

Report to: West Yorkshire Combined Authority

Date: 21 October 2022

Subject: **UK Shared Prosperity Fund (UKSPF)**

Director: Alan Reiss, Director of Strategy, Communications and Policing

Author: Heather Waddington, Head of Funding Strategy

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this report

- 1.1 To provide a further update on progress made on implementing the West Yorkshire UKSPF Local Investment Plans, including Core UKSPF and Multiply.
- 1.2 To update members on the new Rural England Prosperity Fund and to authorise the Managing Director to finalise and submit the Local Investment Plan Addendum to Government, on behalf of the Combined Authority, in consultation with the Mayor, Leaders of each constituent Council and the Interim Chair of the LEP, given the timescales for submission.
- 1.3 To note the recommendations made by the West Yorkshire UKSPF Local Partnership Group.
- 1.4 To seek delegation from the Combined Authority to the Finance, Resources and Corporate Committee for approvals required in relation to the UKSPF implementation and delivery of the Local Investment Plan, following advice provided by the West Yorkshire UKSPF Local Partnership Group.
- 1.5 To support the governance arrangements for the Multiply part of the UKSPF, members are asked to approve the adoption of the revised AEB (and Multiply) table of delegations as set out in **Appendix 1**.

2. Information

Background

- 2.1 Following the EU Referendum in May 2016, the Government announced, once the UK was no longer part of the European Union (EU), they would replace the European Structural and Investment Funds (ESIF) with the UK Shared Prosperity Fund (UKSPF). The UKSPF is led by the Department for Levelling Up, Housing and Communities with a Lead Authority identified for each place. In West Yorkshire this is the Combined Authority working closely with the five local authorities, who have a crucial role in determining the approach for their local areas.
- 2.2 The £2.6bn Fund runs from 2022-25. It was announced in the Budget April 2022 and aims to target investment where it is needed most, building pride in place with three pillars –
- Pillar 1 - Community and Place
 - Pillar 2 - Supporting Local Business and;
 - Pillar 3 - People and Skills (includes Multiply - one of the first People and Skills programmes aimed at addressing low levels of adult numeracy).
- 2.3 The allocation for West Yorkshire is **£80,486,557** (£68,002,877 for Core SPF and £12,483,680 for Multiply), plus an **additional £2,567,501** from the Rural England Prosperity Fund (otherwise referred to as the 'Rural Fund') which is described below, total now **£83,054,058**.
- 2.4 The Lead Authority can use a management fee from both the Core UKPSF and Multiply, not the Rural Fund, to support the administration of the fund and enable Government's requirements to be met. This is up to 4% for core UKSPF and up to 10% for Multiply.
- 2.5 The management fee pays for the Lead Authority functions and can also cover costs incurred by the Local Authorities where they are supporting the running of the Fund. The Combined Authority is responsible and accountable for, the following tasks, working with the local authorities:
- developing the Investment Plans for approval by UK Government
 - receiving an areas allocation to manage.
 - selecting, and assessing where required project applications.
 - monitoring, assurance and processing payments.
 - reporting to Government.
- 2.6 The Government's Investment Prospectus set out a menu of options for local areas to select from. The Investment Plan(s) were co-produced by the team of six authorities, with consultation, input and feedback from a range of stakeholders, including feedback from the UKSPF West Yorkshire Local Partnership Group.
- 2.7 The Multiply Local Investment Plan was submitted to Government 30th June 2022 and has since been approved, and the Grant Determination letter

received from the Department for Education – the delivery phase has now started. The Core UKSPF Local Investment Plan, as presented in draft at the 22nd July 2022 Combined Authority meeting, was finalised and submitted to Government on 26th July 2022 and approval from Government is still due by the end of October 2022.

