

APPENDIX E – SUPPORTING INFORMATION FOR UKSPF AND REPF

a) UK Shared Prosperity Fund (UKSPF)

Further to partner and Member workshops held in June 2022 and consideration by full Council on 26 July 2022, the District Council submitted its UK Shared Prosperity Fund Investment Plan to Government on 29 July 2022. With the exception of plan preparation, the financial risk assessment within the Council report stated that spending would not take place until approval of the plan had been received by Government. The District Council is the lead local authority and accountable body for the programme.

The Investment Plan set out proposed capital and revenue funded interventions to draw down the £1.954m allocation to the Derbyshire Dales for the remainder of 2022/23, 2023/24 and 2024/25. Capital funded interventions include: business and community grants (e.g. for equipment and physical projects); and town centre improvements complementing proposed District Council investment on Bakewell Road, Matlock.

Governance arrangements for overseeing administration of the plan were formally established at the inaugural meeting of the Derbyshire Dales UKSPF Partnership Board on 2 November in line with the arrangements set out within the Council report. The Partnership Board is next due to meet on 28 February 2023.

The Investment Plan was approved by Government on 5 December 2022 (without verification questions or modification) and a Memorandum of Understanding setting out the terms of the grant offer signed on 16 December. The funding allocation for 2022/23 was received on 27 January 2023 and the Investment Plan includes indicative allocations for the two subsequent financial years.

Capital grant funding paid to the Council under UKSPF has now been included within the Council's revised Capital Programme. Although delivery commenced in December 2022 (launch of Rural Innovation Grant scheme), due to a combination of factors including: the delayed start; Economic Development Manager and UKSPF Programme Co-ordinator vacancies (first round of recruitment unsuccessful); withdrawal of the De-Carbonise project by the third party delivery partner and delays experienced by grant applicants in securing 3 quotes from suppliers, it is proposed to roll forward the 2022/23 capital funding into 2023/24. This is reflected in the 2023/24 Capital Programme budget and is subject to the change control process / agreement of a plan with DLUHC demonstrating revised delivery to achieve expected targets.

b) Rural England Prosperity Fund (REPF)

In September 2022 the Government (Defra) published a Rural England Prosperity Fund Prospectus. The Fund is a rural 'top-up' to the UKSPF allocation, not a separate funding programme, providing capital grant support to eligible projects. No revenue funding has been made available to support administration.

As communicated to Members in the November 2022 Organisational Update, the additional capital allocation to the Derbyshire Dales is £748,737 and funding is available from 1 April 2023 for a two year period. Under the criteria for the Fund, the whole of the Derbyshire Dales is classified rural. REPF is complementary to funding used to support rural areas under UKSPF and can support:

- new and existing **rural businesses** to develop new products and facilities that will benefit the local economy (inc. farm diversification schemes)
- new and improved **community infrastructure**, providing essential community services and assets for local people and businesses to benefit the local economy.

To access the additional funding, the District Council was required to submit a Rural Addendum to its UKSPF Investment Plan providing information on how REPF will be utilised.

The starting point for scoping REPF proposals was the initiatives developed and approved (locally) within the UKSPF Investment Plan, in particular the business and community grant schemes. The UKSPF Investment Plan already includes a significant grants element. These schemes were developed as a successor to previous successful bottom-up LEADER programmes prior to the Defra announcement to establish a Rural Prosperity Fund (not previously communicated by Defra). Given the preparatory work already done, available resources and limited delivery period for UKSPF and REPF (unlike the five year LEADER programme), it was not considered feasible to establish and deliver new funds / investment themes at this late stage.

Consideration was also given to other matters including: the opportunity to blend capital funding from REPF with revenue funding from UKSPF; the potential for cross-boundary working from April 2023; the scope / potential requirement to provide additional funding to other UKSPF projects as costs continue to rise; and announcements regarding the outcome of other Levelling Up Fund bids, specifically the Ashbourne Town Centre submission under LUF Round 2.

