



Report to Policy Committee

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Report of: *Diana Buckley – Director of Economic Development, Skills and Culture*

Report to: *Economic Development and Skills Policy Committee*

Date of Decision: *19th October 2022*

Subject: *Decision to approve the second round of the Economic Recovery Fund*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? (Ref 1191)				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Purpose of Report:

This paper provides a set of proposals for how the Economic Recovery Fund round 2 will be structured and operate. These proposals have been developed taking into account an in-depth evaluation study, workshops held with the ERF Steering Group and incorporating the views of the Committee.

The report provides an overview of the evaluation findings and sets out for ERF round 2:

1. Updated objectives
2. A new budget structure
3. Amended processes
4. Strengthened governance and management
5. A delivery timescale from establishment to delivery end point

Recommendations:

It is recommended that the Committee:

1. Welcomes and notes the findings of the ERF evaluation.
2. Supports the Establishment of Economic Recovery Fund Round 2 as proposed in this report (sections 1.13. – 1.44.).
3. Notes that decisions on funding approvals over £50,000 will need to be taken by the Strategy and Resources Committee. Those under £50,000 will be taken, in line with existing delegated authority, by the Director for Economic Development, Culture and Skills in consultation with the

Background Papers:

[Sheffield Covid-19 Business Recovery Plan \(October 2020\)](#)

[Sheffield City Council One Year Plan \(2021/22\)](#)

[Form 2 Executive Report – Covid-19 Economic Recovery Fund \(03/11/20\)](#)

[Form 2 Executive Report – Sheffield Covid Business Recovery Plan: Phase 1 Recovery Delivery Programme \(09/06/21\)](#)

[Budget amendment approving the £2m allocation to build on the work of ERF \(02/03/22\)](#)

[Economic Recovery Fund – Spring Overview 2022](#)

[Report to Economic Development and Skills Committee – 9th June 2022 – \(Economic Recovery Fund 2022-23\)](#)

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Kerry Darlow</i>
		Legal: <i>Robert Parkin</i>
		Equalities & Consultation: <i>Ed Sexton</i>
		Climate: <i>Jessica Rick</i>
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission:	<i>Kate Martin, Executive Director of City Futures</i>
3	Committee Chair consulted:	<i>(Martin Smith, Chair of the Economic Development and Skills Policy Committee)</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Sarah Lowi Jones</i>	Job Title: <i>Economic Policy Officer</i>
	Date: <i>12 October 2022</i>	

1. PROPOSAL

1.1. At its meeting on 9th June the Economic Development and Skills Committee agreed to re-establish the Economic Recovery Fund Steering Group and requested options be brought forward for the development of a second round of ERF funding. This paper sets out a proposed model for ERF round 2, which has been developed taking into account an in-depth evaluation study, workshops held with the ERF Steering Group and the Committee.

Re-establishing the Economic Recovery Steering Group

1.2. The Economic Recovery Fund Steering Group was re-established on the recommendation of the EDSP Committee after its meeting on 9th June.

1.3. The Group has met three times since, including two workshops that were held specifically to discuss the development of ERF round 2. Discussions were shaped around the themes presented to Committee at their June meeting, which included:

- Broader context (cost of living crisis)
- Equality of access and capacity building
- Getting the right focus (stay broad or narrow down)
- Climate emergency
- Collaboration and competition
- Using the Fund to leverage additional investment
- Timescales and expectations

1.4. From the discussion of these themes a set of principles emerged that have been used to develop the proposals below:

- Collaboration is key; competition is important.
- Community capacity building is fundamental to enable equality of access. This should have financial support attached.
- Aim to maximise the impact by leveraging new funding that fits with the spirit of ERF.
- Limit access to those who had large pots previously - but keep a flexible pot for new/legacy ideas.