- 2.8 UKSPF (except Multiply and potentially Rural Fund) will become part of the Combined Authority’s Single Investment Fund, despite there being some specific rules around the Fund, so that this valuable resource can act as a funding enabler to help deliver the West Yorkshire Investment Strategy Investment Priorities, alongside other funding the Combined Authority has access to. UKSPF will consequently use the Combined Authority’s Assurance Framework, which will be adapted accordingly to accommodate any nuances the UKSPF has to allow for to allow the required reporting back to Government.

Progress and Milestones

- 2.9 As well as submitting both the Local Investment Plans on time, officers of the Combined Authority, have now been working in tandem with the five Local Authorities and other key stakeholders to progress the implementation of the Funds. The core UKSPF Local Investment Plan can be summarised as follows:

UKSPF PILLAR		WEST YORKSHIRE LOCAL INVESTMENT PLAN -PROJECT/PROGRAMME AREAS (Strands)	Funding
1	Communities & Place	£30m LA Allocation <ul style="list-style-type: none"> • Bradford £7,578,145 • Calderdale £2,764,079 • Kirklees £5,824,858 • Leeds £9,393,538 • Wakefield £4,439,381 	£30m
	Support for Business		
	People and Skills		
2	Communities & Place	West Yorkshire Flood Innovation Programme (FLIP) -	£310,000
3		Women and Girls Outreach Programme	£992,760
4	Support for Business	(1) Business Productivity Programme	£3.5m
5		(2) Remaining Funds <ul style="list-style-type: none"> • Export • Business Growth and innovation • Digital Enterprise 	£16.5m
6	People and Skills	(1) Employment WY	£14m
7		(2) Remaining Funds <ul style="list-style-type: none"> • Improve employment support for individuals from key groups • Skills for Workforce Programme • Community Grants programme 	
CORE UKSPF - Amount available for delivery			£65,282,761

MULTIPLY - Amount available for delivery	£11,235,311
---	--------------------

- 2.10 A number of these strands have now been progressed, and reports were presented to the UKSPF West Yorkshire Local Partnership Group (LPG) (membership attached at **Appendix B**), 5th October 2022, for advice, on a number of issues, with a number of recommendations which are described below. The Combined Authority is asked to note the recommendations made by the LPG and approve.

UKSPF Hyper Local £30m LA Allocations

- 2.11 The LPG received a paper summarising the Hyper Local £30m allocation. The £30m is to be directly allocated to the five Local Authorities in West Yorkshire who will plan and commission other relevant hyper-local activity in line with the UKSPF Investment Priorities.
- 2.12 The allocation of funding to LAs for hyperlocal delivery enables the utilisation of existing infrastructure, partnerships, deep understanding of local communities, data and intelligence to deliver maximum value through UKSPF, engage with communities most in need and deliver measurable change. Through the existing arrangements this can also be delivered in a timely manner.
- 2.13 At the heart of the submission is the alignment with Local Authority local strategies which focus on inclusive growth, health and wellbeing and sustainability which contribute to regional and national strategic priorities. The Local Partnership Group reviewed the Business Justification Cases which are currently going through the Combined Authority's Assurance Process and provided feedback and advice which have been factored into the final appraisal prior to approval being sought.
- 2.14 The LPG recommended the approval of the Hyper-Local £30m LA Allocation Business Justification Case, noting the need to be clear on the intended deliverables, outputs and outcomes, have strengthened equality targets, strong governance and to be clear that UKSPF is for additional/new activity. In addition to the £30m, £1,227,000 will be given to the Local Authorities to help with Fund administration. This will come from the 4% government funding the Combined Authority has to operate the Fund. Approval is requested as part of the Project Approvals paper under Item 9.

Pillar 1 - West Yorkshire Flood Innovation Programme (FLIP)

- 2.15 The FLIP Programme was a named programme within the UKSPF Local Investment Plan. The LPG received a paper providing a progress update on its development including details on the purpose of the scheme and its aims, including how it will contribute to the UKSPF Interventions. The scheme has been earmarked £310,000.

