

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Service Delivery Overview & Scrutiny Panel

13th July 2022

TITLE:	UK Shared Prosperity Fund (UKSPF)
PORTFOLIO HOLDER:	Councillor Keith Flunder – Portfolio Holder for Tourism
CONTACT OFFICER:	Lisa Hoyland - Regeneration Officer
WARDS INVOLVED:	(All Wards);

Appendices Attached –

- Appendix 1 Visual representation of the broad priorities and links to the Levelling Up agenda (PowerPoint).
- Appendix 2 UKSPF interventions, outputs and outcomes.
- Appendix 3 Challenges and opportunities discussion paper.
- Appendix 4 Project ideas received

1. Reason for the Report

- 1.1 To provide an update on the preparation of the UKSPF Investment Plan.

2. Recommendation

- 2.1 To note progress on the preparation of the UKSPF Investment Plan submission and to ensure that local priorities are represented where they will deliver some of the required interventions, outputs and outcomes.

3. Executive Summary

- 3.1 The UK government Department for Levelling Up, Housing and Communities (DLUPHC) has launched the UK Shared Prosperity Fund (UKSPF) which succeeds the European Union structural funds (ERDF and ESF).
- 3.2 The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. There are three UKSPF investment priorities:-
 - Communities and place;
 - Supporting local business; and
 - People and skills (from 2024/25 unless a voluntary/community sector project whose European Social Fund funding is due to end sooner).

- 3.3 A visual representation of the broad priorities and links to the Levelling Up agenda is shown in Appendix 1 (PowerPoint).
- 3.4 An allocation of funding has been made to Staffordshire Moorlands District Council against which the Council has to deliver agreed interventions and outcomes.
- 3.5 In order to be able to draw down the allocation, an Investment Plan must be submitted to DLUPHC by 1st August 2022 agreed by the Leader, the Chief Executive and the Section 151 Officer.
- 3.6 A webinar is planned for 15th July to which a wide range of stakeholders are invited to find out more about the fund.

4. How this report links to Corporate Priorities

- 4.1 The interventions cover a wide range of potential activity and could contribute to:-
- Aim 1: To help create a safer and healthier environment for our communities to live and work.
 - Aim 2: To use resources effectively and provide value for money.
 - Aim 3: To help create a strong economy by supporting further regeneration of towns and villages.
 - Aim 4: To protect and improve the environment and respond to the climate emergency.

5. Implications

5.1 Community Safety - (Crime and Disorder Act 1998)

UKSPF can contribute to the design and management of the built and landscaped environment to 'design out crime'.

5.2 Workforce

The Council will be required to programme manage the UKSPF and will need to consider capacity both to deliver and for procurement, consultation and financial management.

5.3 Equality and Diversity/Equality Impact Assessment

This report has been prepared in accordance with the Council's Diversity and Equality Policies.

5.4 Financial Considerations

The Council will be able to use up to 4% of their allocation by default to undertake necessary fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement.

5.5 Legal

The milestones, expectations and timescales will be set out in a Memorandum of Understanding between DLUPHC and the Council. The Council should design their project selection and contracting processes so they have mechanisms to recover funding where beneficiaries do not comply with fund parameters, UK law or any local requirements.

5.6 Climate Change

UKSPF can contribute to supporting decarbonisation and improving the natural environment whilst growing the local economy and improvements to existing, community and neighbourhood infrastructure projects including those that increase communities' resilience to natural hazards, such as flooding. Under skills, it can fund green skills courses targeted around ensuring we have the skilled workforce to achieve the government's net zero and wider environmental ambitions.

5.7 Consultation

The Council is tasked with working with a diverse range of local and regional stakeholders, civil society organisations, employer bodies responsible for identifying local skills plans, and businesses or business representative groups to achieve Fund outcomes in their areas.

5.8 Risk Assessment

Risks to the Council are that the funding will not be allocated if we do not agree and submit an Investment Plan by 1st August.

6. **Alternative Options**

There are none. This report is for information.

Neil Rodgers
Executive Director (Place)

Web Links and Background Papers

[Guidance](#)
[UK Shared Prosperity Fund: prospectus](#)

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7. Detail

- 7.1 The UKSPF supports the UK government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives:
1. Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
 2. Spread opportunities and improve public services, especially in those places where they are weakest.
 3. Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
 4. Empower local leaders and communities, especially in those places lacking local agency.

7.2 The primary goal of the UKSPF is to build pride in place and increase life chances across the UK.

7.3 There are three UKSPF investment priorities:-

- Communities and place;
- Supporting local business; and
- People and skills (from 2024/25 unless a voluntary/community sector project whose European Social Fund funding is due to end sooner).

A visual representation of the broad priorities and links to the Levelling Up agenda is shown in Appendix 1 (PowerPoint).

