

**Report to:** West Yorkshire Combined Authority

**Date:** 7 September 2023

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

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|                                                                                         |                                                                     |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: | Paragraph 3                                                         |
| 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 recommended list of projects, totalling **£11,416,316** of UKSPF, in response to the Pillar 2 Supporting Local Business Invitation to bid (**see Exempt Appendix 2**).

## 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 At the 16<sup>th</sup> March 2023 meeting of the Combined Authority the three open calls for projects and the funding envelopes under Pillar 2: Business Support were approved and delegation was given to the Chief Executive to agree the full Invitation to Bid document, prior to publication, in consultation with the Mayor, the Chair of the Business, Economy and Innovation Committee and the Interim Chair of the LEP.
- 2.4 The Invitation to Bid is part of UKSPF Pillar 2 *Supporting Local Business* which has the following objectives:
- Creating jobs and boosting community cohesion building on existing industries and institutions, from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities.
  - Bringing together businesses and partners within and across sectors to share knowledge, expertise and resources, and stimulate innovation and growth.
  - Increasing private sector investment in growth - enhancing activities, through targeted support for small and medium sized businesses to undertake new-to-firm innovation, adopt productivity-enhancing, energy efficient and low carbon technologies and techniques, and start or grow their exports.
- 2.5 To enable a broad range of ideas to come forward the Combined Authority operated an open and transparent bidding process inviting bids from any organisation that could deliver an eligible project. Applicants were required to respond to the West Yorkshire Invitation to Bid, which set out the priorities for funding, eligibility requirements, assessment criteria and the local investment priorities that the Combined Authority would use in prioritising submissions.
- 2.6 The Invitation to Bid was launched April 2023 - £11.8m (approx. £3.6m capital and £8.2m revenue for delivery in the region). The Invitation to Bid was promoted to relevant stakeholders, including a stakeholder briefing on the process for applying and via social media. The call covered three areas: interventions to encourage exports, interventions to create alternative business models, and interventions to encourage businesses to grow and be resilient. Each area was identified as playing an important role in supporting regional and national objectives to boost productivity to grow an inclusive economy with well paid jobs aligning to the Combined Authority's Strategic Economic Framework and newly launched West Yorkshire Plan.
- 2.7 The key outcomes to be delivered include
- The [West Yorkshire Business Productivity and Resilience Plan](#) recognises exporting as one of the key business behaviours positively influencing productivity. As a region we also see business resilience as a key objective, and international trade has a particularly important role

to play. By investing in Export and Internationalisation support, businesses in the region will be supported 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. Key Outcomes will include businesses engaged in new markets, businesses adopting new or improved products or services, increased amount of investment in the region, businesses increasing their export capability and engaged in knowledge transfer activity following support.

- As small businesses face significant short-term challenges, having emerged from the pandemic and EU-exit issues they are now facing a potential recession, unprecedented energy cost and rising inflation with many concerned about their survival over the next 12 months. There is an opportunity to address some of these challenges, whilst aligning with existing strategic objectives, by exploring how alternative business models may benefit resilience and long-term sustainability in the regional economy. UKSPF will be used to invest in a pilot project to explore new solutions to support cooperatives, businesses, community wealth building, and exploring the opportunities available for alternative models of business. Outcomes are likely to result in a new model of delivery which could be used as an exemplar of best practice to generate greater resilience and growth.
- West Yorkshire has a clear strategic vision for supporting innovation led business resilience and growth in the region, as set out in the [Innovation Framework, HealthTech Strategy, Business Productivity and Resilience Plan, and Digital Framework](#). Businesses are facing significant short-term challenges, having emerged from the pandemic and EU-exit issues they are now facing a potential recession, unprecedented energy costs and rising inflation. Investment from the UKSPF will support innovation as a critical driver of improved productivity – innovation through the creation of new products, processes and services and the adoption of new digital technologies. Improving innovation rates in the region, and the diversity of those engaged in innovation, will secure significant productivity gains and uplifts for the region.

2.8 The Call was heavily oversubscribed and the overall quality of bids was good. Bids received totalled over **£30.2m** against a maximum available amount of £11.8m. A summary of the bids received can be found below;

- **26** Bids in total received
- **1** found to be a duplicate
- **1** failed Gateway checks
- **24** bids in total appraised.

## Selection process

2.9 As the Lead Local Authority, West Yorkshire Combined Authority assessed all bids using a panel made up of Combined Authority officers together with a representative from each of our partner councils. Clear ethical walls were put in place to prevent any undue influence being exerted that distorts the bidding process in favour of any applicant or in a way that prejudices any applicant taking account of any conflicts of interests.

2.10 Bids were assessed against:

- the gateway criteria set out in the Invitation to Bid. Applications that failed to meet the gateway did not progress to the core assessment. Only one bid failed gateway. (To note one bid was a duplicate).
- the remaining 24 bids progressed to core assessment.

