single central business support service with a core team of advisors, building on the success of the Growth Hub. • The service will not target specific sectors or business type but coverage will be maximised through the team acting as a broker for more specialist support. | <ul style="list-style-type: none"> • Efficiency- A single central service. • Funding of specialist services where these are affordable and cannot be delivered through a central offer (for example where specialist skills are required; e.g. Energy, Exports and R&D). • Maintaining flexibility as needs change. |

Supporting Local Business Interventions

- 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
- 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
- E26: Support for growing the local social economy, including community businesses, cooperatives and social enterprises
- 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
- E32: Investment in resilience infrastructure and nature based solutions that protect local businesses and community areas from natural hazards including flooding and coastal erosion.

Supporting Local Business Outcomes

- Number of businesses introducing new products to the firm
- Number of organisations engaged in new knowledge transfer activity
- Number of businesses adopting new to the firm technologies or processes,
- Number of new to market products, Greenhouse gas reductions,
- Number of businesses with improved productivity
- Number of early-stage firms which increase their revenue following support
- Number of businesses increasing their export capability
- Increased number of properties better protected from flooding and coastal erosion

4. People and Skills

Hull's main challenges relate to economic inactivity, long-term unemployment, and the multiple barriers to entry that those outside of the labour market face.

Other challenges include:

- low skill levels
- a high number of people not in education or training
- social immobility
- a high number of people in care
- benefit dependency
- population retention of young people in Hull.

These are challenges across a range of demographics and groups including younger people, over 50+, people with mental health conditions, socially excluded groups, disadvantaged groups, and minorities.

Economic Inactivity: The economic inactivity rate across Hull (24%) is above the regional (23%) and national (21%) level with over a third (34%) of residents in Hull reported as long-term sick. (2021)

Unemployed: In May 2022, 10,800 people in Hull were included in the claimant count. This was equal to 7% of working aged residents, a proportion almost double the rate across Yorkshire and the Humber and England (both 4%) (ONS Claimant Count by Sex and Age, May 2022).

Longer-term unemployed: Hull has the highest regional levels of long-term unemployment, with over an average monthly count of 12.5 per 1,000 people aged 16 to 64 in 2019/20. This was both the highest regionally in the Yorkshire and Humber and also for England, which had a rate of 3.2 per 1,000 for the same period.

NEETs: Over the 2021/22 local authority target period (Dec-Feb), Hull's three-month average NEET percentage was 5.2% which is 2.3% higher (lower is better) than the regional average of 2.9% and 2.6% higher than the England average of 2.6%.

There is emerging evidence that young people are seeking employment without training to secure income in the face of cost of living increases and are therefore at risk of becoming classified as NEET and not meeting the duty to participate. This is evidenced by a significant drop in Hull's post 16 'in learning' rate which is widening.

People in care: Hull Fostering Service Annual Report (2020-2021) found that there were 948 children in care on 31st March 2021 compared with 867 on 31st March 2020, which is an increase of 9% compared to an increase of only 1% in England (Home for Good, 2021).

Social mobility: During the Spring 2021 school term, almost a third of school children in Hull (31%) were eligible for free school meals (FSM). The proportion of children eligible for FSM in Hull is considerably above the rate across Yorkshire and the Humber (25%) and the national average (23%) (Department for Education, 2021).

Retaining and attracting young people: Population growth in Hull is driven by younger populations and is growing. The proportion of the population in Hull aged 15 and under increased by 10%, compared to a 3% increase across Yorkshire and The Humber and 5% nationally (ONS UK Census, 2011; 2021). Graduate retention is an issue with fewer gaining employment locally.

Lack of high-level skills and qualifications: In 2021, only a quarter of the working aged population (16-64) in Hull reported NVQ4 qualifications or above, considerably below the level across Yorkshire and The Humber (38%) and England (43%) and just 19% of people in Hull had degree level or equivalent

and above qualifications, relatively less than the regional (32%) and national (37%) rates (ONS Annual Population Survey, Jan-Dec 2021).

The number of Hull young people who achieve a level 3 qualification by the age of 19 continues to be of great concern. Equally, a higher proportion of the population in Hull than average reported no NVQ or GCSE qualifications in 2021 highlighting that the skills levels of the labour force in Hull are low. A high-skilled labour force is often an attractive proposition for investors. Working Futures data predicts that 46% of jobs in the wider Humber region will require Level 4 qualifications or above by 2030 (Hull East Yorkshire Local Skills Report, 2022). Upskilling the population in Hull will therefore play a key role in encouraging future investment within the area.

Hard-to-fill vacancies: Hard-to-fill vacancies account for 41% of all vacancies in the area which is higher than the national average (36%) and almost a quarter of these vacancies are skills shortage vacancies.