The independent ERF evaluation

1.5. KADA were appointed to undertake an evaluation of the ERF, specifically the district centre projects, in order to find out:

- What ERF achievements in terms of key outputs/impacts
- What worked well and what elements should be taken forward into a future iteration of the fund
- Areas that didn't work as well and how they could be rectified
- How the ERF approach could inform future district centre work

1.6. In order to undertake this work the KADA team:

- Carried out a desk top review to build an understanding of the wider strategic context, collate intelligence/data, project progress, and comparator projects

- Held twenty stakeholder discussions with leading members of the steering group, Business Information Officers, all project leads and several beneficiaries
- Undertook primary research with visits to five districts in receipt of funds with the Business Information Officers
- Carried out an impact assessment evaluating the social and economic impact, return on investment and wider benefits

1.7. Their report provides a very positive view of the project overall and there are findings that can be used to improve the scheme for round 2. Some of these points are summarised below, for example, when looking at the application and scoring process Kada found that:

- Previous expertise/experience was a crucial factor in how easy applicants found the application
- Information Officers were successfully utilised to provide targeted support during the application process
- The fifteen successful applications covered a wide demographic range of communities but gaps still exist
- Stakeholders would welcome clearer guidance on what outputs are within scope
- The open nature of the application supported a wide variety of ideas
- Fostering business community consensus and formulating an application was often very reliant upon a local champion such as the Business Information Officer or one key retailer. Where this champion does not exist targeted support was required

1.8. In terms of experiences of delivery, the report states that:

- Project leads and teams came from a wide variety of backgrounds and numerous delivery approaches were adopted. This was reflective of the open nature of the application process
- In some cases initial project delivery was delayed as new bureaucratic structures were implemented. This process was smoothed where a project had a clearly organised pre-existing community framework
- All projects are on course to deliver their outputs (re-profiling has taken place where needed)
- Round One of ERF has demonstrated the need for project management skills, experience and capacity on the ground to successfully deliver interventions
- Tension occasionally arose between the desire for local autonomy and SCC protocols
- Stakeholders overwhelmingly welcomed the autonomous community delivery model
- Delivery teams were very positive about the support and guidance that they received from the central ERF project team
- The Business Information Officers were a clear asset in supporting delivery

1.9. KADA also considered the impacts of the ERF and concluded that:

- The social value impact of the projects was reflected by a healthy net social return of at least (in the most conservative estimate) £1.99 for every £1 spent.
- Business and project lead feedback has been very positive
- ERF has had a significant positive effect upon local business retail infrastructure with the planned creation of up to six new business forums. It has also empowered the pre-existing infrastructure with CVOs, councillors and Business Information Officers often playing a vital role in bringing the community together.

1.10. Kada's conclusions provide a set of strengths to highlight:

- Fifteen district centres ERF projects were successfully launched across the city with all on track to deliver a variety of well received outputs
- Local feedback has been largely very positive with many welcoming tangible improvements to their district high streets. Residents have seen the outputs as a clear demonstration of the council's commitment to the health of their district centre
- ERF's focus upon autonomy and locally controlled decision making was overwhelmingly welcomed by stakeholders and has been achieved within budget
- ERF Round One has created a large appetite for future iterations of the programme. Round One of the programme has provided a wealth of models, outputs and experiences that could positively inform future iterations

1.11. Broader conclusions included:

- The ERF application process has highlighted an uneven picture of local business infrastructure and potential project leads across the city
- Delivery capacity was stretched when it relied upon community teams with time/resources and who were learning new skills in taking these projects on
- Continued outreach work is required to ensure that the retail business community are fully represented with the project teams
- Some concerns were raised as to whether the project delivery teams were always truly reflective of the district business community
- Round Two of ERF will be well served by the wide variety of case studies, delivery models and experiences that future applicants/delivery teams can draw upon
- Further work is required to ensure that ERF project teams remain truly representative of local retail businesses
- Getting the application right in terms of expectations, scope, understanding and required expertise & experiences would mitigate many of the challenges faced during Round One

1.12. The report provides a set of specific recommendations to consider in the design of ERF round 2:

- Agree tailored milestones before project inception to ensure projects are delivered in a timely manner and identify where targeted support may be required
- Create a guide for potential applicants, using examples from Round One, to improve understanding of the requirements, scope and processes. This could inform a 'self-assessment' for applications and highlight areas of potential support
- Consider options to make the application process more inclusive and accessible, for example creating a 'pitch stage' or visits to potential locations
- Establish clear project management criteria which potential project managers can be assessed against to understand their suitability and support needs
- Continue to promote the use of paying for project management time
- Explore the potential for a separate fund to support potential applicants where there is a lack of capacity to ensure the ERF is accessible to all communities of Sheffield

Proposals for ERF round 2

- 1.13. With the above in mind, the following proposals have been developed for the delivery of a second round of ERF. These are set out below and are split into key headings around: objectives; budget structure; processes; governance and management. A proposed timescale for the delivery of ERF round 2 is also provided.