To shape proposals, the UKSPF Partnership Board considered the options / approach to utilising the Rural England Prosperity Fund alongside UKSPF at its November meeting.

The Partnership Board decided that the Rural England Prosperity Fund top-up should be allocated to existing Derbyshire Dales UKSPF Investment Plan priorities / themes (in line with the existing evidence base) with business grants, community grants, and town centre improvements being the focus of the additional funding.

Members should note that at the time of submission, the outcome of the UKSPF Investment Plan submission; Ashbourne Reborn Rnd 2 LUF bid; and tender process for the Bakewell Road, Matlock scheme (see below) were unknown.

Based on the UKSPF evidence base, agreed priorities and approach determined by the UKSPF Board, the Rural Addendum submitted to Government comprised the following:

- Investing £523,000 of REPF into the Rural Innovation Grant scheme (business grants), but re-allocating £273,000 of UKSPF capital into the market towns strand of our of UKSPF programme. This results in a net increase in the Rural Innovation Grant programme of £250,000 and a net increase in the UKSPF market towns budget of £273,000;
- Investing a further £90,000 REPF into our Community Resilience Grant scheme, increasing the overall budget (capital and revenue) to £210,000;
- Investing the remaining £135,737 into a Town Centres Sustainable Communities programme to improve public and community infrastructure / facilities in market towns, including public realm, local cultural and heritage assets and improve the visitor experience.

Anticipated outcomes from the additional funding include:

Businesses: Jobs created, Jobs safeguarded, Number of businesses adopting new to the firm technologies or processes, Number of businesses with improved productivity;

Communities: Increased users of facilities or amenities, Improved perception of facilities or amenities, Increased footfall, Improved perception of local facilities or amenities

The Addendum proposes that REPF capital funding is profiled almost equally over the two years 2023/24 and 2024/25.

The deadline for the REPF submission was 30 November 2022. Final sign-off is awaited.

C) Land at Bakewell Road, Matlock: Proposed Conversion of Former Market Hall and Public Realm Improvements

Since the last report to Members (to note Ward Members have been updated on progress during the intervening period), the detailed design of the scheme has been completed (including public realm works), Section 278 application instructed and Heads of Terms agreed for the Agreement to Lease with the proposed cinema operator (legal documentation prepared in draft form).

As a reminder, the District Council's (Landlord's) agreed works comprise:

- Building shell:- comprising the creation of two individual commercial units: a two-screen cinema and food and beverage unit; and
- Public realm:- comprising a phased programme of improvements on the north side of Bakewell Road including: new bus and taxi waiting facilities; enhanced surface treatment; signage; planting; and improved pedestrian and cycle provision.

Members were advised of the cost plan estimate prepared by the QS for the Landlord's works at the March 2022 C&E meeting. In addition, the District Council has committed expenditure towards fees and fit-out contribution resulting in a total Capital Programme funding commitment of £1.229m.

The proposed cinema operator (Market Hall Tenant) is to deliver the fit-out of the cinema meeting 50% of costs plus any cost over-runs (in full). Following agreement at July 2022 Council, the Investment Plan submitted to Government included a £460,000 allocation to support a phased programme of public realm improvements along Bakewell Road (Matlock Western Gateway), new transport hub, plus accessibility improvements and flood resilience measures in support of the scheme.

An Invitation To Tender (ITT) for the building shell and public realm works (core scheme comprising the cinema, F&B unit shell and public realm / associated works) was published on 3 November 2022 (plus the option to deliver the phase 2 community space subject to separate community fundraising). Three tenders were received by the (extended) January 2023 deadline and were subject to evaluation by officers, including the project procurement lead from Derbyshire County Council. Unfortunately, following a review of compliance, quality and price, an acceptable / affordable tender has not been received to deliver the core scheme (with the additional phase 2 element adding further cost). As previously agreed with Members, as tendered costs for the works exceeded the agreed budget, a report is now being brought back to Council.

