

**Report to:** West Yorkshire Combined Authority

**Date:** 16 March 2023

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

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" 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 report on progress made on implementing the West Yorkshire UKSPF Local Investment Plans, including Core UKSPF, Multiply and the new Rural England Prosperity Fund ("The Rural Fund").
- 1.2 To note the recommendations made by the West Yorkshire UKSPF Local Partnership Group (LPG).
- 1.3 To delegate to the Chief Executive authorisation of the scheme for Pillar One (Safety of Women and Girls) to proceed through the Assurance Process - Activity 2 (business justification case) enabling work to commence on Activity 5 (delivery) with full delivery costs for an April 2023 start – this is covered in **item 9b**.
- 1.4 To approve the three open calls for projects and the funding envelopes under Pillar 2 Business Support, and to authorise the Chief Executive to agree, prior to publication, the full Invitation to Bid document in consultation with the Mayor, the Chair of the Business, Economy and Innovation Committee and the Interim Chair of the LEP.
- 1.5 To update members on the progress made on the Rural England Prosperity Fund and seek approval of the proposed operating model. To delegate to the Chief Executive authorisation of the scheme to proceed through the

Assurance Process - Activity 2 (business justification case) enabling work to commence on Activity 5 (delivery) with full delivery costs approved for an April 2023 start – this is covered in **item 9b**.

## **2. Information**

### **Background**

2.1 The £2.6bn UK Shared Prosperity Fund runs from 2022-25 and is made up of three key strands: Core, Multiply and Rural. It has 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).

2.2 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 aligns with Pillars 1 and 2. The total is now **£83,054,058**, including an administration fee for fund management.

2.3 The Multiply and Core UKSPF Local Investment Plans were submitted in summer 2022 and have now been approved by Government. The Rural England Prosperity Fund Local Investment Plan Addendum was submitted in November 2022 and approval is now due in March 2023 (originally planned for January 2023).

### **Progress Update**

2.4 Significant progress has been made to ensure the funding is deployed to deliver outcomes for the communities, business and people of West Yorkshire. Programmes to be funded will support delivery of the Mayoral pledges and priorities including for example;

- delivery of a £30m hyper local allocation to be delivered by the five Local Authorities in West Yorkshire. Key activities include investment in new green spaces for the community, support to build community capacity by providing grants to local voluntary/ community groups, volunteering programmes, support for local arts, cultural, heritage activities etc.
- support local businesses to be innovative, access investment and support their growth ambitions in urban and rural areas.
- tackle the climate emergency and protect our environment – activity will be undertaken to support businesses to understand and improve their carbon footprint, develop green spaces and promote active travel.

2.5 The Plans can be summarised as follows with progress made in the right-hand column

UKSPF PILLAR		LOCAL INVESTMENT PLAN STRANDS	Funding	Progress
1	<b>Communities &amp; Place</b>  <b>Support for Business</b>  <b>People and Skills</b>	<b>£30m LA 'Hyper local' Allocation</b>  <ul style="list-style-type: none"> <li>• Bradford £7,578,145</li> <li>• Calderdale £2,764,079</li> <li>• Kirklees £5,824,858</li> <li>• Leeds £9,393,538</li> <li>• Wakefield £4,439,381</li> </ul>	£30m	Funding Agreements now in place with each LA and delivery has commenced.
2	Communities & Place	<b>West Yorkshire Flood Innovation Programme (FLIP) -</b>	£310k	Funding Agreements now in place with each LA and delivery has commenced.
3		<b>Women and Girls Outreach Programme</b>	£972k	Proposals from LAs provided and an overall business case being taken through the CAs Assurance Process for delivery to commence April 2023.

4	Support for Business	(1) Business Productivity Programme	£3.5m	Delivery has commenced. Formal approval of UKSPF contribution sought in <b>Item 9a</b>
5		(2) Digital Enterprise	£4.67m	Approved – Funding Agreement being put in place – 1st July 2023 start.
		(3) Remaining Funds Calls for projects – Export, Business Growth and innovation.	£12.5m	Calls for projects in development see section 2.14 to 2.21 below.
6	People and Skills	(1) Employment WY	£14m	Given Pillar 3 does not start until April 2024 work will start to ramp up – moving towards approving the approach by the summer.
7		(2) Skill areas for open calls <ul style="list-style-type: none"> <li>Improve employment support for individuals from key groups</li> <li>Skills for Workforce Programme Community Grants programme</li> </ul>		
<b>CORE UKSPF - Amount available for delivery</b>			<b>£65.2m</b>	