- 2.16 The LPG showed support for the £310,000 programme and provided advice and feedback on the project, which will be fed into the business case development as it progresses through the Combined Authority's assurance process, part of the Climate and Environment Plan pipeline – wave 1 business case.

Pillar 1 - Women and Girls Outreach Programme

- 2.17 The Women and Girls Outreach Programme was a named programme within the UKSPF Local Investment Plan. The LPG received a report which set out the rationale for the programme, the proposed criteria for accessing the fund, and the process and milestones in the funding decision process. The programme is designed to support ambitions set out in the Police and Crime Plan 2021-24, and the draft Mayoral *Supporting the Safety of Women and Girls* Strategy (to be published Nov '22). UKSPF of £992,760, over three financial years, 22/23, 23/24 and 24/25 has been earmarked for this purpose. It is proposed that this programme area is open to Local Authority bidders as lead bidders, though local collaboration and co-designed with local partners within the boundaries of the recommended headline criteria.

Three themes of work were included in the West Yorkshire Local Investment Plan submitted to Government in Summer 2022, based on the draft Mayoral strategy. The proposed headline strategic criteria are:

1. Creating prevention and early intervention programmes that support the safety of women and girls.
2. Focus on driving behaviour change through improved education and attitudes of young men and boys towards women and girls.
3. Delivering capital spend opportunities to regenerate areas with a high fear of crime or incidents of crime.

- 2.18 The LPG recommended the approval of the rationale, the proposed criteria for accessing the funding, the process and milestones in the funding decision process, to allow officers to progress the work further.

Pillar 2 - Business Support Approach and routes to market

- 2.19 The LPG received a paper summarising the Business Support pipeline developed to address both immediate and long-term challenges. The overall approach has already been agreed, in principle, by the Business, Economy and Innovation Committee designed to deliver our West Yorkshire Investment Priorities. The paper set out a proposal for the use of Pillar 2 UKSPF – Supporting Local Business funding **£20m**. This included proposals on the inclusion of the following:

- Business Productivity Programme - £3.5m (*already an approved and named project within the UKSPF Local Investment Plan – which will use £3.5m of UKSPF to add to gainshare funding which has already been approved.*)
- Digital Transformation Programme - £5.2m

- Export Support Programme - £1.3m
- Business Growth and innovation call for projects Programme - £10m

- 2.20 The Local Partnership Group reviewed the proposed pipeline and the Strategic Assessment for the Digital Enterprise (Transformation) project, which is currently going through the Combined Authority's Assurance Process and provided feedback and advice which will be factored into the next stage of the business case prior to approval being sought.
- 2.21 The LPG broadly agreed with the proposed funding envelopes and key policy areas for intervention using UKSPF as set out above but requested more information on alternative options and that their feedback and advice is taken in to account as the areas are developed further.

Multiply – Community Focussed Activity

- 2.22 The Local Partnership Group received a paper outlining the Community Focussed activity planned for delivery through Multiply funding. The report outlined the specific interventions, activities and funding planned in each Local Authority. The proposal is worth a total £3.7 Million.
- 2.23 The Community Focussed activity will be directly grant funded to the five Local Authorities in West Yorkshire who plan and commission Community Learning on a hyper-local level. This will additionally ensure that community focussed interventions funded through Multiply will align and provide a pathway to AEB, rather than duplicate provision.
- 2.24 The LPG provided advice on the Local Authority proposals, specifically on whether the proposals, as set out, appropriately addressed strategic fit and deliverability.
- 2.25 The LPG reviewed the £3.7m proposals and provided advice. The LPG recommend the approval now to the Chief Executive of the Combined Authority in line with the revised AEB (and Multiply) table of delegations as set out in **Appendix 1 – please also refer to section 2.37-2.39 which sets out the Governance for Multiply**. The Combined Authority will then enter into Grant Agreements for this provision with each Local Authority.

