

Title: UKSPF Localised Business Provision U0022 – (Newcastle City Council) & UKSPF Business Support Fund U0015 (NBSL)
Report of: Chris Walker, Project Manager
Portfolio: Economy

Report Summary

The purpose of this report is to approve an additional UK Shared Prosperity Fund (UKSPF) funding award to Northumberland Business Services Ltd (NBSL) to receive additional funding of a total £48,800 to be allocated to deliver a further 16 Business Support Fund grants (£5,000 each) and for Newcastle City Council to receive additional funding of a total £50,000 to be allocated to further Citylife Business Support Grants. The Project Change Requests are in line with the UKSPF Investment Plan approved by Government and the Implementation Plan originally agreed by the North of Tyne Combined Authority (NTCA) Technical Officer Group and Investment Panel.

In 2022, the former North of Tyne Combined Authority (NTCA) as a designated 'lead authority' was allocated funding of £47.1m for 'core-UKSPF' and £4.1m for the 'Multiply' adult numeracy programme, until March 2025 and covering the areas of Newcastle, North Tyneside and Northumberland. NTCA was also allocated £3,043,546 of Rural England Prosperity Fund. The UKSPF programme is being delivered in line with the Investment Plan agreed by Government.

In September 2022, the NTCA Cabinet delegated responsibility to the Chief Executive in consultation with the Director of Finance and relevant Cabinet Members to approve the commissioning approach and subsequent grant agreements and/or contracts associated with the Shared Prosperity Fund (minute 34 Resolution 5). In May 2024, the North East Combined Authority (North East CA) Cabinet agreed that 'the formal decisions which the former North East Combined Authority and the former North of Tyne Combined Authority made be treated as decisions of the Authority.' (Cabinet meeting 7 May 2024, Minute no C6/5/24 (4)).

The former NTCA established a Dynamic Purchasing System (DPS) for the delivery of Local Business Support Services within the North East area. The DPS is divided into six categories (each referred to as a **Lot**) as described in North East CA's (as the now accountable body for UKSPF) Invitation to Participate in the DPS.

This paper sets out the decision relating to a requirement subsequently commissioned through this DPS, specifically:

- A variation to the contract between NBSL and North East CA to deliver a further 16 Business Support Fund grants to SMEs based in the Newcastle, North Tyneside and Northumberland areas. The North East CA contract in respect of this project will be adjusted to accommodate additional UKSPF funding of £48,000, resulting in a total value of £543,048 of UKSPF funding awarded (all revenue).

Additionally, a decision is required for continued provision of an element of Localised Business Provision delivered by Newcastle City Council. The localised provision was initiated following a full business case submission and subsequent GFA.

- A variation to the Grant Funding Agreement between Newcastle City Council and North East CA to deliver a further £50,000 to be allocated to further Citylife Business Support Grants to SMEs based in the Newcastle and Northumberland areas. The North East CA contract in respect of this

project will be adjusted to accommodate additional UKSPF funding of £50,000, resulting in a total value of £1,001,410 of UKSPF funding awarded (all revenue).

Recommendations

The Chief Executive, in consultation with the Director of Finance, the Mayor and relevant Cabinet Member (s) and in accordance with the scheme of delegation, is recommended to approve the following funding award, and authorise entry into required agreements to facilitate approvals, as set out in this report:

- A total of £48,800 of UKSPF funding to be awarded to Northumberland Business Services Ltd (NBSL) for the contract variation set out in the summary.
- A total of £50,000 of UKSPF funding to be awarded to Newcastle City Council for the delivery of the contract variation set out in the summary.

To authorise the Chief Finance Officer and Monitoring Officer to prepare the necessary documentation and enter into contract with the lead applicants (NBSL and Newcastle City Council).

1. Background Information, Proposals and Timetable for Implementation

The UK Shared Prosperity Fund (UKSPF) will invest in economic growth and regeneration in the regions of the United Kingdom (UK), replacing the previous European Structural and Investment Funds (ESIF).

The UKSPF Delivery Plan for the Northumberland, North Tyneside and Newcastle area sets out a more inclusive area and is built on three key aims:

- Creating a more social and inclusive economy - one which promotes wellbeing across all communities by ensuring wealth is retained locally and distributed more equitably.
- Addressing inequality and poverty, enabling our residents to access opportunities at every stage of their lives.
- Driving better coordination of education, skills, employment, and health activities to help more people move into good work, and progress in work.