Rural Fund	£2.56m	Proposed approach set out in section 2.25 to 2.45 below.
<b>MULTIPLY - Amount available for delivery</b> <ul style="list-style-type: none"> <li>Individual focused - £4,700,000</li> <li>Business focused - £3,000,000</li> <li>Capacity Building - £3,600,000</li> </ul>	<b>£11.3m</b>	Funding Agreements in place for 3 of the 6 workstreams. £4,800,000 left to commission

2.6 The ability to spend the year 1 allocation of Core UKSPF is proving challenging as a result of delays in approval and guidance from Government. In order to roll forward any potential underspend from year 1 to 2, the Combined Authority is required to submit a change request setting out its plans. This is due to Government by 2<sup>nd</sup> May 2023.

### Strands for approval

2.7 Reports on several strands were presented to the UKSPF West Yorkshire Local Partnership Group (LPG) on 6th March 2023 for advice, with a number of recommendations which are described below.

### Pillar 1 - Women and Girls Outreach Programme

- 2.8 The Women and Girls Outreach Programme was a named programme within the UKSPF Local Investment Plan. The programme is designed to support ambitions set out in the Police and Crime Plan 2021-24, and the Mayoral *Supporting the Safety of Women and Girls* Strategy (launched November 2022). UKSPF of £972,762 to be delivered from April 2023 has been earmarked for this purpose.
- 2.9 Partner councils' proposals against the agreed criteria have been considered by the LPG on 6<sup>th</sup> March 2023. The LPG is supportive and their advice will be taken in to account as the business case is finalised.
- 2.10 Given the timetable for delivery to commence, a delegation is being sought for the Chief Executive to authorise the scheme to proceed through the Assurance Process - Activity 2, 3 and 4 (business justification case) enabling work to commence on Activity 5 (delivery) with full delivery costs approved for an April 2023 start – this is covered in item **9b**.
- 2.11 Once approved Funding Agreements will be issued to successful applicants.

### **Pillar 2 - Business Support Calls**

- 2.12 At its meeting on the 21<sup>st</sup> October 2022 the Combined Authority received a report summarising the Business Support pipeline, which supports delivery of the West Yorkshire Investment Strategy. The overall approach has already been agreed in principle by the Business, Economy and Innovation Committee. The paper set out a proposal for the use of **£20m** to support Pillar 2 of UKSPF: Supporting Local Business. This included proposals on the inclusion of the following:
- Business Productivity Programme - £3.5m (*Already approved for delivery. Approval of the UKSPF contribution now sought in paper **Item 9a***).
  - Digital Enterprise Programme - £4.67m – approved 2<sup>nd</sup> February 2023 Combined Authority meeting. Funding agreement to be issued.
  - Calls for projects – Export, Business Growth and innovation.
- 2.13 Consultation has been undertaken with stakeholders to shape the design of the calls. Three open call areas have been developed:
- *Export and Internationalisation* (£1,300,000 revenue) - to support businesses in the region to explore international opportunities and realise the business benefits of those opportunities through improved productivity, resilience and innovation in a way that maximises the value for their business, the wider economy and ultimately the people living in this region.
  - *Alternative Business Models* (£500,000 revenue)- to support businesses to explore methods of business resilience and sustainability through alternative business models; to support existing alternative businesses to increase their resilience and long-term sustainability; to explore how traditional businesses can adopt alternative business model principles,

and which alternative legal structures may support their resilience and long-term sustainability.

- *Innovation for Business Resilience and Growth* - (£10,700,000 revenue and capital) to support more of the region's businesses to: be innovation active; successfully exploit and use innovative practices; or develop new products and processes or services to enable increased resilience and/or growth. Greater innovation will support resilience and growth, and drive pay, employment and productivity increases for the region.

- 2.14 The LPG endorsed the design of the Calls and a scoring framework at its meeting on the 6<sup>th</sup> March 2023, including the proposed funding envelopes and key policy areas for intervention as set out above. Priority will be given to bids which can demonstrate how they will tackle the climate emergency and support green businesses, as well as the need to demonstrate how equality, diversity and inclusion will be addressed. Their feedback and advice will be taken into account as the Invitation to Bid is finalised.
- 2.15 The Combined Authority is requested to approve the funding envelopes and priority areas for the three calls for projects via an invitation to bid, and authorise the Chief Executive to take the next steps as set out in the recommendations.