Stakeholder Engagement

- 2.26 A further stakeholder webinar focusing on *Next Steps and Moving to Implementation* was held on the 29th September 2022, which had over 160 attendees across all sectors. The webinar focussed on setting the strategic context for the interventions included in the West Yorkshire UKSPF Local Investment Plan, alongside presentations from each of the five Local Authorities on plans for the hyper local interventions. Future events will be planned in due course. A dedicated UKSPF page on the Combined Authority's website will be launched, where partners can find out more about the Fund and any funding opportunities.

Rural England Prosperity Fund

- 2.27 The Rural England Prosperity Fund (REPF) was launched by the Department for Environment, Food and Rural Affairs (DEFRA) in early September 2022. It is the domestic successor to the EU Funded LEADER Programme used to support the development of rural economies, and the European Agricultural Fund for Rural Development (EAFRD) previously part of the European Structural and Investment Funds (ESIF).
- 2.28 The REPF is worth up to £110 Million nationally for 2023/24 and 2024/25, with the Fund commencing 1st April 2023, and is a top up to the UK Shared Prosperity Fund. West Yorkshire has been allocated **£2,567,501** of REPF Funding and it is an entirely capital only fund. As Lead Authority, the Combined Authority is required to work with partners to submit an Addendum to the main UKSPF Local Investment Plan by the **30th November 2022** to unlock the funding.
- 2.29 The REPF can be used to fund capital projects for small rural businesses and rural community infrastructure and should be integrated into the UKSPF to support productivity and prosperity in places that need it most. It is aligned with the UKSPF investment priorities for Pillar 2 - Supporting Local Business and Pillar 1 - Community and Place.
- 2.30 The Rural Fund provides small scale capital funding that specifically addresses the challenges rural areas face, identified as lower productivity rates, poorer connectivity and poorer access to key services, and supports ;
- Pillar 2 - Support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy. This includes farm businesses looking to diversify income streams.
 - Pillar 1 - Support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy.
- 2.31 The role of the Combined Authority as Lead Authority is similar to that of the core UKSPF investment framework. This includes responsibility for the submission of the Rural Fund addendum and consulting local rural partners to deliver the fund, in addition to the Local Partnership Group and the MP Engagement Group.
- 2.32 Once approved and funding is allocated, the lead authority is responsible for awarding grants and undertaking the management eg. contracting, payments, monitoring etc, similarly to the wider UKSPF programme.
- 2.33 DEFRA have set out criteria for identifying eligible rural areas, together with a requirement that business support is for micro and small businesses only. Work is currently being undertaken to map the eligible areas and identify eligible rural businesses. Early data suggests that there are just over 10,000 eligible businesses in West Yorkshire within the defined eligible rural areas.

- 2.34 Work will then take place to consider which of the interventions to invest in and the amount of funding to be assigned in consultation with key rural stakeholders. Advice from the UKSPF Local Partnership Group at its meeting on the 5th October 2022 strongly recommended that the limited funding is targeted at rural micro and small businesses, with some sector specialism for example focusing on the food supply chain – this is likely to require procuring a rural specialist as part of the routes to market considerations.
- 2.35 Given the timescale for submission (end of November) members are asked to authorise the Managing Director to finalise and submit the Local Investment Plan Addendum to Government, on behalf of the Combined Authority, in consultation with the Mayor, Leaders of each constituent Council and the Interim Chair of the LEP.

Governance and decision making

- 2.36 As Lead Authority, the Combined Authority is required to both select and assess project applications, and is responsible for the monitoring, assurance and processing of payments for the UKSPF.
- 2.37 In order to support the Combined Authority, the LPG has discussed and is requesting that the Combined Authority approves delegation from the Combined Authority to the Finance, Resources and Corporate Committee for approvals required in relation to the UKSPF implementation and delivery of the Local Investment Plan due to the potential volume of business. This will be following advice provided by the West Yorkshire UKSPF Local Partnership Group
- 2.38 This is due decisions to made in a timely, effective and efficient manner.
- 2.39 The Chair of the West Yorkshire UKSPF Local Partnership Group, Mark Roberts – Interim LEP Chair, has a seat on both the Combined Authority and the Finance, Resources and Corporate Committee and so will be well placed to represent and discuss the recommendations of the LPG.

