

Report to: West Yorkshire Combined Authority

Date: 27 July 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 approve the funding envelopes under Pillar 3 People and Skills and call areas to allow officers to develop the Invitation to Bid, and to authorise the Chief Executive to agree, prior to publication, the full Invitation to Bid document in consultation with the Mayor and the Chair of the Employment and Skills Committee.

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 was approved in April 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. To date £39.38m (60.3%) of the core UKSPF allocation of £65.28m has been contracted. This includes the contracting of the Safety of Women and Girls programme with each of the five local councils, Digital Enterprise and the Business Productivity Programme.
- 2.5 The Pillar 2 invitation to bid, following approval at the 16th March meeting, was published on the 17th April 2023 to call for projects which will support businesses to export, grow and to be resilient and a call to consider alternative business models. The invitation to Bid closed 2nd June 2023 with a number of applications received and the Fund being over subscribed. A further report will be presented in September to approve selected projects. This will be following advice from the UKSPF Local Partnership group and the Business, Economy and Innovation Committee.
- 2.6 The current overall UKSPF position can be summarised as follows with progress made in the right-hand column;

Pillar	LOCAL INVESTMENT PLAN AREAS	Funding	Progress Made
Communities & Place Support for Business People and Skills	£30m LA 'Hyper local' 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	Funding Agreements now in place with each LA and delivery has commenced.
Communities & Place	West Yorkshire Flood Innovation Programme (FLIP)	£310k	Funding Agreements now in place and delivery has commenced.
	Women and Girls Outreach Programme	£972k	Funding Agreements now in place and delivery has commenced.
Support for Business	(1) Business Productivity Programme	£3.5m	Funding Agreement now in place and delivery has commenced.
Support for Business	(2) Digital Enterprise	£4.67m	Funding Agreement now in place and delivery

Pillar	LOCAL INVESTMENT PLAN AREAS	Funding	Progress Made
			has commenced (July 2023)
Remaining funds Pillar 2	Three Call areas; Export and Internationalisation (Est. (£1.3m revenue), Alternative Business Models pilot (Est. £500k revenue) and Innovation for Business Resilience and Growth (Est. £10m - £6.4m revenue and £3.6m capital).	Est. £11.8m	Invitation to Bid closed 2 nd June 2023 – Bids received and now in appraisal – approvals to be sought by the Combined Authority in September 2023.
People and Skills	Proposed Plan (See Section 2.15 below) <ul style="list-style-type: none"> • Employment WY • Skill areas for open calls <ul style="list-style-type: none"> ○ Work and Health Programme ○ Community Grants Programme ○ Youth Unemployment 	£14m	Implementation Plan in development (See Section 2.15 below)

UKSPF Core Total for Delivery		£65.2m	
Rural Fund	Business Development, Food Processing and Visitor Economy / Tourism Infrastructure (£855k each)	£2.56m	Fund Launched April 2023
Multiply –	<ul style="list-style-type: none"> • Individual Focused • Business Focussed • Capacity Building 	£11.3m	Funding Agreements in place for 4 of the 6 workstreams. £1,950,000 left to commission

2.7 The Combined Authority has now submitted its first return to Government representing 48.93% of the first-year allocation. Subsequently a Project Change Request (known as a Credible Plan) to roll over Year 1 underspend into Year 2 was submitted to government by the 2 May 2023 and has now been approved.

2.8 Whilst good progress is being made in West Yorkshire there are a number of operational challenges which officers are in further discussions with Government officials with including;

- Delays to programme launch and approval including the time to approve the Credible Plan (roll over of underspends from year 1 to year 2) has impacted on speed of delivery and spend to date.
- The overall intervention design, annual capital and revenue annual allocations and associated output and outcomes all add to the complexity of the fund together with the timing to report back to Government.
- Changes to Government guidance - interventions and metrics has increased complexity of monitoring, assurance and reporting.
- Currently there is no provision for roll over from year 2 to year 3 so further risk to funds if not spent in year.

The Rural Fund

- 2.9 The Rural Fund Local Investment Plan Addendum received approval from Government on 7th April 2023 and was launched across West Yorkshire on 24th April 2023. The Fund will deploy rural capital grants to rural micro and small businesses under the following themes:
- Business Development (£855k)
 - Food Processing (£855k)
 - Visitor Economy / Tourism Infrastructure (£855k)
- 2.10 To date 47 enquiries have been received, 19 progressing to outline application stage and of the 19, 12 are now progressing to full application and one business has to date been awarded a grant under the Business Development theme. Work is ongoing, working with a small number of key rural partners, to further promote this funding opportunity to their members.