- 7.4 Though the UKSPF is the replacement for European Funding (ERDF and ESF) the amounts available to continue business support and people and skills elements will be much reduced. Nationally, EU Structural Funds were worth £2.4 billion per year for a seven year programme, whilst UKSPF allocations are £2.6 billion over three years to 2024/25. Whilst European Funds were administered by LEPs (Local Enterprise Partnerships) UKSPF is to be administered at district/borough level in areas without an agreed devolved authority.
- 7.5 Whereas EU funding required match funding, usually of 50%, for UKSPF match funding is not mandated however the expenditure profile expects that we report on any match funding/leverage secured over the lifetime of the fund. The categories for reporting any match funding/leverage are other UK government funding, local authority contribution and third party funder.
- 7.6 Most EU funded projects were co-funded hence if not matched the size of the projects will reduce. There is no firm indication of what, if any, future government funding will be available as match for business support and skills other than from existing initiatives. It is unclear for example whether BEIS will continue to fund or co-fund programmes such as export advice, innovation, growth hubs and manufacturing programmes.

7.7 Funding Allocation

7.7.1 UKSPF is not a competitive bidding process but an allocation has been made against which the Council has to deliver agreed interventions and outcomes. The allocation:-

	2022/23	2023/24	2024/25	Total
Staffordshire Moorlands	£416,133	£832,266	£2,180,538	£3,428,937

7.7.2 The allocation will comprise both revenue and capital funding and the Council can decide how to split providing that the below minimums for capital are included:-

	Capital minimum	Revenue
2022/23	10% (SM £41,613)	90%
2023/24	13% (SM £108,195)	87%
2024/25	20% (SM £436,107)	80%

7.7.3 As the interventions must end by March 2025 UKSPF will not be able to fund any large or complex capital projects however it may fund feasibility studies or preparatory steps towards these subject to some outcomes being delivered elsewhere in the programme. It should be noted that people and skills projects will not commence until 2024 and that most of this funding is backloaded to that year.

7.8 Management Fee

The Council will be able to use up to 4% of their allocation by default to undertake necessary fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement.

4% management fee by year	2022/23	2023/24	2024/25	Total
Staffordshire Moorlands	£16,645	£33,291	£87,221	£137,157

7.9 Timescales

7.9.1 The Council has registered on the portal where the Investment Form and associated intervention and outcomes spreadsheets are located for completion.

7.9.2 The Investment Plan submission window opened on 30 June 2022 and closes on 1 August 2022.

7.9.3 Spend can occur at risk from 1st April 2022 until the Investment Plan is approved (October potentially).

7.9.4 All interventions should end by March 2025.

7.9.5 The government has made £20,000 available to prepare the Investment Plan and due to current staffing constraints Mutual Ventures have been commissioned to assist with this work. Mutual Ventures have already gained an insight into the District as they have worked on the Levelling Up bid.

7.9.6 Potentially, ongoing engagement and consultation could be funded from UKSPF and a post created to conduct this work in future.

7.10 Staffordshire Moorlands proposition

7.10.1 Staffordshire Moorlands District Council must prioritise its preferred interventions and outcomes from the list of forty one potential UKSPF interventions and outcomes (Appendix 2), these should be based on logic and have supporting evidence to identify the challenges and opportunities they are addressing, for example if we choose a business start-up programme, that we have a relatively low number of new business starts in the District.

7.10.2 Initial work on identifying the challenges and opportunities has been undertaken by Mutual Ventures based on evidence supplied. Appendix 3 shows some of the challenges and opportunities identified.

7.10.3 Ideas for projects are already coming forward, though these have not been solicited, however these will be subject to procurement. It should be noted that at this stage we are not commissioning projects however we need an indication of projects in order to be able to complete the expenditure and outcome spreadsheets. Appendix 4 lists the ideas and proposals already received.

7.11 Consultation and engagement

7.11.1 Consultation must take place and the support of the MPs obtained. Consultation can include existing prior consultations and/or new.

7.11.2 The Council must establish a delivery partnership to oversee the programme.

7.11.3 A webinar is planned for 15th July to which a wide range of stakeholders are invited to find out more about the fund.

7.11.4 The list below is a guide for the types of groups that should be represented on the local partnership groups. The precise composition will be for each place to determine, based on their needs – care should be taken to avoid conflict of interest as many of these organisations may also be potential delivery bodies :

- Representatives from the lead local authority (this may also include neighbouring authorities or constituent authorities where relevant and to maximise alignment)

- Local businesses and investors (large employers and small and medium sized employers)
- Business support providers or representatives, including sectoral representatives relevant to the place (for example – cluster bodies, tourism organisations)
- Local partnership boards and strategic bodies where relevant (for example, Local Enterprise Partnerships or Local Skills Improvement Partnerships in England, City and Growth Deal partners in Scotland, Wales and Northern Ireland)
- Regional representatives of arms-length bodies of government where appropriate
- Prominent local community & faith organisations
- Voluntary, sector social enterprise and civil society organisations
- Rural representatives unless there are no rural communities within the area
- Education and skills providers – for example higher education institutions and further education colleges, adult learning providers
- Employment experts and providers – for example Jobcentre Plus representatives and employment related service providers
- Nature, environmental or associated representatives
- Public health representatives
- Police and crime representatives (such as Police and Crime Commissioners where relevant)
- Members of Parliament where appropriate
- Representatives of the UK government may also attend and can provide access to specific expertise where this is needed.

