

## **Cabinet – 14 December 2022**

### **UK Shared Prosperity Fund**

**Portfolio:** Councillor Andrew, Deputy Leader and Regeneration

**Related portfolios:** Councillor Perry, Deputy Leader and Resilient Communities

**Service:** Regeneration, Housing and Economy

**Wards:** All

**Key decision:** Yes

**Forward plan:** Yes

#### **1. Aim**

1.1 The UK Shared Prosperity Fund (UKSPF) and Multiply present a significant opportunity to secure substantial investment for Walsall. The aim of this report is to secure authority to enter into agreements with the Lead Authority (West Midlands Combined Authority) to draw down funding to support delivery of the outcomes of the fund, set out in the WMCA UKSPF Investment Plan. These are aimed to support the growth and prosperity of the Borough through the thematic areas of People & Skills, Local Business Support and Community & Place.

#### **2. Summary**

2.1 The Government established a new £2.6 billion UK Shared Prosperity Fund (UKSPF) as part of the Levelling Up White Paper and published the national UKSPF prospectus in April 2022.

2.2 For Walsall, £8,252,409m core UKSPF funding and £1.78m Multiply funding will be allocated and distributed by the West Midlands Combined Authority (WMCA). The West Midlands receive a conditional allocation via a funding formula based on 70% population and 30% needs (productivity, household income and skills) which in turn informs a set allocation per Local Authority area. As lead, the WMCA has produced an Investment Plan setting out high level measurable outcomes that reflect local needs and opportunities informing the interventions across three pillars: Communities and Place, Supporting Local Business and People and Skills.

2.3 This report presents an overview of the contents of that Investment Plan, the approach to local allocations and spend, and seeks the necessary delegated approvals to commission and deliver the programme in partnership with local, regional and national organisations.

2.4 This constitutes a Key Decision due to the significant financial value of UKSPF and Multiply and its potential to impact multiple wards.

### **3. Recommendations**

3.1 That Cabinet note the total funding allocation for Walsall from the UK Shared Prosperity Fund of £8,252,409 and £1,785,434 from Multiply from 2022/23 to 2024/25.

3.2 That Cabinet note that Walsall will also receive a share of the 4% management fee to support programme management of UKSPF in addition to the allocations set out in 3.1.

3.3 That Cabinet is recommended to delegate authority to the Executive Director for Economy, Environment and Communities in consultation with the Executive Director for Resources and Transformation and the Cabinet Member for Regeneration to:

- Accept Walsall's allocation of UK Shared Prosperity Funding and Multiply and enter into a three-year Memorandum of Understanding and annual grant funding agreements with West Midlands Combined Authority as lead authority.
- Agree a set of interventions to be delivered locally which will deliver the agreed outcomes set out in the Investment Plan.
- Approve further changes to the proposed UK Shared Prosperity Fund local spending profiles based on ongoing discussions with the West Midlands Combined Authority.
- Agree spend at risk through delegated authority as outlined in 4.15 and 4.24.
- Approve the establishment and spend of revenue and capital budgets in line with the funding agreement.
- Carry out commissioning of UK Shared Prosperity and Multiply funding, including procurement activity and award of contracts as required.
- Enter into contracts and to subsequently authorise the sealing, signing or variation of any deeds, contracts or other related documents for such services including optional extension periods.
- Approve the payment of grants for delivery of local activity to voluntary sector organisations, partners and/or sub-contractors, and enter into the appropriate funding agreements.
- Agree the final arrangements for the management administration allocation with WMCA, to support programme management of UKSPF.

3.4 That Cabinet note the use of delegated authority by the Executive Director for Economy, Environment and Communities to accept £155,000 of Multiply funding to support numeracy learning provision ahead of Cabinet agreeing to delegate acceptance of the overall package.