Appraisal weightings were in line with the Invitation to Bid as follows;

- Strategic alignment - 20
- Economic efficiency and benefits – 25
- Deliverability – 20
- Climate Emergency – 10
- Inclusive Growth and Tackling inequality and supporting diversity – 25

Schemes scored more highly if they:

- demonstrated a higher level of strategic fit to the Call Investment Priorities and demonstrated a strong and timely impact in terms of the outputs and outcomes specified.
- contributed to the key cross-cutting themes of inclusive growth, tackling the climate emergency and supporting equality and diversity.
- demonstrated strong deliverability and lower levels of project risk.

2.11 Projects were then ranked based on the agreed aggregated scores. The recommended list, to the available funding was shared with the UKSPF Local Partnership Group, 31<sup>st</sup> July meeting for advice and feedback. A number of areas were discussed to ensure the funding available was maximised, which included two projects being asked to scale back to ensure all schemes were affordable. The high-level list of recommended projects can be seen in **Exempt Appendix 2**.

2.12 Following the 27<sup>th</sup> July meeting of the Combined Authority delegation was given to the Chief Executive, Mayor and Chair of the Employment and Skills Committee to finalise the Invitation to Bid for the remaining Pillar 3 - People and Skills funding of - £14m). The Invitation to Bid is under development with a target launch date of 22<sup>nd</sup> September.

2.13 If the Combined Authority approves the recommended list £407,537 of revenue funding from Pillar 2 will remain uncommitted. Advice received from the LPG is that this funding should be held back and combined with any remaining unallocated Pillar 3 (People and Skills) funds following the closure of the Pillar 3 Invitation to Bid (due November/December 2023).

- 2.14 A reserve list of projects, from the current Invitation to Bid, is currently being considered where schemes that have met a quality threshold of 60%. In addition as noted at the July meeting, if a situation arises where the Combined Authority is not able to have the confidence to contract with partners under Pillar 3 this may result in an opportunity to consider moving funds across the other two UKSPF Pillars (Communities and Place and People and Skills) or to other applicants in order to maximise this resource to the region. Should this occur, a decision will be sought from the Finance, Resources and Corporate Committee under the existing delegation.
- 2.15 The Combined Authority will enter into Grant Funding Agreements for this provision with each of the successful applicants to allow for delivery to begin in September 2023.

### Core UKSPF Progress

- 2.16 Good progress continues to be 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 £39.45m (60.3%) of the core UKSPF allocation of £65.27m has been contracted. If the Pillar 2 projects are approved committed funds will increase to £50.87m (77%).
- 2.17 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<br>Support for Business<br>People and Skills | £30m LA 'Hyper local' Allocation <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.                     |
| 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 has commenced (July 2023)                        |
| Remaining funds Pillar 2                                         | Three Call areas;<br>Export and Internationalisation (Est. (£1.3m revenue), Alternative Business Models pilot (Est. £500k revenue) and                                                                                     | Est. £11.8m | Invitation to Bid closed 2 <sup>nd</sup> June 2023 – approvals to be sought at this meeting. |

| Pillar            | LOCAL INVESTMENT PLAN AREAS                                                                                                                                                                                                                                                                                     | Funding | Progress Made                                                         |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------------------------------------------------------------------|
|                   | Innovation for Business Resilience and Growth (Est. £10m - £6.4m revenue and £3.6m capital).                                                                                                                                                                                                                    |         |                                                                       |
| People and Skills | Proposed Plan (See Section 2.15 below) <ul style="list-style-type: none"> <li>• Employment WY</li> <li>• Skill areas for open calls               <ul style="list-style-type: none"> <li>○ Work and Health Programme</li> <li>○ Community Grants Programme</li> <li>○ Youth Unemployment</li> </ul> </li> </ul> | £14m    | Invitation to Bid in Development – Anticipated September Launch date. |

| 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"> <li>• Individual Focused</li> <li>• Business Focussed</li> <li>• Capacity Building</li> </ul> | £11.3m | Funding Agreements in place for 4 of the 6 workstreams. £1,950,000 left to commission |

## Multiply

- 2.18 Good progress continues to be made. As part of Year 2 delivery, 11% of the DfE target has been met in terms of engaging with individuals and providing numeracy support equating to 5% of the financial profile being met.
- 2.19 Local Authorities continue to lead on the *Community Focused* strand (£3.9 million). Delivery plans and profiles are being reviewed to assess if the profiles are to be reduced or funding increased.
- 2.20 The *FE Booster programmes* (£1.2 million) exceeded profiled targets for Year 1 and a change request has been approved to redistribute £232,550 funding for year 2 from the capacity building strand-frontline staff of Multiply into the individual focussed stand – FE Booster to increase impact on lower skilled individuals.
- 2.21 The *Business Training* (£3 million) package contract has been issued and returned with delivery due to commence in September 2023.
- 2.22 *Capacity building for vocational and community tutors* (£1.1 million) commissioned to the Local Authorities and FE Colleges, year 2 to date, 4% of the DfE target has been met in terms of engaging with individuals and providing numeracy support. The remaining funds of £650,000 is planned to be commissioned for years 2 and 3. Consultation has taken place with a range of stakeholders including the Local Authorities, their delivery partners, FE Colleges and Independent Training Providers to gather information on how to best utilise this fund to further enhance delivery. This element of the capacity building fund will be commissioned as an open tender October 2023.