A key aspect of delivering a more inclusive economy is the support and development of alternative models of service delivery, business and community ownership – including but not limited to social enterprise and cooperative structures. Services commissioned as a result of this procurement will support our overall ambitions.

- **Activity within this report relates to the Supporting Local Business investment priority of UKSPF.** The UKSPF Investment Plan for Newcastle, Northumberland and North Tyneside set out 3 programmes of activity relating to the Supporting Local Business theme. UKSPF's supporting local business investment priority enables places to fund interventions that support local businesses to thrive. Through delivery of this contract, the supplier will be 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.

It should be noted that in response to early consultation and market engagement in development of the UKSPF Investment Plan, where it was recognised that there were opportunities to drive greater value for money through cross authority collaboration, some UKSPF Lead Accountable Bodies in the region have undertaken a collaborative commissioning exercise where there are similar requirements and objectives. In this instance, the North East CA has solely undertaken procurement for NBSL's Business Support Fund, therefore all funding values, outputs and results relate only to the contract between the North East CA and the respective provider and the provider is contractually bound to deliver this in the North East CA area. Similarly, The UKSPF values of Newcastle's Localised Business Provision were: Newcastle (£750,000), North Tyneside (£50,352) and Northumberland (£151,058), 'top-sliced' from their UKSPF Local allocation at NTCA level.

The following contract variations for programmes delivered by NBSL and Newcastle City Council respectively, are recommended for approval for UKSPF funding by the Chief Executive following consultation with all the relevant parties set out in the delegation from Cabinet in September 2022.

1.1 UKSPF Business Support Fund (DPS Lot 6/Project U0015) – NBSL

North of Tyne Combined Authority (NTCA, now the North East Combined Authority) established a Dynamic Purchasing System for the delivery of Local Business Support Services within the North East area. NTCA subsequently issued an ITT which invited bids for the delivery of a Business Support Fund to be delivered to businesses in Newcastle, North Tyneside and Northumberland.

The bid from NBSL was one of three submissions. The successful bidder scored 100% and demonstrated that they will offer high quality services to support enterprises throughout the area. The assessment panel was content that the proposal met or exceeded all requirements set out in the ITT and offered good Value for Money.

The successful bidder, Northumberland Business Services Limited (NBSL) was selected following the assessment process published in the Invitation to Tender and entered into a contract with NTCA (£494,248) following approval at Investment Panel on the 4th April 2024. The project began delivery in April 2024 and has now been in place for seven months.

The contract allows NBSL to:

- Support SMEs in Northumberland, Newcastle and North Tyneside with growth potential and/or growth ambition to access external expertise to implement business growth and/or improvement plans.
- Prioritise SMEs operating in North-East LEP growth sectors and/or with potential to benefit from North-East LEP Scale-Up support.
- Signpost SMEs to relevant support programmes to meet their specific growth needs.

NBSL offer up to 50% grant funding towards projects costing between £3,000-£8,000, providing grants awarded between £1,500-£4,000. The project part funds costs of SMEs bringing in external expertise to deliver business development projects including Consultancy, Development and Mentoring.

To date, NBSL have entered into contract with 158 businesses from the projected total of 160, Current demand is substantial and therefore the Business Support Fund project has the potential to deliver more SME development in the short time frame to 31st March 2025 to support the UKSPF spend target.

An additional £48,000 of UKSPF revenue funding will allow NBSL to deliver a further 16 x £5k projects to 16 SMEs. Based on the assumption that the average grant will be £2,500 (with a 50% subsidy) x 16 amounting to £40,000. The management resources to process these grants by March 2025 is 22% - £8.8k. Total UKSPF requested is therefore £48,800.

Should the additional funding be approved, NBSL will have been contracted to deliver support amounting to £543,048. This is a combination of the initial contract value (£494,248) and the additional UKSPF funding set out in this paper (£48,800).