Multiply

- 2.11 Multiply is an adult numeracy programme, led by the Department for Education (DfE) as part of the UKSPF. The programme covers the following areas:
- Strand 1 - Individual engagement - £4.7 million
 - Strand 2 - Business focussed activity - £3 million
 - Strand 3 - Capacity building for the sector - £3.6 million
- 2.12 Approximately 2,000 WY residents were supported by Multiply in year 1. Of the £3.4m allocation, £2m has been spent on delivery with an underspend of £1.41m which has been claw backed by Government despite a letter being sent from local MPs to Ministers to ask for this to be retained in the region. This is due to a range of factors including the start date of the initiative and local councils finding it challenging to deliver the 'outreach to parent strand' of the community focussed delivery due to the time needed to embed relationships with schools.
- 2.13 **Strand 1** - delivery is complete for year 1 with plans now focused on year 2. FE Booster programmes have exceeded both the DfE and partner target profiles targets for Year 1 in terms of participation.
- 2.14 **Strand 2** - the Business Training tender specification closed on 18th April 2023. Applications have been assessed and the following to move to contract award:
- Calderdale College (Business Training and Numeracy Champions)
 - National Numeracy (Numeracy Champions)
 - Realise Learning and Employment (Business Training and Numeracy Champions).

2.15 **Strand 3** - Capacity building for vocational and community tutors (£1.15m) has been successful overall - 406% engagement against DfE profile and spend of 96% against profile. A further £650,000 is planned to be commissioned in year 2 and 3. The Capacity Building for front line staff (£1.8m) specification is currently being developed.

Pillar 3 – People and Skills – Approval Sought

2.16 In the Local Investment Plan (LIP) submitted to Government in summer 2022, the Combined Authority acknowledged a need to break cycles of deprivation with new models of longer-term support that progress people and onto sustained work with progression opportunities. Key challenges identified were.

- the need to ensure more people are ready for work in our region
- promoting work as a good option for better health, wealth and well-being
- the need for green and digital skills in the region
- investing in a regional community grants programme.

2.17 £16.65m was allocated to Pillar 3 : People and Skills – split £2.65m for hyper local delivery, via partner councils, and £14m for regional projects. The approval sought below relates to the plans for the deployment of the remaining regional £14m.

2.18 At the time of submitting the LIP Lead Local Authorities were not allowed to invest in Pillar 3 for the first two years of UKSPF (with some limited exceptions) all the funding was in 2024-25 year 3 (YR3). On the 23 March 2023 the Department for Levelling Up, Housing & Communities lifted this restriction. However, Lead Authorities were not allowed to bring forward YR3 budgets, only to use this flexibility by utilising underspend from year 1 or any funding from year 2. In West Yorkshire given funding was already allocated/committed then the only small benefit was to move £150K from Pillar 1 to Pillar 3 for a small skills pilot under the hyper local council programme.

2.19 The Combined Authority is asked to support a proposal, recommended by the Employment and Skills Committee that met on 13 July and the advice from UKSPF Local Partnership Group 15th June, for the use of the **£14m** which is in summary;

Employment West Yorkshire	£4m	Named project in the UKSPF LIP - existing programme working with 5 partner councils using gainshare funding that will be substituted in year 3 with UKSPF – under the principle that gainshare is the funder of last resort.
Work and Health Programme	£4m	Open Call for Projects
Community Grants Programme	£4m	Open Call for Projects

Youth Unemployment Programme	£2m	Open Call for Projects
Total Funding	£14m	

- 2.20 **Employment West Yorkshire (£4 million)** - Employment West Yorkshire is a named programme in the Local Investment Plan approved by Government. The programme began delivery in April 2023 and is being delivered by the five Local Authorities and coordinated by West Yorkshire Combined Authority using £12m of gainshare funding. As part of this business case it was agreed UKSPF would be used during the second year of delivery where the programme scope did not significantly change and where the programme would help deliver the UKSPF interventions, outputs and outcomes.
- 2.21 £4m of UKSPF funding to be used to support the second year of delivery. Officers will progress the change of funding source via the Combined Authority's Assurance Framework ready for an April 2024 delivery start date if approved.
- 2.22 The remaining funding, based on labour market need and the recommendations of the Employment and Skills Committee with responsibility for oversight of the employment and skills pipeline, to support a small number of open calls:
- **Work and Health Programme (£4m)** – To support interventions to help people and households towards removing health barriers to work. This Call will address inequalities within the labour market and support whole households to access good, well-paid jobs and further support those with complex health-related barriers to employment.
 - **Community Grants Programme (£4m)** – To support those furthest from the Labour Market - provision should connect with existing Employment West Yorkshire provision by making and receiving referrals. Proposals should consider addressing specific barriers to groups of individuals including, but not limited to prison leavers, over-50s. Specific interventions might include careers programmes, employer toolkits, digital exclusion and supported work placements.
 - **Youth Unemployment (£2m)** - to be used to secure a partnership with a provider that can work with partners to support the delivery of the DWP blueprint for Youth Hubs across West Yorkshire to support young people to help them gain skills, develop confidence to gain work and increase employer contact.
- 2.23 A sounding group, with over 150 stakeholders, was held on 28th June 2023 to allow partners to help shape the design of the calls. Feedback from the event is being considered in the final drafting of the Invitation to Bid.
- 2.24 The LPG endorsed the overall allocations and approach to developing the Calls at its meeting on 15th June 2023 including the proposed funding