Multiply

- 2.40 The Combined Authority approved on 23 June 2022, that the Multiply programme should adopt the AEB governance structure and table of delegations. This will help to align Multiply activity with the wider AEB investment in skills, and ensure Multiply does not run as an isolated initiative.
- 2.41 Multiply decisions will be taken in line with AEB delegations: strategic decisions will remain with the Combined Authority, with operational decisions taken by the Chief Executive Officer and/or the Employment and Skills Committee. Because Multiply is part of UKSPF, the UKSPF Local Partnership Group has a role in advising on those decisions to ensure coherence with the rest of UKSPF.

- 2.42 The AEB table of delegations has been updated to reflect this change **(Appendix A)** and members are asked to approve their adoption.

3 Tackling the Climate Emergency Implications

- 3.1 As a minimum, any investments under the UKSPF should meet the Government's clean growth principle and must not conflict with the UK's legal commitment to cut greenhouse gas emissions to net zero by 2050.
- 3.2 Tackling the Climate Emergency is at the heart of the objectives for the West Yorkshire Investment Strategy and tackling the climate emergency is a key investment priority, which will be used to guide our investments under the UK Shared Prosperity Fund.

4 Inclusive Growth Implications

- 4.1 Inclusive Growth is core within the Investment Priorities of the WYIS to ensure everyone benefits from the investments made across the region. In addition, the Inclusive Growth Framework forms a core part of the Strategic Economic Framework which guides the priorities of the WYIS, which will be used to guide our investments under the UK Shared Prosperity Fund.

5 Equality and Diversity Implications

- 5.1 Reducing inequality is a cross cutting theme within the Investment Priorities of the WYIS to ensure that investments made across the region support equality and diversity, and these principles will be used to guide and target our investments under the UK Shared Prosperity Fund.
- 5.2 An Equality Impact Assessment Stage 1 has been completed and once completed it will be published as required. As activity is agreed and contracted this will form part of any funding agreements to be put in place and over time will be monitored and reported against.

6 Financial Implications

- 6.1 The Lead Authority, as outlined above, will be responsible for the devolved funding of £80.48m UK Shared Prosperity Fund – core SPF £68m, £12.48m Multiply and £2.56m from the Rural Fund, total £83.05m.
- 6.2 The Combined Authority has already received a grant determination letter for Multiply. Once the core UKSPF is approved the Combined Authority will receive a Memorandum of Understanding setting out Fund requirements and obligations for the amount confirmed with Government and will be responsible for managing these funds accordingly – the format of which is still to be finalised. The Combined Authority will be liable for any expenditure the Secretary of State determines to be ineligible and any ineligible expenditure will be recovered from the Combined Authority. The Combined Authority will consequently need to enter into funding agreements with any successful local

delivery partners and will pass on any government contractual obligations to the delivery partner to manage risk, as set out in the Governments technical guidance.

- 6.3 Funding will be paid to the Combined Authority annually in advance – it is expected that the Rural Fund will also be paid in this way. The Combined Authority will need to consider how delivery partners are to be paid to manage any risk to the authority, although it is expected this will be based on quarterly claims submitted. In 2022-23, funding will be paid once the local investment plan(s) are signed off. In 2023-24 and 2024-25, the Combined Authority will be paid at the start of the financial year. Lead local authorities will be asked to return any underspends at the end of the three years for Core UKSPF, but with risks of any underspends for Multiply to be returned for each annual year, or if significantly under delivering payments could be at risk in year.
- 6.4 As Lead Authority the Combined Authority will receive capacity funding of £40,000 for the work undertaken to develop and submit the Core Investment Plan (Not Multiply). This will be paid by Government on sign-off of the plan.
- 6.5 The Combined Authority can use up to 4% of their allocation to undertake necessary Fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement. Some of this funding will be allocated to partner local authorities to assist with the management of the fund. This funding will also now need to be used to support the work to be carried out to manage the Rural Fund as no further management fee is to be paid for this purpose.