Objectives

- 1.14. While the evaluation team could demonstrate the impact of the ERF well, it was harder for them to evidence how far ERF had met its original objectives, due largely to a lack of data and the nature of the projects that were delivered. It was also clear from the evaluation report that the objectives the project started out with missed one of its key strengths: the social and community value and impact the project has had. It was felt by the Steering Group and Committee that this should be reflected in new and refreshed objectives for ERF round 2.

- 1.15. Building on the learning from the evaluation and acknowledging the very different context to that which the scheme was launched in, some fresh objectives have been drafted. Comments on these are welcomed and it is proposed that these are tested with both the Steering Group and existing ERF project owners, to make sure these are felt to be appropriate by key stakeholders as well as the Committee:

- 1.16. ERF Round 2 objectives are suggested as follows:
1. To help build the foundations for economic renewal across Sheffield's district and local centres by investing in communities and high streets, helping to build resilience to the cost of living crisis and future economic challenges.
 2. To create welcoming and safe environments in district and local centres that encourage residents to spend time and shop within

their local area.

3. To energise existing collaborations and encourage new groups and networks to come together around ideas for enhancing and improving local high streets
4. To enhance community capacity to work in a collaborative, consensual way and leave a lasting legacy of community infrastructure that can continue to thrive once projects are complete

Budget structure

Funding allocations to key activities

- 1.17. Based on discussion with the Steering Group the following budget structure has been developed, some of which represents a change to what was funded in ERF1. The individual lines are described below the overview table:

Indicative ERF2 Budget 2022-24	
Project area	Allocation
Match funding	£400,000
District centre projects	£1,200,000
Flexible use pot	£200,000
Community capacity building fund	£70,000
Project costs	£130,000
TOTAL	£2,000,000

Match funding

- 1.18. There are other funding streams around, for example, regeneration and culture that the Council could access but often struggles to because of its ability to secure match funding. Steering Group agreed that a proportion of the ERF2 funds could be set aside to support bids into other funding streams, where they align to the purposes and outcomes of ERF, to leverage additional funding into the city and its district centres. It will be important to highlight quickly the key opportunities and identify how far this allocation will be needed in full. Any underspend in this area would be recycled back into the overall ERF budget.

District centre projects

- 1.19. This budget is for large (up to 200k) and small (up to £50k) grants for district centre projects – very much in line with those funded in year 1. This could, indicatively, fund 3 large (up to £200k) and 12 small projects (up to £50k) but would not be open to recipients of large grants in ERF1, who have already benefitted from significant investment in their high streets.

Flexible use pot

- 1.20. It is understood that not all organisations or collaborations fit neatly within a strict geographical area and some may come forward with non-traditional ideas that would not sit within the district centre pot. Steering Group were keen to carve out a space for these ideas to come forward,

that may be innovative, creative and city-wide in nature. These grants would be small only (up to £50k) and would be open to large district centre grant recipients from ERF1, where there is a proposal around legacy and additional activity.

Community capacity building fund

1.21. It was highlighted as a risk in ERF1 that areas with business forums and traders' associations, or whose civil society organisations could step in and support would have an advantage in applying to the Fund. This was evidenced in the evaluation report and there is, from Steering Group and Committee, a strong commitment to equalising access to the Fund as far as possible. To support areas that do not already enjoy those advantages a community capacity building fund will be established for ERF round 2.

1.22. This will be open for businesses to bid onto where they feel they cannot lead a collaboration themselves because they lack the capacity, skills or experience to do so. There will be the option for them to use a centrally appointed project resource to support them, or for them to use the funding to appoint someone directly who they feel would be best placed to lead this work locally. This could be an individual or voluntary sector organisation. The funding would take them to the point of submitting an application (from which point a project resource would need to be costed into the delivery budget).

Project costs

1.23. Inevitable for a project of this size are costs that need to be incurred to support the management and evaluation of the project. These costs are proposed to increase from ERF round 1, largely due to the need to increase the staffing. Costs are likely to include:

- Evaluation (£30k)
- Staffing costs (£50k)
- Communications officer and related activity budget (£30k)
- Project contingency of 1% (£20k)

ERF1 Underspend

1.24. It should be noted that the project team continue to monitor and gauge the outturn position for ERF1 as delivery wraps up. If applicable, any underspend from the previous round is proposed to roll into the budget for ERF round 2. This will be determined in 2023 once project closedown takes place across all district centre projects.