### **Multiply**

#### **Multiply – Individual Focussed Activity**

- 2.16 At its meeting on the 21<sup>st</sup> October 2022 the Combined Authority approved £3.7m for this purpose. Grant Agreements are now in place with the five local authorities and delivery has commenced. All areas are striving to deliver targets, which remain challenging in the timescales and exacerbated by sector recruitment issues. Examples include commissioning to local community providers to extend the reach of provision; and securing a mobile numeracy bus in partnership with the Library Service, to be used for engagement, recruitment and marketing, taking learning to the heart of communities.
- 2.17 In addition, FE booster (£1 million) delivery has begun in FE Colleges. The focus for January 2023 activity has been identifying eligible students to access the enhanced numeracy support provided.

#### **Multiply – Business Training**

- 2.18 The Business Training (£2 million) tender specification went live on 22<sup>nd</sup> December and closed 23<sup>rd</sup> January 2023. However, only two bids were received, one non-compliant and the other deemed insufficient. The tender has been reviewed following feedback and will be re-published 10 March 2023 with delivery now planned to commence 8<sup>th</sup> May 2023 worth £550,000.
- 2.19 The Numeracy Champion (£1 million) work package due to start from April 2023 has been encompassed into the Business Training package, as above.

### Multiply - Capacity building for the sector

- 2.20 Capacity building for vocational and community tutors (£1.8 million) are planned for rollout with Local Authorities and Colleges from January 2023, e.g. recruitment of specialists to focus on individual staff development to embed numeracy within existing curriculum; capacity building to support internal staff and staff in the training organisations and VCOSOs they contract with.
- 2.21 Capacity Building for front line staff (£1.8 million) is the next package to be commissioned. Consultation is ongoing to develop a package that meets the needs of e.g. Jobcentre Plus front line staff, employment hub teams. This work package will not begin delivery until year 2, due to limited capacity and timescale for consultation and procurement.

### Discussions with Department of Education (DfE)

- 2.22 The Combined Authority has identified some potential underspend and is working to bring forward delivery and overperformance in year 1 to minimise it.
- 2.23 To address concerns the Combined Authority has written to DfE to request that any underspend is rolled over to year 2, committing to spend any rollover in the Academic Year (prior to 31<sup>st</sup> July 2023).
- 2.24 Consideration will need to be given to any further implications for those workstreams already approved by the Combined Authority, as well as any impact on the investment plan values allocated. The priority is to retain the funding for investment in West Yorkshire, as opposed to returning it to Treasury.

### Rural England Prosperity Fund (“Rural Fund”)

- 2.25 West Yorkshire has been allocated **£2,567,501** (capital) for 2023-25.
- 2.26 The Investment Plan was submitted to Government in November 2022, but has not yet been approved. Notification was due end of January 2023 and is now expected March 2023. The expected delivery start date remains April 2023.
- 2.27 The Investment Plan sets out the need for a capital grants programme run by the Combined Authority on behalf of partners, to support small and micro rural businesses in the areas of business development, food processing and support for the tourism/visitor economy.
- 2.28 Since the submission officers have worked at pace with local authorities and a number of rural partners to develop the operating model and the criteria for project selection.

### Proposed Process

2.29 The proposed approach aims to align with and add value to other business support services operating within Combined Authority, as well as with the work of the Business Growth Managers within Local Authorities. The programme will support grants in the following areas;

- **Business Development** - implement new innovative technologies, processes or equipment to improve productivity and competitiveness providing benefits to the wider rural economy - **£855k**. The aim of these grants is to provide capital investment to improve productivity and create or safeguard high-value jobs in food processing businesses. Priority will be given to projects that:
  - increase the activity of the applicant business by - bringing new products to the market - opening new markets, including export markets, or - expanding existing markets, including export markets
  - increase the productivity of the applicant business, for example by introducing new equipment or adopting new techniques, technologies or processes implement automation.
  
- **Food Processing** – as for Business Development but also implement automation by micro and small food processing businesses - **£855k**. Priority will be given to those projects that support the growth in food and drink processing of micro and small businesses in West Yorkshire to improve productivity and/or create new, high-value, knowledge-based jobs. Projects to be developed will aim to address the following:
  - bring new food and drink products to the market.
  - increase the productivity of the business, for example by adopting new techniques, introducing new equipment, technologies and/or processes.
  - strengthen supply chains, joint-ventures and partnership-working such as shared distribution facilities to add value to existing supply chains and/or connect to distribution networks.
  - improve the digitalisation of the applicant business, for example through ICT adoption or wider use of ICT in the processing and business or logistics operations as part of a larger project.
  - improve the resilience and/or sustainability of the business through its practices, as part of the move to a low carbon economy. For example, through new or more effective processing technologies including equipment or processes to reduce waste or obtain added value from waste (waste valorisation) as part of a larger project.
  - implement automation by micro and small food processing businesses.
  
