



## ECONOMY REGENERATION & HOUSING COMMITTEE

Wednesday, 7 December 2022

<b>REPORT TITLE:</b>	<b>UK SHARED PROSPERITY FUND</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF REGENERATION AND PLACE</b>

### REPORT SUMMARY

This report provides an overview of UK Shared Prosperity Fund (UKSPF) and the mechanisms for delivery of the Liverpool City Region allocation in respect of its status as a Mayoral Combined Authority. A proportion of Liverpool City Region UKSPF funds will be allocated for direct delivery by the six constituent Local Authorities with commencement expected in this financial year. The report therefore seeks approval for the Council's Phase 1 Investment Plan of £1.53m and delegated authority to commence delivery on receipt of the relevant grant funding permissions.

This report is a key decision due to the monetary value of grant funding proposed.

This report affects all wards in the Borough.

Appendix 2 of this report contains exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public during consideration of these items under Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information).'

### RECOMMENDATION/S

The Economy, Regeneration & Housing Committee is recommended to:

1. Endorse the submission of Wirral Council's Phase 1 Investment Plan to the Liverpool City Region Combined Authority (LCRCA).
2. Grant delegated authority the Director of Regeneration and Place to:
  - (a) make such changes to Wirral Council's Phase 1 UKSPF Investment Plan as may be necessary to reflect any feedback received from the LCRCA, provided such changes do not have a material impact on Council resources between different intervention areas.
  - (b) review and accept the UKSPF Phase 1 grant funding agreement of £1.53m from the LCRCA.
  - (c) commence delivery of the UKSPF Phase 1 programme in line with the grant funding agreement and change control process.

(d) ensure any spend in advance of the grant funding agreement is only in extenuating circumstances where the viability of any project is at risk due to financial timescales.

(e) negotiate and accept management funds for the staffing resource assigned to management, monitoring and evaluation of the Wirral UKSPF Programme.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 The recommendation/s are being sought due to the significantly short timescales regarding sign off on Wirral Council's UKSPF Phase 1 Investment Plan as part of the LCRCA UKSPF Investment Plan Programme. The final Phase 1 Investment Plan must be submitted to the LCRCA in advance of the Committee meeting to ensure Wirral can meet the further deadlines of the grant funding process.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 Do nothing: This is an allocation of national UKSPF funding that has been ringfenced to the LCRCA and includes spend within this financial year. If the Council does not secure sign off of the Phase 1 Wirral Investment Plan within the timescales the Council may lose a significant amount of UKSPF Phase 1 funding.

### **3.0 BACKGROUND INFORMATION**

- 3.1 In April 2022 the UK Government released the UK Shared Prosperity Fund (UKSPF) Prospectus from the Department for Levelling Up, Housing and Communities (DLUHC) as part of its Levelling Up agenda. UKSPF will provide £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competitive process.
- 3.2 The UKSPF is based on 3 investment priorities:
- Communities and Place (Starts 2022/23): foster local pride and belonging and building safe and resilience neighbourhoods.
  - Local Business (Starts 2022-23): creating jobs, promoting collaboration and increase private sector investment.
  - People and Skills (Starts 2024-25): improving skills and qualifications and reducing economic inactivity. This includes the Multiply programme, targeted at improving numeracy.
- 3.3 There is a separate national ringfenced allocation of UKSPF for the Multiply programme, which is an Adult Learning programme to improve numeracy levels. For the purposes of this report, details regarding the LCR Multiply Programme are excluded as this funding will be directly routed from the Department for Education to the LCRCA through to Local Authority Children, Families and Education Departments.
- 3.4 The national UKSPF programme has a split allocation of both revenue and capital funding and this is staggered over the 3 years with the capital allocation increasing each year:
- Revenue / Capital split for core allocation:
- 2022/23: 90:10
  - 2023/24: 87:13
  - 2024/25: 80:20

### **3.5 National Allocations**

Every place in the UK has been allocated a share of the UKSPF, with even the smallest places receiving at least £1 million. In England, the fund will primarily operate over the strategic geographies of the Mayoral Combined Authorities (MCAs) and the Greater London Authority, and lower tier or unitary authorities elsewhere. Lower tier and Unitary Authorities will receive a direct award for their allocation whilst MCAs will receive an allocation to manage on behalf of its constituent local authorities. The UKSPF will be managed in the UK by Department for Levelling Up, Housing and Communities (DLUHC). The 'Multiply' component of the Fund will be managed by Department for Education in the UK (DfE).