### **4. Report detail - know**

## **Context**

- 4.1 Following the Government's Levelling Up White Paper published in February 2022, the Government announced UKSPF as the successor of European Structural Funding with a prospectus following on 13 April 2022.
- 4.2 The UKSPF is a central pillar of the Government's ambitious Levelling Up agenda and a significant component of its support for places across the UK. It provides £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 competition. This is intended to will help places across the country deliver enhanced outcomes and recognises that even the most affluent parts of the UK contain pockets of deprivation and need support.
- 4.3 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, to:
- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
  - Spread opportunities and improve public services, especially in those places where they are weakest
  - Restore a sense of community, local pride and belonging, especially in those places where they have been lost
  - Empower local leaders and communities, especially in those places lacking local agency.
- 4.4 The primary goal of the UKSPF is to build pride in place and increase life chances across the UK, by empowering places to invest in local priorities across three pillars:
- Communities & Place
  - Supporting Local Business
  - People & Skills (including adult numeracy programme, Multiply)

There are detailed objectives associated with each of these priorities which are aligned to the relevant Levelling Up missions.

- 4.5 The People and Skills priority is only eligible for spend in 2024/25, the other two priorities are present throughout the 3 years, however there is flexibility to fund Voluntary Sector Organisations delivering people and skills provision, where there is a risk to their capacity due to the end of European Structural Funds. This would come from the Communities & Place allocation. Prior to 2024-2025, funding will be available for Multiply, a national programme to increase the levels of functional numeracy in the adult population across the UK. As the funding agreement for £155,000 of the Multiply element between Walsall Council and the West Midlands Combined Authority is required ahead of the date of Cabinet, it is proposed to use existing delegated authority to accept this element, then using the further delegated authority set out in the recommendations for the remainder of the funding package, commissioning and rollout of the activity.

- 4.6 The West Midlands Combined Authority (WMCA) is the lead authority and accountable body for UKSPF across the region, with responsibility for developing its investment plan, and for administering and monitoring the funding via joined-up approached working with local authorities. The region will receive a £88.4M total allocation across three financial years, calculated using a funding formula based on 70% population and 30% needs (productivity, household income and skills). WMCA have committed to continue to lobby government for additional investment in key areas and for an overall funding allocation for the Spending Review period, rather than three annual allocations to provide local authorities with greater flexibility in meeting local need
- 4.7 The July WMCA Board approved the submission of a draft investment plan to DLUCH, recognising further work was required to determine local allocations and priorities. The draft plan was based on a working assumption that circa 50% of the regional allocation for UKSPF be assigned to the supporting business priority and that circa 50% be locally determined by individual local authorities to spend across priority areas according to local need. This allocation will need to cover locally determined investment in communities and place and people and skills (from 2024/25) including flexibility for Voluntary Sector organisations at risk from the loss of European Structural Funding. It was also agreed that a final detailed Investment Plan would be submitted to the 31 October WMCA Board for approval, and that there would need to be a clear rationale for any funds retained exclusively by WMCA.
- 4.8 In October 2022 Walsall submitted a high-level proposal for a local UKSPF allocation as part of the final investment planning process. The investment plan was approved by the WMCA Board on the 31 October 2022 and has now been submitted to Government. DLUHC recognise that the investment plan has been produced quickly and will be subject to change as projects are further developed and agreed, and investment responds to changing local priorities. Opportunities for review will be available throughout the funding period.
- 4.9 Core UKSPF spend is made up of UKSPF local allocations and UKSPF Business Support. For Walsall this totals £8,252,409 for financial years - 22/23, 23/24 and 24/25 – summarised in the below table. In addition, Walsall will also receive an indicative Multiply allocation of £1,785,434 to support financial numeracy.