- **Visitor Economy/Tourism Infrastructure** – support mix of business and community infrastructure grants - **£855k**. Priority will be given to projects that contribute directly to the following key priorities:
  - Create new employment opportunities and/or safeguards existing jobs.



- Extend the tourism season beyond the core period of May to October.
- Develop tourist attractions and infrastructure to encourage tourists/visitors to stay longer and increase spend.
- Provide wider benefits to the tourism economy in a particular rural area.

2.30 The optimum operating model has been developed with rural partners, with the following principles;

- the fund will take into account learning from both the previous EAFRD and other capital grants programmes.
- opportunity for businesses to develop innovative, energy efficient and low carbon initiatives.
- using existing processes and resource within the Combined Authority.
- it is targeted, responsive and proportionate.
- will be open to all sectors.
- match funding is sought to maximise the available funding and to encourage businesses to invest wisely.
- aligned to the wider growth hub activity within the region – but will be retained as a bespoke offer targeted at rural businesses.
- working in partnership with Local Authority partners, in particular with growth managers, to help promote and target the funding opportunity and will as far as possible take in to account the geographical allocations (part of the Governments funding allocation methodology) to ensure all areas in West Yorkshire benefit.

2.31 The application process will be proportionate to the size of the grant applied for. Applicants can apply for between £10,000 and £50,000 with intervention rates currently proposed based on the type of project as detailed below.

Type of project	Maximum % Contribution
Commercial, profit-making (such as tourist attractions)	40% (up to)
Generates some income to offset costs but is not intended to make a profit (such as small buildings providing tourist information)	80% (up to)
Generates no income (such as a nature-based solutions).	100% (up to)

2.32 The LPG endorsed the operating model at its meeting on the 6<sup>th</sup> March 2023, providing their feedback and advice is taken in to account as the full business case is finalised. Their advice is for decisions on grant awards to be delegated to officers, in line with existing delegations in place for business support. Quarterly reports are to be provided to the LPG so that any issues can be considered.

- 2.33 Given the timetable for launching this Fund a delegation has been sought for the Chief Executive to authorise the scheme to proceed through the Assurance Process - Activity 2, 3 and 4 (business justification case) enabling work to commence on Activity 5 (delivery) with full delivery costs approved for an April 2023 start – this is covered in **item 9b**.

### **3. Tackling the Climate Emergency Implications**

- 1.1 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.
- 1.2 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.
- 1.3 Multiply activity will not directly target climate emergency; however, commissioning will ensure that good practice in energy conservation is embedded in delivery.
- 1.4 Through the Rural Fund activity there is a clear opportunity for businesses to develop more energy efficient and low carbon initiatives and the investment could have significant impacts on their sustainability which in turn will help support the cost of living and energy crisis. There is also an opportunity to support productive and sustainable farming and food production alongside environmental and climate outcomes improvements through the Food processing support which could support businesses as part of the move to a low carbon economy.

### **2. Inclusive Growth Implications**

- 2.1 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.
- 2.2 Multiply supports the inclusive growth agenda by increasing the skills and employability of low skilled residents, connecting them to employment opportunities.
- 2.3 In line with CA policy, it will be mandatory for businesses in receipt of grant support of £25,000 and above to undertake at least one Inclusive Growth and applications below that value will be encouraged to make a voluntary commitment.

### **3. Equality and Diversity Implications**

- 3.1 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.

- 3.2 An Equality Impact Assessment (EQIA) Stage 2 has been completed for the UKSPF Programme as a whole, with a specific EQIA (stage 2) also undertaken for Multiply, considering the positive interventions that can be made.
- 3.3 Multiply will be targeted towards individuals with low skills (below level 2 in numeracy). We are awaiting conclusive information on data collection from DfE, however it is anticipated that systems will be able to monitor the uptake of provision in some underrepresented groups and disadvantaged communities.
- 3.4 All grant providers and contracted providers are required to complete an Equality Impact Assessment specific to their provision within 2 months of signing a contract with the Combined Authority. Providers are requested to develop an action plan to ensure their engagement will target the communities of need within West Yorkshire. Equality, diversity and inclusion indicators and demographic characteristics will be collected as part of reporting and contribute to performance management.
- 3.5 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.
- 3.6 The Rural Fund is also aligned with the Government's levelling up mission and aims to close the gap between urban and rural productivity and workplace-based earnings given they are traditionally lower in rural areas than in urban areas by supporting the agricultural transition and boosting productivity through the provision targeted support to micro and small businesses in rural areas.