- 3.6 The National and subsequent Liverpool City Region allocations of UKSPF over the 3-year period are as follows:

Area	2022/23	2023/24	2024/25	TOTAL
National Allocation	£400m	£700m	£1.5bn	£2.6bn
LCR (excluding Multiply)	£6.8m	£11.9m	£25.6m	£44.3m

- 3.7 The LCR allocation of UKSPF represents a significant reduction in funding for the region in comparison to funding received from European programmes between 2014 and 2020. It is estimated that the LCR's UKSPF allocation represents a straight-line annual decrease of £10.2m (37%).

A link to the UKSPF Prospectus can be found here:

<https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus>

- 3.8 Liverpool City Region allocations by Investment Priority

All areas were invited to submit Investment Plans to Government for approval, detailing how each area proposes to spend their allocation of UKSPF. As a Mayoral Combined Authority Area, the LCRCA is the Lead Accountable Body for UKSPF across the City Region. An LCR Investment Plan was developed and submitted by the LCRCA ahead of the required 1<sup>st</sup> August deadline. The LCRCA anticipated a response from Government in October 2023; at the time of writing this report this remains outstanding.

- 3.9 The LCR Investment Plan allocations over each investment priority of the fund across the 3-year period are as follows:

UKSPF Investment Priority	2022/23	2023/24	2024/25	TOTAL
Communities and Place	£3.236m	£3.826m	£4.338m	<b>£11.401m</b>
Supporting Local Business	£2.149m	£5.436m	£10.304m	<b>£17.890m</b>
People and Skills	£0.00m	£1.509m*	£13.580m	<b>£15.090m</b>
<b>TOTAL</b>	<b>£5.385m</b>	<b>£10.771m</b>	<b>£28.222m</b>	<b>£44.3m</b>

\*Whilst there is no formal allocation within for the People and Skills investment priority until Year 3, Government has acknowledged the impact of the withdrawal of EU funds in 2023/24 and a proportion brought forward to mitigate effects is allowable. The LCR Investment Plan has therefore ringfenced £1.509m within this

investment priority in 2023/24 to support the continuation of existing European Funded LCR Voluntary Community Sector services pending commissioning processes in 2024/25.

- 3.10 The LCRCA have detailed several project interventions within each investment priority in order to achieve the required programme outputs. The delivery model has been determined based on the nature of the intervention and the existing potential for delivery across the region. Delivery will therefore be made up of a series of regional commissions and funding calls, plus a series of direct allocations to each of the Local Authorities (LA) to deliver.
- 3.11 The LCRCA has proposed that for direct LA delivery activity, the allocation to each will be determined in line with the UKSPF allocation methodology as detailed in the national prospectus. For regional wide programmes and activity, recipients of funding will be asked to demonstrate how they will ensure that the funding is disbursed in line with the UKSPF allocation methodology. Based on this national allocation methodology Wirral's allotted distribution constitutes 19.84% of the total.
- 3.12 Phase 1 arrangements have been agreed by the LCRCA for two specific areas to be developed ahead of DLUHC approval of the Investment Plan to ensure that timescales for delivery of spend, particularly for 2022/23, can be met:
- Community measures to reduce the cost of living: extending in scope and value the provision of financial support and energy efficient measures for those most in need delivered through the Women's Organisation and Citizen Advice Bureaus.
  - Three workstreams directly awarded to the Local Authorities:
    - green, resilient and safe communities,
    - local cultural, arts and heritage,
    - Town Centres
- 3.13 Wirral Council UKSPF Allocations – Phase 1

The LCRCA have provided the Council with a breakdown of its indicative Council direct delivery allocation for Phase 1 and has requested the submission of LA Phase 1 Investment Plans. Phase 1 of the UKSPF Investment Plan is focused on the following intervention areas within the 'Communities and Place' & 'Supporting Local Business' investment priorities:

- Green, safe, and resilient communities –
    - E3: Creation of and improvements to local green space
    - E5: Built & landscaped environment to 'design out crime'
    - E9a: Impactful volunteering and/or social action projects
  - Local cultural, arts and heritage –
    - E4: Enhancing existing cultural, historic, & heritage institutions offer
    - E6: Local arts, cultural, heritage & creative activities
    - E9b: Impactful volunteering and/or social action projects
  - Town centres –
    - E16: Open markets & town centre retail & service sector
- 3.14 Full details of the Phase 1 Summary Local Authority allocations can be viewed in Appendix 1 of this report.

- 3.15 Officers across the Council have been collaborating to develop a draft Investment Plan for Wirral, based on the Phase 1 indicative funding allocation from the LCRCA. The work is being co-ordinated by the Economic Growth Team supported by a UKSPF Theme Leads group. Also, officer working groups have been established for each Investment Priority which will continue to develop proposals for Wirral’s full Investment Plan.
- 3.16 The draft Wirral UKSPF Investment Plan Phase 1 proposals can be viewed in Appendix 2 of this report. Appendix 2 of this report contains exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 being ‘Information relating to the financial or business affairs of any particular person (including the authority holding the information).’
- 3.17 Government requires an extensive list of outputs and outcomes assigned to each investment priority. The LCRCA has transferred these outputs and outcomes to the Council within the direct delivery allocation interventions. The emerging Council proposals are therefore being refined to ensure they will deliver the required outputs and outcomes allocated to us within the LCRCA Phase 1 grant funding agreement.