envelopes and key policy areas for intervention as set out above. LPG feedback noted that the Community Grants Call should be a key priority and a way for the voluntary and community sector partners to help deliver the key priorities. The Employment and Skills Committee were also supportive and asked for officers to further consider the minimum ask for match funding. Their feedback and advice will be taken into account as the Invitation to Bid is finalised. The intent is to have the Invitation to Bid ready to be approved and to be launched by the end of this summer 2023. Proposed timeline is;

- Publication of the Invitation to Bid – mid September 2023.
- Webinar with interested parties to help with bidding process – End of September 2023.
- Closing date for applications – mid November 2023 (6-8 weeks)
- Assessment of application – proposal this includes a role for partner councils taking into account conflicts of interest as well as Combined Authority Officers – Mid November to December 2023.
- Outcome of Assessment shared with ESC and LPG prior to formal approval and sign off – January 2024
- Contracting – February/March 2024
- Delivery commences – 1st April 2024

2.25 Once bids are received and assessed, the ESC will be asked to endorse and LPG will be asked for further advice on strategic fit and deliverability in line with the group's Terms of Reference before any formal project approvals are made to the Combined Authority.

2.26 As with any open call for projects, it is possible a situation may arise where the Combined Authority are not able to have the confidence to contract with partners to deliver within the twelve months. This may result in an opportunity to consider moving funds across the other two UKSPF Pillars (Support for local business and Communities and Place) in order to maximise this resource to the region.

2.27 Should this occur, a decision will be sought from the Finance, Resources and Corporate Committee under the existing delegation.

2.28 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.

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.

- 3.3 Multiply activity will not directly target climate emergency; however, commissioning will ensure that good practice in energy conservation is embedded in delivery.
- 3.4 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.

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.
- 4.2 Multiply and Pillar 3 : People and Skills supports the inclusive growth agenda by increasing the skills and employability of low skilled residents, connecting them to employment opportunities.
- 4.3 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.

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 (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.
- 5.3 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.
- 5.4 The proposed Pillar 3 Call areas will be developed to have targets attached to ensure proactive engagement with underrepresented groups, including

women, Black and Minority Ethnic groups, and people with disabilities. Work will be undertaken to ensure key, influential networks are engaged and that services to be delivered are proactively promoted and easily accessible to all.

- 5.5 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.
- 5.6 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.
- 5.7 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.

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 now resigned the Memorandum of Understanding with Government to incorporate the Rural Fund with the core UKSPF. As with Multiply, 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 applicants to the fund and will pass on any government contractual obligations as set out in the Governments technical guidance.
- 6.3 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.
- 6.4 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).

- 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 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.
- 6.6 This paper sets out the proposed use of the £14m allocation to Pillar 3 People and Skills to be included in an invitation to bid for open Calls.
- 6.7 For Multiply the balance of funding across the workstreams approved by the Combined Authority will need to be considered in light of performance and underspend clawback, particularly the significance of any impact on the investment plan values/proportions allocated. Any proposed changes will be brought to the Combined Authority for consideration. At this point the priority is to retain and maximise the funding to West Yorkshire, as opposed to returning it to Treasury.

7. Legal Implications

- 7.1 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.
- 7.2 The Combined Authority has following Government approval, entered into a MoU for the Rural Fund provision in West Yorkshire.

8. Staffing Implications

- 8.1 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.

9. External Consultees

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

10. Recommendations

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

10.2 That members note and approve the recommendations made by the West Yorkshire UKSPF Local Partnership Group on its 31st July 2023 meeting which are:

- the LPG endorsed the design of the Calls 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.

10.3 To approve the funding envelopes and priority areas for the three Pillar 3 People and Skills 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 and the Chair of the Employment and Skills Committee given the launch timescales.

11 Background Documents

- [West Yorkshire UKSPF Local Investment Plan](#)
- [West Yorkshire Multiply Local Investment Plan](#)
- [West Yorkshire Rural England Prosperity Fund Addendum](#)

12 Appendices

None.