#### **4. Financial Implications**

- 4.1 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.
- 4.2 The Combined Authority has already received a grant determination letter for Multiply. A Memorandum of Understanding has now been signed with Government for the core UKSPF and it is expected that once the Rural Fund monies are approved the MoU will be amended accordingly. 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 Government's technical guidance.

- 4.3 Funding will be paid to the Combined Authority annually in advance. Delivery partners will be paid quarterly in arrears based on a submitted and authorised claims to manage any risk to the authority. Currently pending approval of any approved 'credible plans' to roll over any unspent funding from one year to the next, any in year underspends are at risk. At the end of the three years any underspend will be returned to Government.
- 4.4 As Lead Authority the Combined Authority has received capacity funding of £40,000 for the work undertaken to develop and submit the Core Investment Plan (Not Multiply).
- 4.5 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 has now been 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.
- 4.6 This paper sets out the proposed fund operation of the **£2,567,501** Rural England Prosperity Fund in West Yorkshire.
- 4.7 Any approval will be subject to receipt of the final approval by Government of the Rural Fund Local Investment Plan Addendum. Only once received will the Combined Authority commence delivery.

## **5. Legal Implications**

- 5.1 The Combined Authority has received a grant determination letter for Multiply and 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. As the accountable body, the Combined Authority will enter into a funding agreement with each local delivery partner as schemes are approved. To manage risks any contractual obligations set out by Government will be passed down accordingly.
- 5.2 The Combined Authority in due course will, and once Government have approved the Rural Fund Local Investment Plan Addendum, enter into a MoU for this provision.

## **6. Staffing Implications**

- 6.1 Whilst the majority of resources are now in place following recruitment, given the work required to administer the new Fund the expectation several additional posts may be required, to be funded from the management fee.

## **7. External Consultees**

7.1 The UKSPF Local Investment Plans sets out the list of external consultees in the development of the Investment Plans.

## **8. Recommendations**

8.1 That the Combined Authority note the progress made on implementing the West Yorkshire UKSPF Local Investment Plans.

8.2 That members note and approve the recommendations made by the West Yorkshire UKSPF Local Partnership Group at its meeting on the 6<sup>th</sup> March 2023 which are:

- the LPG was supportive of the £972,762 Women and Girls Programme providing their feedback and advice is taken in to account as the business case is finalised.
- the LPG endorsed the design of the Calls and the scoring framework at its meeting on the 6<sup>th</sup> March 2023 including the proposed funding envelopes and key policy areas for intervention as set out above providing their feedback and advice is taken in to account as the Invitation to Bid is finalised.
- the LPG endorsed the operating model at its meeting on the 6<sup>th</sup> March 2023 providing their feedback and advice is taken in to account as the full business case is finalised.

8.3 that members note the progress made on Pillar 1 Safety of Women and Girls strand and note the delegation requested in Item 10b for the Chief Executive to authorise the scheme to proceed through the Assurance Process with full delivery costs approved for an April 2023 start.

8.4 that members approve the funding envelopes and priority areas for the three Pillar 2 Business Support open calls for projects via an invitation to bid, and authorise the Chief Executive to agree, prior to publication, the full Invitation to Bid documentation in consultation with the Mayor, the Chair of the Business, Economy and Innovation Committee and the Interim Chair of the LEP – also Chair of the UKSPF Local Partnership Group (LPG), given the launch timescales.

8.5 that members note the progress made on Rural England Prosperity Fund, approve the operating model and note the delegation requested in Item 10b for the Chief Executive to authorise the scheme to proceed through the Assurance Process with full delivery costs approved for an April 2023 start.

## **9. Background Documents**

9.1 [West Yorkshire UKSPF Local Investment Plan](#)

9.2 [West Yorkshire Multiply Local Investment Plan](#)

9.3 [West Yorkshire Rural England Prosperity Fund Addendum](#)

10. **Appendices**

None