#### 4.0 FINANCIAL IMPLICATIONS

- 4.1 The total value of the Wirral UKSPF Phase 1 allocation to the Council is £1.53m. The split between capital and revenue spend over 3 years is as follows:

<b>Wirral UKSPF Allocation</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>TOTAL</b>
Capital	£67,452	£109,114	£386,858	<b>£563,424</b>
Revenue	£354,124	£342,221	£272,784	<b>£969,129</b>
<b>TOTAL</b>	<b>£421,576</b>	<b>£451,334</b>	<b>£659,642</b>	<b>£1,532,553</b>

- 4.2 Across the three financial years there is £563k of capital and £969k of revenue funding approval and matching spend commitment. This will be reported to the Policy and Resources Committee via the next quarterly financial monitoring reports as a fully funded addition to the Capital Programme and Revenue Budget.
- 4.3 The Capital and Revenue ratio in Phase 1 differ from the national profile listed in section 3.4 due to funding allocations within other non-local authority delivered interventions having a different funding profile attributable to the nature of the activity.
- 4.4 Match funding is not a requirement of the programme. The LCRCA have expressed they would expect to see a local contribution where possible. The Phase 1 Investment Plan is not expected to lead to any requirements for additional capital or revenue resource for the Council within the next 3 years or beyond.
- 4.5 The LCRCA have given some indicative timescales for submission of Wirral’s Investment Plan as shown in the table below:

<b>Milestone</b>	<b>Date</b>
Guidance notes, pro-forma and action plan template	w/c 31 <sup>st</sup> October 2022

circulated to Local Authorities	
Lead Local Authority officers for UKSPF to provide progress update to UKSPF Programme Board	21 <sup>st</sup> November 2022
Pro-forma and Action Plan submitted to the Combined Authorities	30 <sup>th</sup> November 2022
Local Authority plans to be considered by Internal Investment Panel	8 <sup>th</sup> or 22 <sup>nd</sup> December 2022
Finance and M&E plans to be agreed between UKSPF Combined Authority and Local Authority teams	December – Jan 2022
Agreement signed by Local Authority and year 1 funding released	Jan 2022
Update on progress provided to UKSPF Programme Board	Jan 2022

- 4.6 The LCRCA have indicated that there may be scope to transfer underspend from 2022/23 into 2023/24 provided there is a plan demonstrate how we intend to recover this spend into 2023/24, however it is not confirmed how this may work in practice.

## 5.0 LEGAL IMPLICATIONS

- 5.1 Currently, the LCRCA has not received approval from Government on the Investment Plan therefore the allocation for Phase 1 Council delivery is still subject to change.
- 5.2 The Council has not had a draft grant funding agreement at this stage. The Director of Regeneration and Place will liaise with the Director of Law and Governance, regarding the terms of the UKSPF Phase 1 grant funding agreement of £1.53m from the LCRCA. The Council can take some assurance from previous grant funding programmes with the LCRCA that the grant funding agreement will follow similar procedures and will be a performance-based model with a Memorandum of Understanding regarding outputs and outcomes.

## 6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 The LCRCA has identified within its management budget a small amount of funding to be provided to each Council to support a post to act as the focal point for UKSPF activity and link to the LCRCA UKSPF management team. The Director of Regeneration and Place will negotiate the terms of this separate funding for Wirral which is to be agreed at the LCRCA UKSPF Programme Board.
- 6.2 The Council's preference will be to utilise the relevant suitably skilled and experienced roles within the Regeneration Service currently overseeing EU funding compliance and monitoring functions.
- 6.3 As noted previously in this report, the overall level of funding is relatively small in comparison to previous EU grant funding programmes. The Council will seek to ensure full cost recovery on any internal resource costs where eligible and appropriate.

## 7.0 RELEVANT RISKS

- 7.1 The LCRCA has provided the Council with some information regarding spending on any proposed UKSPF projects 'at risk'. The table below sets out the risks associated with developing proposals for spend on UKSPF without a current Grant Funding Agreement in place.