Digital skills gap: In 2020, 14% of people in Hull had never used the internet or had no internet access in the last 3 months, almost double the UK rate of 8% (ONS Internet Users, 2020).

Lack of high-skilled occupations: In 2021, 36% of people employed in Hull worked in high-skilled managerial, director, senior official, professional, or associate professional occupations (SOC2020 Group 1-3), versus 47% regionally and over half (51%) nationally. Low-skilled elementary occupations are common in Hull.

It is also recognised that there is a need to support people in employment, for example those who have poor-quality, insecure or unsafe housing, physical and mental health issues and learning difficulties/disabilities, and those in poverty.

One of the key challenges is also in relation to the limited funding to continue supporting existing activities, with c. £40m of funding on skills since 2016.

There are a whole suite of programmes coming to an end in the next 18 months including the ESF funded projects. Unfortunately, it will not be possible to fund all of these programmes from UKSPF. However, it is vital that funding is available during years 1 and 2 to enable a baseline of activities to continue in order that capacity and capability exists during the final year of delivery.

People and Skills Opportunities

Employability Support: There is a strong local need to support those distanced from the labour market (and people who are vulnerable), in particular those who face multiple barriers to accessing employment.

Supporting those in employment: There is also an opportunity to support those already in employment, in particular people with physical and mental health issues.

Young people: the number of NEETs is a significant challenge, but also presents an opportunity to target support towards young people, including those at immediate risk of becoming NEET due to the cost-of-living crisis.

Skills: there is an opportunity for SPF to meet the existing gaps in skills but also respond to upcoming opportunities. For example, digital and green skills which have been identified as a regional and local priority. The opportunities presented by the renewable energy and decarbonisation industries along with the Humber Freeport, will drive further investment along with new jobs.

Whilst digital and green skills are a priority for Hull, these opportunities are considered mainstream activities and have been captured within the other interventions such as E35, E37 and E38.

The key principles underpinning the funding of the people and skills projects are personalised support, bespoke, accessible, and localised support across the whole city, and a fully integrated and holistic offer that is easily accessed and navigated.

Strategy and Key Principles for Supporting Local Businesses

The principles below seek to provide a framework for future investment decisions. The framework could be used to guide the allocation of the funds over the 3-year time period.

| Challenges | SPF proposal (the opportunity) | Key principles |
|---|---|---|
| <ul style="list-style-type: none"> • Longer-term unemployed and economically inactive. • Multiple barriers to entry into the labour market. • Challenges are across a range of ages (from young people to 50+) and groups. | <ul style="list-style-type: none"> • Longer-term unemployed and economically inactive. • Multiple barriers to entry into the labour market. • Challenges are across a range of ages (from young people to 50+) and groups. | <ul style="list-style-type: none"> • Longer-term unemployed and economically inactive. • Multiple barriers to entry into the labour market. • Challenges are across a range of ages (from young people to 50+) and groups. |

People and Skills Outcomes

- Number of economically inactive individuals in receipt of benefits they are entitled to following support
- Number of people with basic skills (English, maths, digital and ESOL)
- Number of people engaged in job-searching following support
- Number of people sustaining employment for 6 months
- Number of people in education/training
- Number of people experiencing reduced structural barriers into employment and into skills provision
- Number of people familiarised with employers’ expectations, including, standards of behaviour in the workplace
- Number of people gaining a qualification or completing a course following support
- Number of people gaining qualifications, licences and skills
- Number of economically active individuals engaged in mainstream skills education and training

People and Skills Interventions

- E33: Employment support for economically inactive people: Intensive and wrap-around one-to-one support to move people closer towards mainstream provision and employment, supplemented by additional and/or specialist life and basic skills (digital, English, maths* and ESOL) support where there are local provision gaps.
- E34: Courses including basic skills (digital, English, maths (via Multiply) and ESOL), and life skills and career skills** provision for people who are unable to access training through the adult education budget or wrap around support detailed above. Supplemented by financial support for learners to enrol onto courses and complete qualifications.
- E35: Activities such as enrichment and volunteering to improve opportunities and promote wellbeing
- E37: Tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses. This includes supporting the retention of groups who are likely to leave the labour market early
- E38: Support for local areas to fund local skills needs. This includes technical and vocational qualifications and courses up to level 2 and training for vocational licences relevant to local area needs and high-value qualifications where there is a need for additional skills capacity that are not being met through other provision.

Local Voluntary and Community Provision at Risk

Hull has been a direct beneficiary of significant funding to support people getting back into the workplace either through economic inactivity or unemployment. There are a number of VCSE projects and programmes being funded through the European Social Fund, which will see their funding come to an end in 2022 and 2023. The impact of the end of ESF has already been seen with redundancy proceedings commencing given the ending of funds in October 2022.