Revised UKSPF Outputs and Outcomes

Total Project Outputs				
Output indicator	Current Contracted Total	Proposed Total	Variance	Variance (%)
Number of businesses receiving non-financial support	48	48	0	0.00%
Number of businesses receiving grants	160	176	16	10.00%
Jobs created	50	52	2	4.00%
Jobs safeguarded	50	54	4	8.00%

Subsequent to approval, the project would deliver an additional 16 Businesses receiving Grants, two additional Jobs Created and four additional Jobs Safeguarded. The cost per output is in line with the original contract tender submission.

1.2 UKSPF Localised Business Support Provision (Project U0022) – Newcastle City Council

On 23rd July 2023, NTCA's Investment Panel awarded a total of £951,410 of UKSPF funding to Newcastle City Council for the delivery of the Newcastle Localised Business Support project. The total project value is £1,302,466, which includes £951,410 of UKSPF funding (73%) and public sector match of £351,056 (27%). The UKSPF values of this activity were: Newcastle (£750,000), North Tyneside (£50,352) and Northumberland (£151,058), 'top-sliced' from their UKSPF Local allocation at NTCA level.

The project supports the creation and growth of micro, small and medium sized enterprises, social enterprises and not-for profit organisations predominantly within Newcastle; alongside a smaller package of support across the wider north-east.

Activity also targets beneficiaries who face significant barriers to entrepreneurship; and where hyper local provision (i.e. pre-start, start up and business support delivered in community settings, by organisations who have a track record in building long-term trusted relationships with their beneficiaries) allows the deliverer to achieve outputs that are unlikely to be delivered through mainstream business support activity.

This hyper local pre-start, startup and business support provision will be complimented by the wider Business & Intellectual Property Centre programme of activity; which offers face-to-face access to intellectual property and business expertise; business databases; and a rolling calendar of events, workshops and networking.

One element of the support package, Citylife Business Support, is currently available to businesses located within the Local Authority areas of Newcastle and Gateshead, supporting them to grow and adapt to the challenging conditions that many are currently facing. The support is aimed at helping businesses to adapt to these new challenges, increase business resilience, create and safeguard jobs.

Business & IP Centre North East provides this grant to businesses to fully fund support, provided by Experts in Residence, helping them to grow and implement new models of delivery, equipping them to compete in our challenging economic climate and plan for their future. Eligible SMEs (Small or Medium-sized Enterprises) can access up to twelve hours of free support from BIPC North East Experts.

The CityLife Grant has accelerated in demand and popularity across both Newcastle and Northumberland, with budget allocations at maximum capacity. Therefore, Newcastle City Council have had to press pause on activities to avoid disappointment. The deliverer did attempt to explore potential underspend across other budget allocation categories; however, the majority is already committed and would not be enough to sustain potential future demand.

Newcastle City Council have requested additional funding of a total £50,000 to be allocated towards further Citylife Business Support Grants, to support the outstanding pipeline of businesses and support more eligible businesses to grow and adapt, increase business resilience, and create and safeguard additional jobs. The further £50,000 funding would be split across both Newcastle (to be allocated £30,000) and Northumberland (£20,000) to satisfy current and increasing demand. Despite recently pausing Citylife, there is a still a significant demand from SMEs which will be lost without additional funding.

Across both locations, the project has already achieved the following:

Newcastle (1st April 24 – to date)

- £80,000 spend allocated towards Citylife (within other revenue)

- 79 approved applications with a total committed spend of 69,520
- 30 grants financially defrayed to date

Northumberland (19th August 2024 – to date)

- £30,000 spend allocated towards Citylife (within other revenue)
- 37 approved applications with a total committed spend of £32,560
- 2 grants financially defrayed to date

Revised UKSPF Outputs and Outcomes

Total Project Outputs				
Output indicator	Current Contracted Total	Proposed Total	Variance	Variance (%)
LB - Number of businesses receiving grants (numerical value)	40	90	50	125.00%
Jobs Created (Citylife)	10	19	9	90.00%
Job Safeguarded (Citylife)	60	110	50	83.33%

Pending approval, the project would deliver an additional 50 Businesses receiving Grants, 9 additional Jobs Created and 50 additional Jobs Safeguarded. The cost per output exceeds the original contract tender submission.