Processes

Eligibility criteria

1.25. Eligibility criteria are proposed to stay ostensibly the same with some minor amendments to reflect that Covid restrictions have now ended:

1. Is the primary beneficiary a group of businesses? It should not be a single business and should benefit a cohort of businesses in hard hit sectors or within district centres
2. Is this a genuine collaboration of businesses? It should not be a

proposal to outsource or diffuse benefits through supply chains – there should be broader business benefit

3. Would this happen without funding from the Recovery Fund? Where funding is for an existing project, you should demonstrate the additionality – that it would happen faster or deliver more as a result of Recovery Fund support

- 1.26. It should be noted that only projects from outside the city centre will be eligible to apply (unless they are city-wide in coverage and can be submitted under the Flexible Pot scheme as set out above), in line with the budget amendment passed by Full Council (16 February 2022):

“District/Local Centres - £2m

£2 million to support the city’s district and local centres’ economic recovery. This will build on the programme delivered last year through the Covid-19: Economic Recovery Plan.

This will be earmarked for outside of the city centre.”

Application

- 1.27. There are three key changes proposed to the application process. The first is to have a single closing date for small applications rather than them be submitted and scored on a rolling basis, so that they are scored as a batch in the same way as large applications are. This will ensure that scoring is consistent across the range of applications.
- 1.28. The second is to demand some more information from those applying, essentially transferring some of the information that we required from projects at contracting stage in ERF1 into the application stage for ERF2. This would help to ensure we have sufficient information (and confidence in the submitted information) to make informed decisions and would likely speed up the contracting process. This would include, for example, evidence of the financial health of any organisation that is proposed to manage the project budget.
- 1.29. The third is to provide more supporting information to prospective applicants, through an online toolkit which will provide case studies of ERF1 projects, a ‘menu of ideas’ for the kinds of activities that are eligible for funding and clarity on those that are out of scope. The toolkit will set out expectations around timescales, management and monitoring of projects, so that applicants understand the skills and capacity that will be required to manage these with us and therefore can be clear on whether they will require further support or can manage from existing skills and experience within the collaboration.
- 1.30. We will be able to provide different models of management and delivery based on what we have seen from ERF to help applicants consider how their project will be managed. This toolkit will be a valuable and informative asset for any group looking at accessing the ERF.
- 1.31. Notwithstanding this toolkit being created to support applicants, we will still encourage new and creative thinking to come forward and use the

information we have not necessarily as blueprints but as sparks to help ignite the imaginations of those thinking through how this funding could be used in their areas.

Scoring

- 1.32. The scoring process was judged to have worked very well and so only one change is proposed to this process. Having the Economic Recovery Fund Steering Group lead this worked well. They used set, standard criteria to score against, with a minimum score for each section and overall, which ensured a robust, fair and consistent process was followed. The detail of the scoring criteria may be amended based on any changes to the application information required, but the approach will be the same. As above, scoring small applications together will be a more robust way of working.
- 1.33. The two-stage approach will be kept for large applications, as this was a good way of bringing forward the best ideas without creating a significant amount of work for a large number of already busy people and business owners where chances of successes were low.
- 1.34. The change proposed to this process is aimed at increasing the accessibility and inclusivity of the process, by having a pitch stage as part of the scoring process, whereby applicants would be able to pitch their ideas to members of the ERF Steering Group, either by pre-recorded video or at a meeting. Where time allows it would be hoped to include a visit to the project area as well to allow Steering Group the opportunity to get to know areas better than are bidding for funding.

Contracting

- 1.35. The main issue around contracting was the length of time it took from application to getting funds to projects and starting delivery on the ground. There were valid reasons for this and, while it is likely that contracting will always be a bit of a back-and-forth process, there are things we can do to make this smoother and more streamlined for ERF2.
- 1.36. Firstly, we must set expectations appropriately, given that this is public funding and there are processes that must be followed when grant funding to external organisations. Scoring, decisions, contracting and payment simply do not happen overnight in that context.
- 1.37. Second, we must also ensure that there is sufficient capacity at the time of contracting for this detailed, time-consuming work to be undertaken. This will need to be paid for, or specifically planned into the relevant team's work plan, to ensure a speedy response once scoring is complete.
- 1.38. Finally, there will also be some substantive changes to the Funding Agreement that will relate to lessons learned from ERF1. For example, requirements relating to ongoing financial and delivery monitoring that projects will need to adhere to, as well as requirements around

communications and branding that were not included in the original agreements.