<b>Walsall</b>		<b>Year 1 (22/23)</b>	<b>Year 2 (23/24)</b>	<b>Year 3 (24/25)</b>	<b>Total</b>
	Communities & Place	£487,827	£975,654	£1,484,295	£2,947,776

	People and Skills	-	-	£1,071,919	£1,071,919
	Supporting Local Business (LA)		£1,066,357	£1,066,357	£2,132,714
	Supporting Local Business (regional)		£1,050,000	£1,050,000	£2,100,000
	*see 4.15				
	<b>Total</b>	<b>£487,827</b>	<b>£3,092,011</b>	<b>£4,672,571</b>	<b>£8,252,409</b>

4.10 **Communities and Place:** The investment proposals under Communities and Place will support vibrant place making, improvements to community infrastructure and local green space and community-led projects. Due to the reduction in resources previously received through European Structural Funding, this priority includes an allocation for Voluntary Sector Organisations at risk from the end of European Social Fund (ESF) monies. Other local priorities previously funded via ESF including digital and financial inclusion can be funded through existing WMCA resources and Multiply. Walsall's approach includes:

- **Vibrant places to live, work and visit:** improvements to town centres and high streets, development of local nature reserves and green spaces, heritage and cultural programmes to attract footfall, and feasibility work to inform future planning.
- **Safer cohesive communities:** interventions to design out crime and reduce anti-social behaviour, support for impactful volunteering and social action projects to develop human capital in local places, improvements to existing community and neighbourhood infrastructure projects and investment in VCS capacity building.
- **Sustainable neighbourhoods:** support for Council and community decarbonisation programmes, including cost of living and energy efficiency training and advice for families, organisations and businesses.

4.11 These projects have huge potential to deliver against priorities set out in the Council Plan; supporting disadvantaged and diverse communities, promoting resilient, healthy and safe neighbourhoods and quality of spaces that people want to live, work and visit.

4.12 **Supporting local business:** Walsall will receive a local allocation of £2,132,714 for locally embedded SME advisor capacity to provide intensive advice and grant support for businesses. The Council will also receive further funding from the regional allocation, including c£2.1m on specialist programmes to support cluster leadership across the region linked to the Plan for Growth, commission support for foreign direct investment, support to decarbonise businesses and help for businesses to secure additional growth capital.

4.13 Work is still currently ongoing to understand the nature of the provision of services funded by the regional allocation, so that a complementary set of interventions can be produced to create added value for local benefit. Areas of activity will comprise start up support (grow and sustain businesses /start up and targeting key Town Deal Programmes), SME support (continuation of

current programmes of support) and Foreign Direct Investment/Strategic Accounts support, with closer working with West Midlands Growth Company (WMGC) and Department for International Trade (DIT). This will be finalised after further discussion with WMCA and agreed through delegated authority.

- 4.14 It is essential that the interventions to attract, retain and support business are designed and driven locally within the constraints of the funding distribution and therefore a package of appropriate interventions is currently being drawn up to fit the remaining elements of the business support allocation that can be locally determined.
- 4.15 After discussion by the SPF Local Partnership Group and Economic Growth Board, a greater share of SPF funding will now be delivered through local authorities than was originally proposed. This essentially means LAs agreeing to cashflow £4.7m of spending in 2023/4 – or about £1 in 2. While this funding is fully reflected in the Investment Plan agreed with Government, formal spending allocations are annual. There is, therefore, a theoretical risk that any funding spent at risk by local authorities in 2023/4 might not be reimbursed in 2024/5. It is proposed that this be considered and agreed through delegated authority as part of the ongoing financial discussions between Walsall Council and WMCA.
- 4.16 **People and Skills:** a provisional ask of £1.071 million has been identified to this investment priority which is only available from 2024/2025 except for VCS flexibility where capacity is put at risk from the end of ESF funding which has been moved under Communities and Place. Due to the significant reduction in resources previously received through European funding, there is a request for other local priorities to receive funding from existing WMCA resources.
- 4.17 Under this priority Walsall proposes to deliver a local community-based employment support provision which will respond to the needs of residents both unemployed and economically inactive. The provision will provide intensive and wrap around support, building on the established Walsall Works and Impact Programmes. An all-age service is proposed targeting specific cohorts of people including NEET, BAME, ex-offenders/at risk, disabilities, aged 50plus, women impacted by abuse and social housing tenants. A ringfenced allocation will be available for voluntary organisations to deliver employment support provision targeting grass roots communities.
- 4.18 £1,785,434 is also available from Multiply to support financial literacy for those who are unemployed, in work and economically inactive. The programme will procure partners to deliver four key elements; local authority strand to engage employed people at grass roots level, FE College to work with DWP to engage unemployed and employed benefit claimants with better off in work calculations, Employers to embed financial literacy in the workplace and the Higher Education to work with graduates to develop a new tutoring model. In addition, Adult Education Budget will be made available to respond to the local skills needs of unemployed residents.