Hull has real strength and depth in terms of capacity and capability to deliver the type of activity that the projects above deliver at a truly local level, through years of well-developed partnership working with VCSE and the public and private sectors. Preserving as much of that capability and capacity is critical to delivering the priorities of the UKSPF.

As there is insufficient funding to continue all projects, the proposed approach supports continuing activity that is at most risk and that is aligned to the priorities of the UK shared Prosperity Fund and where evidence supports a need for this provision in Hull.

Activities that have had a significant impact will be identified with the intention of continuing delivery where possible under a programme umbrella, within the confines of the UKSPF programme funding envelope. The Springboard programme, targeted at young people, is an example of where partnership delivery can address a wide range of needs such as mental health and the risk of becoming NEET.

People & Skills projects for 2022-2023 and 2023-2024

It is important to distinguish between continued delivery of projects and continuation of activity. UKSPF will be used to continue activity and preserve capacity and capability where it is possible to do so to ensure there is no cliff edge in delivery.

A theory of change has been developed for each theme, in line with the UK Government Magenta Book. The theory of change shows the relationship between the context (challenges and opportunities), the selected interventions, the selected outputs and outcomes, and the impact (linked to the levelling up missions). The theory of change will be developed in more detail as part of the monitoring and evaluation process once projects have been confirmed.

5. Management and Governance

Stakeholder Engagement and Support

A range of stakeholder activities have taken place to date in preparing the SPF investment plan. These include:

- Engagement with MPs.
- A webinar providing general information and the Council's proposed way forward
- An open call for project ideas and over 90 responses were received. These 'ideas' have been used to develop a Theory of Change for the programme.
- A shadow partnership board which met on 19 July to agree the principles and priorities for Hull's UKSPF investment plan.
 - Membership included VCS, OPCC, skills representatives, LEP, business and higher education representatives, neighbouring local authority and representatives from DWP and CLGU were also invited.
- Two workshops with key stakeholders. Workshop 1 focussed on principles and interventions which were then agreed at workshop 2
- Workshop 2 was held with the Shadow Partnership Board.

Stakeholder engagement will continue with the public sector, private sector and civil society organisations through the project prioritisation process, project selection, into delivery and monitoring and evaluation.

Proposed Governance structures

The Council already has in place strong partnerships with the Business, Public, and VCSE sectors in Hull as well as with our neighbouring authority, East Riding of Yorkshire Council. This helps to maintain good communication, consultation, and engagement and is used to support developing strategies and plans, and also in ensuring successful delivery.

The Shadow Local Partnership Board has been built on these networks and will be developed, in line with national guidance, to ensure full stakeholder engagement and co-design takes place during the developmental stages as well as during project review, assurance, and recommendations. The Board will also include statutory partners as well as maintain links with the Local MPs. It is anticipated that, once formalised, the Local Partnership Board will be chaired independently to ensure transparency and independence.

Proposed Project Selection

Projects or programmes will be selected based on Statutory Best Value principles and in an open and transparent manner. The Council will follow its contract procedure rules set out in its Constitution. The Council, and the Shadow Partnership Board will ensure that UKSPF is delivered in the most efficient and effective way, avoiding duplication and ensuring the maximum impact for the funding is achieved. The Council proposes to offer open calls for projects and programmes for each theme and will invite partnerships to come forward with proposals to deliver where it is practical to do so.

Indicative Allocation of Funding to Priorities and Activities

Based on stakeholder engagement and the responses from the call for ideas, the table below provides the anticipated indicative allocation for each activity. It should be noted that this is indicative and is subject to change, depending on questions from government prior to delivery commencing, the strategic advice of the Partnership Board and the quality of final business cases for projects.

| Theme | Intervention | Indicative Allocation |
|------------------------|---|-----------------------|
| Communities and Place | E2: Community & neighbourhood infrastructure projects | 950,000 |
| | E6: Local arts, cultural, heritage & creative activities | 150,000 |
| | E7: Support for active travel enhancements | 50,000 |
| | E9: Impactful volunteering and/or social action projects | 100,000 |
| | E12: Community engagement schemes, local regeneration | 51,013 |
| | E13: Community measures to reduce the cost of living | 100,000 |
| | SUBTOTAL | 1,401,013 |
| Local Business Support | E19: Investment in research and development at the local level | 690,000 |
| | E23: Strengthening local entrepreneurial ecosystems | 1,000,000 |
| | E24: Training hubs, business support offers, incubators | 200,000 |
| | E26: Growing the local social economy | 150,000 |
| | E28: Export Grants to grow overseas trading etc. | 140,000 |
| | E29: Supporting decarbonisation whilst growing the local economy | 405,000 |
| | E30: Business support measures to drive employment growth | 285,000 |
| | E32: Investment in resilience infrastructure and nature based solutions | 275,000 |
| | SUBTOTAL | 3,145,000 |
| People and Skills | E33: Employment support for economically inactive people | 1,330,000 |
| | E34: Courses including basic, life & career skills | 1,170,000 |
| | E35: Enrichment & volunteering activities | 1,270,000 |
| | E37: Tailored support for the employed to access courses | 245,000 |
| | E38: Local areas to fund local skills needs | 520,000 |
| | SUBTOTAL | 4,535,000 |
| | | |
| | TOTAL | 9,081,013 |