Governance and management

Steering Group membership and representation

- 1.39. It has been suggested that the membership of the Steering Group is extended to include up to two members representing communities. It is proposed that a call for members goes out to all district centre projects that received funding in ERF1 to gauge interest. Suitability and commitment would need to be assessed, via a discussion with the Chair and up to two other members of the existing Steering Group. It is hoped that this would increase the diversity of views represented on the Steering Group and bring new perspectives based on ERF1 experiences and learning that would be very valuable for ERF2.

Staffing

- 1.40. ERF1 was managed by one FTE, with the support of the following additional officers on a part-time/as and when needed basis:
- Programme Manager and Project Support Officer (Strategic Development and External Programmes Team)
 - Engineer – New Works (New Works Team)
 - Communications Officer (Communications Team), since June 2022.
- 1.41. It is clear from the findings that formalising and expanding the management and administrative support for ERF round 2 will be important in ensuring not only a robust management of the scheme, but also that capacity is available when needed to keep the pace up at key points in the process. It will also be critical to maintain the central resource that acts as an enabler, facilitator and trouble shooter. This role needs to be continued and ideally expanded to ensure the best possible experience for grant recipients. This will also help ease any pressure on other council teams
- 1.42. Specifically on communications, the addition of a Communications Officer to the ERF team in June 2022 has had a significant impact to the quality and volume of communications activity on ERF – as demonstrated by the production of a coherent plan which has delivered an increase media interest, high quality products and assets and expert insight into positioning the messaging on ERF.
- 1.43. It is critical to the success of ERF that this specialist capacity be repeated from the outset, not least because it was the view of the Committee that more should be done in the initial stages of promoting the scheme. Having this capacity in place will ensure this is possible for ERF round 2.

Timescale for ERF round 2

- 1.44. A key lesson learned from ERF1 is that working in a collaborative way

takes time. Time and resource need to be put into the application phase to allow collaborations to come together and develop strong, costed and realistic proposals. This will support a higher quality of application to come forward and help to speed up the contracting time. There is also value in allowing project teams sufficient time to deliver and that impact can be maximised by allowing for delivery over two summer or Christmas periods.

1.45.

The following timescale is proposed for launching and delivering ERF round 2:

<p>Establishment</p> <ol style="list-style-type: none"> 1. Develop the online ‘toolkit’ for prospective applicants – including setting expectations on the timescales, processes and monitoring requirements 2. Agree the processes and criteria around applying to the capacity building fund 3. Refresh the application forms and Funding Agreement to ensure fitness for purpose for ERF2 4. Establish the real opportunities for match funding bids that ERF2 could support 	October and November 22
<p>Launch and open for applications</p> <ol style="list-style-type: none"> 1. Agree comms plan for launch and all associated public documents/webpage 2. Disseminate messages through existing networks 3. Publicise on SCC news and media 4. Work to engage areas that may want to access Community capacity building grants to ensure early access to those 	December 22 and January 23
<p>Collaborations begin</p> <p>Work with prospective applicants and those with capacity building grants – ensure understanding of eligibility criteria and eligible costs</p>	January – March 23
<p>Sifting and scoring</p> <p>All applications closed – scoring takes place</p>	March – April 23
<p>Contracting</p> <p>Contracting takes place with successful applications</p>	April – May 23
<p>Delivery and ongoing monitoring</p>	May 23 onwards
<p>Completion and closedown</p> <p>Delivery activity to be completed – closedown begins</p>	October – December 24