7 Legal Implications

- 7.1 The Combined Authority has received a grant determination letter for Multiply and will receive a Memorandum of Understanding for the core UKSPF setting out Fund requirements and obligations for the amount confirmed with Government and will be responsible for managing these funds accordingly – the format of which is still to be finalised. As the accountable body, the Combined Authority will put in place a funding agreement with each local delivery partner as the Fund is established. To manage risks any contractual obligations set out by Government will be passed down accordingly.

8 Staffing Implications

- 8.1 Whilst some resources are in place, given the work required to administer the new Fund additional posts will be required, to be funded from the management fee and recruitment is now taking place.

9 External Consultees

- 9.1 The core UKSPF Local Investment Plan sets out the list of external consultees in the development of the Investment Plan.

10 Recommendations

- 10.1 That the Combined Authority note the progress made on implementing the West Yorkshire UKSPF Local Investment Plans.
- 10.2 That the Combined Authority notes the update on the new Rural England Prosperity Fund and authorises the Chief Executive to finalise and submit the Local Investment Plan Addendum to Government, on behalf of the Combined Authority, in consultation with the Mayor, Leaders of each constituent Council and the Interim Chair of the LEP, given the timescales for submission.
- 10.3 That members note and approve the recommendations made by the West Yorkshire UKSPF Local Partnership Group which are:
 - 10.3.1 the Hyper-Local £30m LA Allocation Business Justification Case, noting the need to be clear on the intended deliverables, outputs and outcomes, have strengthened equality targets, strong governance and to be clear that UKSPF is for additional/new activity. This includes £1,227,000 for fund management. Formal approval is sought under Item 9.
 - 10.3.2 support for the £310,000 Flood Innovation Programme - advice and feedback to be fed into the business case development as it progresses through the Combined Authority's assurance process, part of the Climate and Environment Plan pipeline – wave 1 business case.
 - 10.3.3 approval of the rationale for the Women and Girls Programme, the proposed criteria for accessing the funding, the process and milestones in the funding decision process, to allow officers to progress the work further.
 - 10.3.4 broad agreement with the proposed funding envelopes for Pillar 2 Business Support, and key policy areas for intervention using UKSPF - to be developed further with the Business, Economy and Innovation Committee and Local Partnership Group
 - 10.3.5 approval to the Chief Executive of the Combined Authority in line with the revised AEB (and Multiply) table of delegations as set out in **Appendix 1** – for Multiply Community Focussed support. The Combined Authority will then enter into Grant Agreements for this provision with each Local Authority.
 - 10.3.6 to consider, that the limited funding from the Rural Fund should be targeted at rural micro and small businesses, with some sector specialism, for example focusing on the food supply chain, and that Rural engagement is key to delivery of this programme and therefore the LPG to should be expanded to include rural representation.
- 10.4 That members note and approve the delegation from the Combined Authority to the Finance, Resources and Corporate Committee for approvals required in relation to the UKSPF implementation and delivery of the Local Investment

Plan, following advice provided by the West Yorkshire UKSPF Local Partnership Group.

- 10.5 That members note and approve the updated AEB (and Multiply) table of delegations.

11 Background Documents

- 11.1 [West Yorkshire UKSPF Local Investment Plan](#)

- 11.2 [West Yorkshire Multiply Local Investment Plan](#)

12 Appendices

- 12.1 **Appendix A:** AEB (& Multiply) Table of delegations

- 12.2 **Appendix B:** West Yorkshire UKSPF Local Partnership Group Membership