Newcastle City Council would achieve the increased outputs and outcomes across Newcastle & Northumberland:

Newcastle

- £30,000 proposed additional spend.
- 30 eligible SMEs access to grants
- 5 Jobs Created
- 30 Jobs Safeguarded

Northumberland

- £20,000 proposed additional spend.
- 20 eligible SMEs access to grants
- 4 Jobs Created
- 20 Jobs Safeguarded

In addition, the continuation of Citylife with the help of additional funding will support more businesses and new startups to grow. This service provides businesses with free access to professional and specialist services that they would not otherwise be able to afford to support their sustainability and growth challenges. The programme of support has been proven to both enhance and plug gaps in existing funded business support offers, complimenting existing provision and providing accessible, timely and expert support to SMEs across the region.

1.3 Next Steps

A contract variation will be put in place with both suppliers for the activity to be delivered in Newcastle, Northumberland and North Tyneside, and projects will continue delivery with approved variation.

2. Potential Impact on Objectives

2.1 All activity outlined in the report will contribute to the delivery of the outcomes of UKSPF Investment Plan which has been approved by Cabinet and by UK Government.

3. Key Risks

3.1 The risks associated with the delivery of the project outlined in the report are actively managed at several levels. Strategic risks associated with the delivery of the UKSPF programme are managed through the maintenance of a Risk Register and monitoring by the North East CA's UKSPF Programme Board. Risks at a project level are managed by the project sponsor and as a part of the regular claims and monitoring activity undertaken by the Programme Assurance Team.

4. Financial and Other Resources Implications

4.1 As a result of this report £48,800 UKSPF funding will be awarded to NBSL and £50,000 awarded to Newcastle City Council. UKSPF Funding will be allocated to the appropriate investment priority and intervention within the UKSPF Investment Plan and monitored in delivery in the usual manner; funding will be defrayed against the following profile:

Funding Profile	2024/25	Total
UKSPF Revenue	£98,800	£98,800
Total	£98,800	£98,800

Approvals to Date

If these project variations were approved, this would leave £1,389,373 remaining overall UKSPF uncontracted under the local business theme. These figures take account of the 4% top slice for administrative costs.

The table below shows the current UKSPF allocations approved:

Theme – Delivery Plan	Allocation minus 4% top slice	Approved	Remaining (of allocation minus top slice)
Local Business	18,341,978	£16,853,805	£1,488,173

5. Legal Implications

5.1 The comments of the Monitoring Officer have been incorporated into the body of the report and included within the original report outlining the business case from Investment Panel (10th July 2023 and 4th April 2024).

6. Equalities Implications

6.1 An Equalities Impact Assessment has been undertaken for UKSPF and the implications of this will be considered in the project mobilisation and delivery stage.

7. Inclusive Economy Implications

7.1 The projects included in this paper contribute to the delivery of the inclusive economy objectives of the North East CA. The project has submitted detailed responses to the Inclusive Economy case within the proposals and have been appraised.

8. Climate Change Implications

8.1 The project included in this paper contributes to the delivery of the climate change objectives of the North East CA. Projects have submitted information within their original proposals and have been appraised and presented at Investment Panel.

9. Consultation and Engagement

- 9.1 Significant consultation was undertaken in the original development of the NTCA UKSPF Investment plan, which included several stakeholder events and the establishment of a strategic stakeholder group. Further engagement will be undertaken with external stakeholders, local residents and businesses as the proposals move into delivery.

Further consultation with Local Authorities will be necessary to ensure the contract meets the need of local communities and offers a complementary, aligned provision. A forum of business support providers has been created to ensure complementarity, reporting of outputs, seamless provision and identify gaps in provision.

10. Appendices

- 10.1 Project Change Request forms attached as appendices.

11. Background Papers

- 11.1 See above.

12. Contact Officers

- 12.1 Chris Walker, Project Manager
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13. Glossary

UKSPF	United Kingdom Shared Prosperity Fund
UK	United Kingdom
SME	Small and Medium Sized Enterprise
NBSL	Northumberland Business Services Ltd
North East CA	North East Combined Authority
NTCA	North of Tyne Combined Authority
NoT	North of Tyne
NE	North East
MFA	Minimum Financial Assistance
REPF	Rural England Prosperity Fund

14. Sign-off

1) Portfolio holder: Yes	2) Director/Head of Service: Yes	3) Director of Finance and Investment Yes	4) Monitoring Officer: Yes
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