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1. Continuing the Economic Recovery Fund will contribute to the following strategic priorities from the Business Recovery Plan:
- Stimulating demand in the local economy
 - Opening our city and district centres safely and securely
 - Stimulating investment in culture to help rebuild confidence and visitor numbers
- 2.2. The Fund will directly deliver against the following outcomes and actions in the Business Recovery Plan:
- Our places, in the city centre, district centres and in local neighbourhoods, adapt to the changing economy
 - Visitors and residents will be able to visit, learn about and enjoy the cultural, leisure and green spaces that Sheffield is renowned for.
 - Businesses have the confidence, information, support and infrastructure they need to operate through and beyond the current crisis, to adapt to changing circumstances
 - Business failure rates amongst profitable and productive companies are minimised and good quality jobs are safeguarded.
 - Opportunities to rebuild and renew our economy whilst becoming a cleaner and more sustainable city, are seized.
- 2.3. It will also contribute to the following strategic priorities from The Council's One Year Plan 2021-22:
- Communities and neighbourhoods
- Engaging, enabling and empowering our residents through Local Area Committees
 - Supporting communities as Covid restrictions ease
 - Provide as much help and support as possible to local businesses that have been affected by the pandemic.
- Climate change, economy and development
- Supporting city and local centre recovery and regenerating high streets
 - We will support the recovery of our local high streets and district centres with a £2m investment fund, the Summer in the Outdoor City programme
 - Supporting Sheffield businesses to recover and grow
 - We will work with businesses to deliver the Business Recovery Plan and provide the advice and support that Sheffield businesses need to recover, increase productivity and grow.
 - Vibrant arts and culture for every part of the city
 - We will continue to work with Sheffield's Culture Collective and Culture Consortium to achieve the ambition of putting Culture front and centre of Sheffield's recovery.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1. The above purpose and structure of the second round of ERF funding have been developed in consultation with the ERF Steering Group and Committee Members, as well as through considering the findings of a comprehensive evaluation that included interviews with funded projects, businesses, SCC staff and others.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1. Equality Implications

- 4.1.1. An Equality Impact Assessment has been completed. The main risks identified were relating to:

- equality of access to the Fund – based on an assumption that areas with less established networks or capacity may be less able to bring together a collaborative group and bring forward an application to the Fund.
- those whose first language is not English may be less able to engage with the Fund.
- applications could form around a specific community to the exclusion of others in the locality. This was judged to be low, particularly as this has not been encountered so far.

- 4.1.2. To mitigate these risks the project would put the following actions in place:

- Create two new places on the Steering Group for community representatives that have been part of ERF1 – to ensure their voice and experience is heard. Ideally this would also increase the diversity of the group. Specific thought and consideration will be put into ensuring these members have full access and support so that they can fully participate in Steering Group meetings. The project team and ERF Steering Group Chair will take on that role specifically and take responsibility to ensure on an ongoing basis the positive and active inclusion of those members.
- Proactively approach less advantaged areas of the city to raise awareness of and encourage engagement with the scheme – predominantly using Business Information Officers and Local Area Committees to do so.
- Create a Community Capacity Building Fund from the overall budget to ensure that areas without existing expertise and capacity can access this to support them bringing people round the table, developing ideas and submitting applications.
- Use economic data around the health of district centres alongside Indices of Multiple Deprivation to monitor interest in and access to the Fund. If the Steering Group sees that disadvantaged areas are not well represented additional time and resource can be applied in those places to ensure they can come forward if they wish to.
- Where language may be a barrier in engaging with businesses, we will endeavour to work with community leaders, third sector organisations and others who could assist in brokering

discussions.

- Consider requesting demographic information at the point of application to understand whether any groups are over/under-represented in and throughout the process (though this is not straightforward given applicants may not reflect the diversity of the collaboration they are working with).

4.2. Financial and Commercial Implications

- 4.2.1. The £2m identified for this Fund is the council's own funding from the Community Infrastructure Levy and was agreed by Council during the budget-setting process in February 2022. Therefore, there are no outside sources, special conditions or clawbacks to take into account.
- 4.2.2. There are no direct commercial implications arising from this report. Any procurement activity associated with the Fund will be conducted in accordance with Council standing orders.
- 4.2.3. All projects that will receive funding will be made aware that project overspends will not be approved. Each project will need to manage activity from within the allocation they are eventually awarded. All projects will have to include their own contingency within their budgets to and ongoing monitoring will be required to ensure this risk is minimised. Further to that, a small contingency has been set aside for the Fund so that any unforeseen costs can be covered, with the approval of the Steering Group.
- 4.2.4. Any underspend from ERF1 will be rolled into the £2m budget for ERF round 2.