Following review of the position, discussions with the proposed cinema operator and design team, the Project Management Group agreed that a review / value engineering exercise be undertaken of the existing scheme design with a view to reducing costs where possible. Working with the scheme architect and QS, this work has been undertaken, the necessary tender documents and drawings revised and the ITT re-issued for a shorter period. The re-tendered scheme also excludes phase 2 (this follows discussion with the MCV Steering Group due to the lack of a viable future community use for the space).

The proposed cinema operator is aware of the position and remains committed to the project whilst a second round of procurement is undertaken this Spring. Ward Members have also

been updated on the position and the necessary design changes and feedback provided to the contractors previously tendering for the works. Contractors have also been notified of the Council's intention to re-publish the tender opportunity.

The tender process has illustrated the challenge of delivering the proposed scheme within the current market impacted by the volatile situation within the construction industry and high inflation. The proposed cinema operator has faced similar challenges with regard to sourcing fit-out costs. Whilst the aim of the value engineering exercise is to reduce the costs of the core scheme, based on the tenders received in January (costs prior to this being estimates), delivering the scheme within the existing budget (comprising the agreed District Council funding contribution to the shell works, County Council contribution, existing UKSPF allocation and cinema operator contribution to fit-out) will be extremely challenging.

Prior to the outcome of the re-tender exercise, consideration has therefore been given to the following options (to note - the potential for Environment Agency support for schemes in Matlock due to the impact of the current Matlock Bridge re-instatement works has been investigated but it is understood that all grant funding has been allocated):

Option	Strategic Fit	Deliverability	Acceptability	Affordability
Option 1. Do nothing – withdraw project	<i>Low</i> Does not deliver agreed Council objectives	N/A	<i>Low</i> No regenerative benefits, does not bring vacant floorspace into use or respond to economic need	<i>High</i>
Option 2. Change project scope - deliver cinema only	<i>Medium</i> Supports some Council objectives but opportunity to deliver complementary use and enhanced entrance to town centre lost, part vacant bus station area remains	<i>Medium/Low</i> Would require re-design, revised spec and re-tender, significantly delaying programme	<i>Medium/Low</i> Would help increase footfall but impact on Council revenue (no F&B income), no enhanced public realm scheme, significant risk of losing cinema operator interest due to further delay	<i>Medium</i> More affordable but fees and future cost of delivering F&B unit would increase (economies of scale lost), impact on UKSPF spend
Option 3. Delay - put project on hold	<i>Low</i> Does not deliver agreed Council objectives, reputational impact	<i>Low</i> Cost uncertainty likely to continue, Cinema operator interest lost, scheme would not proceed, no current alternative commercial interest in market hall	<i>Low</i> No regenerative benefits, cinema operator interest lost, site likely to remain vacant in medium to longer term, no enhanced public realm scheme	<i>Medium</i> Costs dependent on future construction market, current scheme would not proceed, impact on UKSPF spend, costs of any future scheme unknown
Option 4. Seek additional investment from proposed	<i>Medium</i> Would support element of existing scheme (if secured)	<i>Low</i> Given current economic climate reduction in rent would likely be sought to off-set	<i>Medium</i> Limited contribution to capital costs but would likely result in equivalent reduction in rent	<i>Low</i> Potential level of investment insufficient to enable scheme to proceed