- 4.19 There will be additional programme management funding from the ringfenced 4% administration element of UKSPF to be agreed with WMCA. It is proposed to appoint a temporary UKSPF Programme Management Officer to co-ordinate local monitoring, spend and financial claims utilizing these funds.

### ***Council Plan priorities***

- 4.20 The UKSPF Investment Plan will address the following Council Plan key areas of focus:

- Economic - Enable greater local opportunities for all people, communities and businesses.
- People - Encourage our residents to lead more active, fulfilling and independent lives to maintain or improve their health and wellbeing
- Communities - Empower our diverse communities so that they feel they are connected and belong in Walsall, creating safe and healthy places whilst building a strong sense of community.

Funding will help to build resilient communities, deliver support to our businesses and provide employment and skills opportunities.

- 4.21 The UKSPF Investment Plan will support the implementation of the following Council strategies and plans:

- Walsall Heritage Strategy 2021-2026.
- Walsall Climate Emergency Action Plan.
- Town Centre Masterplan.
- Walsall Green Space Strategy 2018-22.
- Walsall for All Strategy.

### ***Risk management***

- 4.22 WMCA require the Council to enter into a back-to-back three-year Memorandum of Understanding and annual Grant Funding Agreements setting out rules and regulations of spend. Non-compliance could result in financial clawback. To minimise risk, it is proposed to create an UKSPF Programme Management Officer using funding which has been allocated for administration costs. The Officer will oversee local delivery, compliance, monitoring and claims and will be a key point of contact for the WMCA team.

- 4.23 UKSPF is set out in annual allocations with no expected carry forward of funds between financial years. This could potentially put at risk the grant in year 1 2022/2023. Funds for the current year will be released once the Investment Plan has been agreed, which is expected to be in December 2022. Government have made it clear that any funding spent prior to that is undertaken at risk, although spend from April 2022 onwards will be deemed eligible once approval is given.

- 4.24 As set out in the business support theme, Local Authorities have now been asked to offer spend at risk in 2023/24 in the absence of a formal agreement with government to reimburse local authorities in 2024/25. For Walsall this

comprises a spend of £496,226 at risk; it is proposed by WMCA that this approach be adopted by all WMCA member authorities.

### **Financial implications**

4.25 All Activity will be fully funded by the grant received. UKSPF does not require match funding.

4.26 The funding to be received will have both a Revenue and Capital element. The table below shows the percentage splits for Communities & Place, with People and Skills revenue only and Business funding to be agreed.

	<b>Revenue</b>	<b>Capital</b>
<b>2022-3</b>	<b>80%</b>	<b>20%</b>
<b>2023-4</b>	<b>83%</b>	<b>17%</b>
<b>2024-5</b>	<b>60%</b>	<b>40%</b>

4.27 Core UKSPF spend is made up of UKSPF local allocations and UKSPF Business Support. For Walsall this totals £8,252,409 for financial years - 22/23, 23/24 and 24/25 – summarised in the below table. In addition, Walsall will also receive an indicative Multiply allocation of £1,785,434 to support financial numeracy.

<b>Walsall</b>		<b>Year 1 (22/23)</b>	<b>Year 2 (23/24)</b>	<b>Year 3 (24/25)</b>	<b>Total</b>
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	<b>Total</b>	<b>£487,827</b>	<b>£3,092,011</b>	<b>£4,672,571</b>	<b>£8,252,409</b>

4.28 WMCA have agreed circa 50% of the regional allocation be assigned to supporting business priority and circa 50% to be locally determined by individual local authorities to spend across Communities & Place and People & Skills (2024-5 only) priority areas. The Council established a Working Group and engaged internally and externally to ascertain initial priorities and project ideas, which helped in framing the financial allocations and interventions in the WMCA Investment Plan. The Working Group considered alignment to Council Plan priorities and current service area work programmes, where existing budgets aren't available and/or external funding is required to bring forward delivery and bridge gaps. To respond to local need there may be amendments to the proposed projects as detailed in this report, with any changes reported and approved in line with the delegation requested above.