4.3. Legal Implications

- 4.3.1. The Council has no specific powers or duties with regard to delivering economic regeneration. The final proposals may fall under other functions and where not is the Council is able to undertake this activity by virtue of Section 1 of the Localism Act 2011. This provides Local Authorities with a "general power of competence" and allows them to "do anything that individuals generally may do". This power is subject to any other obligations or limitations in law that might be relevant and that is likely to include procurement or subsidy control restrictions. Those implications will be considered at the appropriate time based on actual proposals.
- 4.3.2. The Council will enter into a Funding Agreement with successful applicants to ERF round 2. This will be based on an updated version of the agreement developed for ERF1. Officers assisting in the assessment of bids should satisfy themselves that the projects comply with any expenditure requirements for CIL funds.

4.4. Climate Implications

- 4.4.1. A Climate Impact Assessment has been undertaken and the overall impact is thought to be carbon neutral, with some potential for positive impacts. This, however, is based on experience from ERF round 1 and does not take into account any implications of specific projects that are yet to be funded through the scheme.
- 4.4.2. It is suggested, to understand and mitigate any impacts, that these considerations are built into the administration and delivery of the Fund, for example:
- Information is provided to applicants as part of the toolkit, both in terms of positive examples of delivery from ERF1, alongside wider considerations applicants may want to take into account in their project proposals.
 - Applicants are asked to actively consider the climate impact of their proposed projects and ensure these are at worst neutral and ideally positive (information about this can be built into the toolkit).
 - That the project uses every opportunity of engaging with businesses to raise awareness more generally of the climate emergency and provide information, tools and guidance on climate change readiness, and the business opportunities that might exist as a result.

4.5. Other Implications

- 4.5.1. None.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1. At its meeting on 9th June the Committee supported the re-establishment of the Economic Recovery Fund Steering Group to support the development of options for the future operation of the Economic Recovery Fund. This report also dismissed the alternative options of allocating funding directly to local areas without running a competitive process, or having the Committee manage the ERF individual decisions.

5.2. As per the Committee's steer, the Economic Recovery Fund Steering Group has considered a range of options, in making the recommendations in this report. Alternative options were:

5.3. Option 1: Using Indices of Multiple Deprivation as one of the criteria to allocate funding

This was discounted as being a primary criteria to allocate money as it was felt this does not work within the spirit of the ERF, in terms of being a competitive process and established to support high street businesses. While helpful for identifying the most deprived small areas, IMDs do not take account of economic activity, business density, empty unit rates and so forth – they are primarily social not economic measures. It was felt that using a mixture of these social and economic

measures would be more useful in guiding Steering Group as to which areas might need more support and assistance in becoming aware of and accessing the Fund, but not as a strict measure to allocate funding.

5.4. Option 2: Allocating amounts to each LAC area based on previous ERF investment

It was felt that allocating funding in this way would be overly complicated and might make communicating about the new round of ERF more difficult. It was decided that areas that received large grants previously would not be eligible to receive large grants in ERF round 2, though they would be eligible to access the Flexible fund for a small grant.

5.5. Option 3: Aligning ERF activity with the Cost of Living Action Plan

This work has been focused very much on individuals and individual households rather than businesses or district centres. Business support around this crisis is being led by Business Sheffield and intelligence is building through a number of different sources about the issues that local businesses are facing. However, in the same way that ERF could not answer individual business need resulting from the impacts of Covid lockdowns, it cannot also answer cost of living issues for individual businesses. The collaborative, broader view that ERF has taken means that we will still be seeking ideas that benefit the high street as a whole. Creative ideas that address the impacts of the cost of living crisis at that level will be welcomed.

6. REASONS FOR RECOMMENDATIONS

6.1. The report makes these recommendations to support delivery against the Council's priorities, as set out in the Business Response Plan and One Year Plan (see section 2). It will enable the Economic Recovery Fund to deliver a new phase of the scheme, having built on the success of and learned from a first year of delivery. In doing so the Fund will continue supporting district and local centres and building relationships with business communities across the city.

6.2. The expected outcomes of this work include:

- The establishment of a refreshed Economic Recovery Fund that improves on the first iteration and touches additional areas of the city that were not successful in the first round.
- The delivery of a new set of projects in district centres that will achieve positive economic and other impacts for their local high streets and businesses.
- The bringing together of new local collaborations and strengthening of existing networks.
- Embedding this collaborative, enabling approach across different council teams and sharing the organisational learning generated by the first year of delivery.
- Increasing the council's knowledge and understanding of the health of district centres and the development of a set of longer-

term interventions to work towards.