<b>Risk Description</b>	<b>Consequence of Risk Materialising</b>	<b>Mitigation</b>
Costs incurred prior to LAs receiving details of UKSPF indicative allocations.	Spend profile is not eligible to be funded by UKSPF.	No costs have been spent to date on any activity proposed for UKSPF.
Costs incurred after allocations and spend profile has been received by LAs but prior to UKSPF Grant Offer Letters being completed.	Potentially eligible for UKSPF funding. However, they are incurred entirely at the LAs own risk as the LCRCA has not provided any form of legal commitment to fund them.	The Council will look to only spend 'at risk' in extenuating circumstances where the viability of any project is at risk due to financial timescales. The Council will provide the LCRCA with details of any 'at risk' the LCRCA are providing some additional comfort by agreeing in principle eligible activities. Further mitigation to this risk is the potential scope to move underspend from 2022/23 into 2023/24.
Delays to UKSPF Investment Plan GFA being formalised with the LCRCA.	2022/23 spend will be more difficult to achieve and projects impacted by delay of allocation.	Ensure projects meet fund criteria and deliverables listed for each investment priority.

## 8.0 ENGAGEMENT/CONSULTATION

- 8.1 The LCRCA have undertaken extensive stakeholder engagement and consultation on their UKSPF Investment Plan. The table below shows activity to date:

<b>CONSULTATION:</b>	<b>ACTIVITY:</b>
MPs	Convened MP sessions to discuss and feedback on the UKSPF Investment Plan.
	Shared final investment plan to be approved ahead of CA consideration.
Combined Authority Engagement	Use of existing channels for CA engagement, including but not limited to: Leaders and Mayors, Chief Executive Officers, Growth Directors, Employment and Skills Board, LA policy group leads and the LEP Board.
Local Partnership Group	Established group of over 30 local organisations including LA's, Local Universities, VCS, Chambers of Commerce.
	Conducted scoping exercises with the group to develop Investment Plan proposals
	Hosted webinars with Local Partnership Group and wider



	stakeholders covering the three investment priorities with the opportunity to ask questions and feedback on the plan which had significant attendance.
VCS Sector	Engagement with existing funding recipients in respect of continuation funding.

## 9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.
- 9.2 Equality and Diversity Implications have been considered during the development of the LCRCA Investment Plan, including engagement with representative groups for underrepresented communities and groups. There are a number of activities proposed which will provide targeted support for people with protected characteristics. There will be a requirement for all activities commissioned and delivered utilising this funding to demonstrate how they are complying with the requirements of the Equality Act 2010: this will include a summary of the positive action being undertaken to engage with, support and narrow the gaps for those with protected characteristics.
- 9.3 The potential impact of the UK Shared Prosperity Fund has been reviewed with regard to equality and links to the existing EIA conducted for Wirral's Economic Strategy, which can be found here: <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments>. No material changes to the EIA are required because of this report. There may be a future requirement for any individual project or scheme to have their own EIA conducted.

## 10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 Net Zero is considered in two ways within the LCRCA's Investment Plan. Firstly, through the inclusion of specific interventions aimed at helping community activity on environmental issues and supporting businesses on their journey to net zero. Secondly, through the inclusion of net zero considerations in the project appraisal processes and within monitoring requirements.
- 10.2 A proportion of the funding will be utilised to support green safe and resilient communities. This aligns with policies and actions outlined within the councils Environment and Climate Emergency Policy and Action Plan. Namely, greening community spaces, supporting blue/green infrastructure, educating communities on the impacts of climate change and empowering communities to undertake their own projects to positively support climate action.

## 11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 Community Wealth Building is a people-centred approach to economic growth which reorganises local economies to be fairer and stops wealth flowing out of communities, towns, and cities, and instead places control of this wealth into the hands of local people, communities, businesses, and organisations. A proportion of the funding will be utilised to support green safe and resilient communities, cost of living crisis, community volunteering, and town centre support all of which will have a positive impact on community wealth building. Officers are working to understand how the social value aspects of the fund can be measured and reported on as part of the reporting requirements for UKSPF Investment Plan.

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### **APPENDICES**

Appendix 1 – UKSPF Indicative Allocations

Appendix 2 – UKSPF Wirral Investment Plan - Phase 1. Appendix 2 of this report contains exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 being ‘Information relating to the financial or business affairs of any particular person (including the authority holding the information).’

### **BACKGROUND PAPERS**

Report to the LCRCA Board on UKSPF:

<https://moderngov.merseytravel.gov.uk/documents/g7413/Public%20reports%20pack%2014th-Oct-2022%2013.00%20Liverpool%20City%20Region%20Combined%20Authority.pdf?T=10>

### **TERMS OF REFERENCE**

This report is being considered by the Economy, Regeneration & Housing Committee in accordance with Section 4.2 (d) of its Terms of Reference: Economic development, including but not limited to infrastructure, enterprise, skills and seeking, securing, and managing external funds to achieve that, directly or in partnership with joint ventures and external companies or bodies as well as with the Combined Authority and government bodies.

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>None – new programme.</b>	