cinema operator		any additional investment		
Option 5. Consider additional UKSPF capital allocation from funding re-allocated to market towns activity	<i>High</i> Council objectives delivered: increasing the viability of the town centre, creating a new gateway, re-using the market hall; supporting the visitor and evening economy	<i>High/Medium</i> Dependent on outcome of tender process, scheme has planning consent and subject to funding deliverable within investment plan period	<i>Medium</i> Subject to agreement of UKSPF Partnership Board, confirmation of UKSPF outputs / outcomes, Ashbourne LUF funding now secured to deliver Ashbourne Reborn scheme	<i>Medium</i> Funding available for market towns activity
Option 6. Consider additional UKSPF / REPF capital allocations from funding allocated to market towns activity (due to current construction market volatility)	<i>High</i> Council objectives delivered: increasing the viability of the town centre, creating a new gateway, re-using the market hall; supporting the visitor and evening economy	<i>High/Medium</i> Dependent on outcome of tender process, scheme has planning consent and subject to funding deliverable within investment plan period	<i>Medium</i> Subject to agreement of UKSPF Partnership Board, confirmation of UKSPF / REPF outputs / outcomes, Ashbourne LUF funding now secured to deliver Ashbourne Reborn scheme	<i>Medium</i> Sign-off of REPF awaited from Government. Funding available for market towns activity
Option 7. Consider additional District Council Capital Programme allocation	<i>High</i> Council objectives delivered: increasing the viability of the town centre, creating a new gateway, re-using the market hall; supporting the visitor and evening economy	<i>High/Medium</i> Dependent on outcome of tender process, scheme has planning consent and subject to funding deliverable within investment plan period	<i>Low</i> Significant District Council contribution already agreed, Capital Programme constrained	<i>Low</i> Capital Programme constrained

As indicated earlier, the Derbyshire Dales UKSPF Partnership Board determined that REPF should be allocated to existing UKSPF priorities / themes with business grants, community grants, and town centre improvements being the focus of the additional funding. This has resulted in UKSPF capital of £273,000 being freed up into the market towns strand of the programme. In addition, £135,737 has been provisionally allocated into a Town Centres Sustainable Communities programme. Together, these allocations total £408,737.

The significant existing District Council commitment to the scheme is recognised. Therefore, on balance and subject to consideration by the UKSPF Partnership Board at its February meeting (verbal update to be provided at Council), to avoid further delay during the pre / post-election period risking the potential loss of the proposed cinema operator / scheme, Option 6 is proposed. Specifically: to allocate the UKSPF capital funding of £273,000 earmarked for market towns to support delivery of the Bakewell Road Matlock scheme, with a further provisional allocation of REPF funding of up to £135,737 subject to the outcome of the tender

process (only utilised should scheme costs exceed budgetary provision including UKSPF). When actual costs are known, final scheme proposals will be brought to the Director of Resources as Section 151 officer and reviewed by the Partnership Executive (inc. final public subsidy check). Subject to this process, a final Capital programme allocation will be determined based on the minimum funding necessary for the scheme to proceed. An updating report will be brought to C&E Committee at an appropriate time.

A key point to note is that no activity within the original UKSPF Investment Plan is proposed to be reduced or removed as a result of this option. Indeed, the additional (unanticipated) rural allocation has allowed both the previously agreed business and community grant schemes to be increased in size and scope, as well as freeing up UKSPF capital funding to support other planned regeneration activity. It is also important to note that the majority of programmed activity will remain accessible to businesses and communities in rural areas across the Derbyshire Dales.

The proposed focus for re-allocating the available capital funds reflects the recent award of LUF funding to Ashbourne and significant work undertaken to develop a priority town centre regeneration scheme for Matlock, a key service centre for the district. Should the development scheme be unable to proceed, the delivery of complementary public realm works would also need to be reviewed.

Due to the limited time following conclusion of the initial tender period, it has not been possible to undertake a further review of the full business case for the scheme. As costs have increased, the value for money assessment / Benefit Cost Ratio will inevitably reduce as, through the tender process, the market has indicated the scheme will cost more to deliver. However, the potential regenerative benefits remain which support the central premise of the scheme. These are summarised below (based on 2021/22 prices):

- 37,700 additional footfall pa in Matlock town centre
- Estimated additional spend of £706,192 pa within the town centre
- Estimated total net employment of 17.8 new jobs (Full Time Equivalent)
- Total net GVA estimate (over 10 years) of £4.642m