Capacity and Capability

Hull has delivered many European Structural Funded projects and programmes over many years and has a strong reputation for doing so. The following provides an overview of the particular issues relating to the UKSPF three key priorities.

| Communities and Place | Supporting Local Businesses | People and Skills |
|--|--|---|
| Hull has strength and depth in terms of capacity and capability, however with the fall off of other external funding, there is some risk around maintaining current levels of capacity and expertise. In Year One, the challenging timescales for delivery may make some delivery difficult for delivery partners, including VCSE, to be able to respond within the timescales to provide the best possible outcomes, particularly for new activity. | The Business Support Team has delivered a significant number of ERDF supported projects in partnership with the HEY LEP and other Local Authorities. The planned single programme approach, with commissioning for specific activities, will create efficiencies and enable greater flexibility. | The team has delivered a significant number of ESF supported projects. Any drop off in funding, however, will put this at risk, particularly VCSE delivery which where the vast majority of current delivery activity takes place. The key risk for Years 1 and 2 is maintaining capacity to deliver in Year 3 when the profile allows. The current funding profile does not allow for much activity to be funded in years one and two, which places a risk on year 3 |

| | | |
|--|--|--|
| | | <p>delivery when most of the delivery is expected to take place. There is a risk of losing some capacity. To mitigate this, we are planning to use a small amount of UKSPF in Years 1 & 2 to retain capacity to deliver the majority of activity in Year 3. The benefits of this are both for retention of expertise locally and continue engaging with beneficiaries.</p> |
|--|--|--|

Further support from Government could be beneficial in the form of:

- An early announcement on the funding would help to mitigate against the delivery risk created by short timescales.
- An overall more flexible approach to the programme to reduce the impact of funding between Years 1, 2 and 3 in addition to the challenge of what might happen post this programme (Year 4+) would help mitigate against delivery risk. The effect of this on the supplier side is that it will be difficult for them to maintain capacity and retain staff at the local level. This is in addition to the impact on the beneficiary of a short term programme with no certainty of follow on support. Hull's structural issues can only be addressed through creating a generational shift. The strict profile of UKSPF in its current form risks diluting the impact the fund could have, a more flexible approach which smooths delivery and early indication of future years funding will help mitigate this.
- Additional legal guidance.
- A flexible approach to the management of UKSPF locally, including monitoring and evaluation that is not administratively burdensome. This will be helpful in maintaining flexibility regarding the outputs and outcomes over the duration of the fund, recognising that priorities and needs may shift over a three-year period.
- An SPF forum could be helpful in discussing queries with UK Government and Local Government representatives. This forum or shared area could be used as a place to network, discuss common opportunities and challenges and share resources (for example, business case templates).

Working together with ERYC

| Communities and Place | Supporting Local Businesses | People and Skills |
|--|--|---|
| Both Hull and East Riding councils support the Spirit of 2012 volunteer programme, a legacy from Hull City of Culture 2017. It is proposed that the councils work together on: E9. | The HEY Business Growth Hub currently delivers several ERDF supported projects. It is important to ensure a seamless and efficient business support service across the functional economic area so businesses are not adversely impacted or uncertain about what support they can access. Working together will also allow for economies of scale, particular in terms of specialist business advice. However, it is | Where appropriate, the offer will be consistent, for example for the activities which address a similar need in Hull and the East Riding. There are several ESF supported projects that are currently delivered across the functional economic area by the VCS. However, it is acknowledged that there are some differences in place and need, which means that not all projects and interventions will be consistent between HCC and EYRC. |

| | | |
|--|---|---|
| | <p>acknowledged that there are some differences in place and need, which means that not all projects and interventions will be consistent between HCC and EYRC. The interventions that we propose to work together on are:</p> <ul style="list-style-type: none"> • E19, E23, E26, E28, E29, E32 | <p>The proposed interventions for joint working are: E33, E34, E35, E37, E38.</p> |
|--|---|---|

Support to deliver UKSPF

Hull City Council will not use more than the 4% allocated to support delivery costs. However, although the Council does not seek more than 4% of UKSPF, the city benefits from a strong VCSE sector that is facing some challenges as ESF drops away in terms of management and administrative capacity, including the costs of evaluating the impact of the programme's activities. The Council would welcome the ability to use an additional amount of UKSPF to meet some of these costs.