- 2.23 *Capacity Building for front line* staff (£1.6 million) tender was published via open and competitive tender with a closing date of 28<sup>th</sup> August with 'go live' date expected to be end of September.

### **The Rural Fund**

- 2.24 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)
- 2.25 To date 72 enquiries have been received, and 23 of these are now progressing to full application and one business has to date been awarded a grant under the Business Development theme. A breakdown of management information is included at **Appendix 3**.
- 2.26 Further work is taking place to promote the Fund and a series of workshops to be held in rural areas, and one per local authority district, are in development working with each partner council. The events will help promote the offer to business and will provide additional support taking theme through the process including how to complete the paperwork. These are due to take place in September/October 2023.

## **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. Applicants' contribution to addressing the Climate Emergency formed part of the overall selection criteria.
- 1.3 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. Applicants' contribution to Inclusive Growth and Tackling inequality and supporting diversity formed part of the overall selection criteria.

- 2.2 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 the investments under the UK Shared Prosperity Fund Applicants contribution to Inclusive Growth and Tackling inequality and supporting diversity formed part of the overall selection criteria.
- 3.2 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.
- 3.3 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 This paper seeks approval for the eight UKSPF Pillar 2 applications totalling **£11,416,316** (within a 10% tolerance where subject to final contracting figures may vary slightly) in response to the Pillar 2: Supporting Local Business Invitation to Bid. Financial implications directly arising from this report will be the recommendation for formal approval to contract with the listed applicants.
- 4.3 Funding is paid to the Combined Authority annually in advance by Government. Delivery partners will be paid quarterly in arrears based on a submitted and authorised claims to manage any risk to the authority. 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.

## **5. Legal Implications**

- 5.1 The information contained in Appendix 2 is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person including the Combined Authority. It is considered that the public interest in maintaining the content of the appendix as exempt outweighs the public interest in disclosing this information, as publication could prejudice current and future decision making. This will allow the Combined Authority to consider the recommendations before making its decision. Following the meeting all applicants, successful and unsuccessful, will be notified at the same time by officers. This will ensure a fair and transparent process is followed.
- 5.2 As part of the assessment process the Combined Authority has completed proportionate due diligence on private sector, charitable and voluntary organisation applicants and is satisfied that the applicants are genuine and have the financial standing and sufficient capacity to deliver the proposed activity. Where any question was raised this has been set as a condition to resolve prior to any funding agreement being issued.
- 5.3 As part of the assessment process the Combined Authority has also reviewed applicants Subsidy Control legal opinions and is satisfied that applicants have considered, and will adhere, to the Subsidy Control Act 2022 where relevant. Where any question was raised this has been set as a condition to resolve prior to any funding agreement being issued.
- 5.4 The Combined Authority will enter into Grant Agreements for this provision with each of the successful applicants to the fund and will pass on any government contractual obligations as set out in the Governments technical guidance to allow for delivery to begin in September 2023.

## **6. Staffing Implications**

- 6.1 There are no staffing implications directly arising from this report.

## **7. External Consultees**

7.1 The core UKSPF Local Investment Plan sets out the list of external consultees in the development of the Investment Plan. These have been supplemented by locally focussed discussions with stakeholders and which will continue to be part of any programme of delivery.

7.2 Bids were assessed by an appraisal panel of Combined Authority and Council officers. The list was then shared with the UKSPF LPG at its meeting on the 31<sup>st</sup> July. The LPG considered the applications for Pillar 2 and provided feedback and advice on the recommended list and endorsed the list for approval by the Combined Authority.

## **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 on its 31<sup>st</sup> July 2023 meeting which are:

- the endorsement of the list of selected projects.
- that remaining funds be held back and pooled with any other uncommitted funds from Pillar 3. A decision will be sought from the Finance, Resources and Corporate Committee under the existing delegation to where any remaining funds should be allocated.

8.3 To approve the recommended list of projects (Exempt Appendix 2), totalling **£11,416,315** of UKSPF (within a 10% tolerance where subject to final contracting figures may vary slightly), in response to the Pillar 2 Supporting Local Business Invitation to Bid to allow Grant Funding Agreements to be issued and delivery to begin.

## **11 Background Documents**

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

## **12 Appendices**

Appendix 1 – [Pillar 2 Invitation to Bid](#)

EXEMPT Appendix 2 – Summary of the recommended list of projects

Appendix 3 - Rural Fund Management Information