- 4.29 In addition to the core funding, Walsall will also receive a proportion of the 4% management fee on the £8,252,409 which amounts to £330,096 subject to final confirmation from WMCA. It is proposed to appoint a temporary UKSPF Programme Management Officer to co-ordinate monitoring and the submission of financial claims, in accordance with the Council's Grants Manual protocols and Funder guidance. Claims will require S151 Officer approval prior to submission to WMCA.

#### ***Legal implications***

- 4.30 The Council will be required to enter into a back-to-back three-year Memorandum of Understanding and annual Grant Funding Agreements with the WMCA for both UKSPF and Multiply outlining rules and regulations. Legal Services will review the Memorandum of Understanding and the Grant Funding Agreements to ensure that the Council is aware of its obligations to the WMCA.

#### ***Procurement Implications/Social Value***

- 4.31 All procurements will be carried out in compliance with the Council's Contract Rules and the Public Contracts Regulations.
- 4.32 Tenderers will be required to state how they will deliver additional social value as part of the contract.

#### ***Property implications***

- 4.33 No direct implications.

#### ***Health and wellbeing implications***

- 4.34 UKSPF interventions will fund initiatives that add value to existing health and well-being initiatives through local priorities identified within the Communities and Place intervention and through support for Voluntary and Community Sector Organisations.

#### ***Reducing Inequalities***

- 4.35 UKSPF is about levelling up opportunities and prosperity and overcoming deep seated inequalities. In developing interventions for Walsall, they will support the overall objective of UKSPF in building pride in place and increasing life chances. An Equalities Impact Assessment will be completed for individual projects as required.

#### ***Staffing implications***

- 4.36 Robust programme management is critical to maximise opportunities presented by UKSPF and to minimise risk of non-compliance leading to financial clawback. Four percent of the regional allocation is ringfenced for administration of the grant, with WMCA to confirm local distribution. WMCA have allocated one

officer in each local authority to work with the WMCA team providing project management, monitoring and evaluation capability for local delivery activity. The proposed UKSPF Programme Management Officer role will oversee delivery of the local element and ensure compliance.

- 4.37 There is likely to be an impact on other teams within the Council including finance, legal, and delivery teams. To minimise impact, it is proposed that the UKSPF Programme Management Officer sits within the Resources and Transformation, Programme Management Service, to co-ordinate work with teams and to submit financial claims and collate evidence to draw down the grant.

### ***Climate Impact***

- 4.38 Net zero is a cross cutting theme of UKSPF and a number of interventions will support Walsall's Climate Emergency Action Plan. In supporting residents, communities and businesses to reduce their carbon emissions and local nature recovery work. Elements of the Business and People and Skills pillars will focus on green skills. Larger projects will be reviewed to keep carbon emissions to a minimum.

### ***Consultation***

- 4.39 WMCA led on consultation with stakeholders including Voluntary and Community Sector Organisations. Further consultation will be carried out in relation to specific measures as required.

## **5. Decide**

- 5.1 Cabinet is asked to approve the proposed approach to UKSPF and the delegated approvals as set out in 3.1.

## **6. Respond**

- 6.1 Delivery of the Investment Plan will commence, with business cases brought forward on specific measures, if required.

## **7. Review**

- 7.1 The Council will monitor spend and achievements against measures set out in the Investment Plan. An annual review of the plan will take place, with appropriate oversight provided through scrutiny committees.

## **Appendices**

None.

## Background papers

- a) UK Shared Prosperity Fund Prospectus  
[UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- b) UK Shared Prosperity Fund WMCA Investment Plan

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