7.11.5 Members of the UK Parliament should be closely engaged in the design and delivery of the Fund. In most cases, all MPs in the area should be invited to join the local partnership group. They should provide an advisory role to the Council, reviewing the investment plan prior to submission to UK government for sign-off. Each plan will need to detail the MPs involved in the local partnership group and whether each are supportive of the final plan submitted to the UK government for consideration.

7.12 Programme Management

7.12.1 The Council will receive the area's allocation to manage, including assessing and approving applications, processing payments and day-to-day monitoring. Individual local authorities or other public bodies within the strategic geography may take lead responsibility for a particular UKSPF intervention or policy, either delivered locally or for the wider geography, where this reflects the right approach to local needs. While the Council will retain overall responsibility, they can allocate a proportion of their administration budget to individual authorities or bodies in these circumstances.

7.12.2 There are some areas of the programme management, for example business support and people and skills interventions, that could be managed collaboratively with neighbouring authorities to reduce administration costs and provide best value. Subject to approval, it may represent best value for example, if the business support and people and skills priorities were managed collectively at County level where existing delivery partnerships could be adapted.

7.12.3 The county wide Staffordshire Means Back to Business programme which included grant schemes for businesses, funding to support apprenticeships, grants for nil cost training for employers, business start-up programmes and carbon literacy support was previously funded by Additional Restrictions Grant (ARG) and Community Renewal Fund (CRF) and was successfully managed by Staffordshire County Council in partnership with all eight districts. Districts could choose from a menu of schemes, which they wished to invest in and procurement was then done centrally.

7.12.4 Whilst this would represent best value in programme management, it may require Staffordshire Moorlands District Council to allocate some of its small management fee to the County. It may also represent a good investment should the County also allocate some of its own funds and resources to support a joint business support or skills programme.

7.12.4 There will also be Communities and Place projects delivered directly by each Local Authority based on their differing challenges.

7.13 Completing the Investment Plan

DULHC do not require information on a project by project basis however they will need the proposed split between interventions and the total outcomes by intervention. (see Appendices 2/3).

It is necessary to have some indicative project ideas therefore to be able to complete the outcomes and interventions spreadsheet. It should be noted however that projects must be procured according to our own procurement strategy.

7.14 Procurement

7.14.1 The Council will have flexibility over how they deliver the Fund. They may wish to use a mix of competitions for grant funding (which is the default approach set out in Cabinet Office Grants Standards), procurement, commissioning or deliver some activity through in-house teams. For example, some community level interventions may require a commissioning or in-house approach, recognising that competitions for grant may create barriers to participation in left behind communities.

7.14.2 All spend associated with the Fund must be assessed by the Council in advance to ensure that proposed investment is compliant with

Public Contracts Regulations 2015 and follows local constitution and grant rules, processes and procedures as and where relevant.

7.14.3 The Council should also design their project selection and contracting processes so they have mechanisms to recover funding where beneficiaries do not comply with fund parameters, UK law or any local requirements.

7.15 The Investment Plan

7.15.1 The Investment plan features three broad stages:-

1. **Local context:** an opportunity for places to set out their local evidence of opportunities and challenges through the lens of the three investment priorities for UKSPF.
2. **Selection of outcomes and interventions:** where places will identify the outcomes they wish to target based on local context, and the interventions they wish to prioritise, under each investment priority, from the menu of options. These should be clearly linked to local opportunities and challenges. (See Appendix 2 for interventions and outcomes).
3. **Delivery:** this will represent the most detailed stage of the investment plans and is broken down into the following:
 - a) Approach to delivery and governance: where the Council outlines the structures and processes that will support the delivery of their chosen interventions. DLUPHC expect the Council to set out the engagement they have undertaken as part of the development of their Plan, including their engagement with MPs.
 - b) How the Council intends to collaborate with other places in the delivery of specific interventions – for example with neighbouring places, or with places across the UK with common needs or challenges.
 - c) Expenditure and deliverables: detailing what the Council wish to deliver with their investment plan, including the spend profile for the three years of the fund as well as outputs and outcomes figures, and where places have already identified specific projects they wish to fund under each of the investment priorities.
 - d) Capability and resource: to allow places to outline the resource they have to manage and work on UKSPF, as well as their capability and previous experience of delivering similar funds.

8. Next steps

- 8.1 A stakeholder webinar will be held on 15th July.
- 8.2 Decisions on delivery partnerships must be determined.
- 8.3 To complete and submit the Investment Plan by 1st August.

The Investment Plan requires approval from the:

- Leader
- Chief Executive Officer
- Section 151 Officer