



<b>Report to:</b>	West Yorkshire Combined Authority
<b>Date:</b>	01 February 2024
<b>Subject:</b>	<b>UK Shared Prosperity Fund</b>
<b>Director:</b>	Sarah Eaton, Director of Strategy, Communications and Intelligence
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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 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 delegate authorisation of the final list of successful projects selected in response to the UKSPF Pillar 3: People and Skills Invitation to Bid, to the Chief Executive in consultation with the Mayor, following the conclusion of the assessment process and endorsement from the UKSPF Local Partnership Group, to a maximum of £10,000,000, to allow delivery to commence in April 2024.
- 1.3 For the Combined Authority to note the progress on delivering the Rural Fund, as outlined in section 2.24 of the report and support the changes to the operating model set out at 2.30.

## 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. The Fund has three pillars:

- Pillar 1 - Communities 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 **£79,302,877** (£68,002,877 for Core SPF and £11,300,000 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 allocation is **£81,870,378** including an administration fee for fund management.

2.3 At the 27 July 2023 meeting of the Combined Authority, the Invitation to Bid for projects and the funding envelopes under Pillar 3: People and Skills were approved. Delegation was given to the Chief Executive to agree the full Invitation to Bid document, prior to publication, in consultation with the Mayor and the Chair of the Employment and Skills Committee.

2.4 The Invitation to Bid is part of UKSPF Pillar 3 *People and Skills* which has the following objectives:

- Reducing levels of economic inactivity through investment in bespoke intensive life and employment support tailored to local need. Investment should facilitate join up of mainstream provision and local services within an area for participants, through the use of one-to-one key worker support, improving employment outcomes for specific cohorts who face labour market barriers.
- Supporting people furthest from the labour market to overcome barriers to work by providing cohesive, locally tailored support, including access to basic skills.
- Supporting local areas to fund gaps in local skills provision to support people to progress in work and supplement local adult skills provision e.g. by providing additional volumes; delivering provision through wider range of routes or enabling more intensive/innovative provision, both qualification based and non-qualification based. (This should be supplementary to provision available through national employment and skills programmes).

2.5 To enable a broad range of ideas to come forward, an open and transparent bidding process, seeking applications from any organisation able to deliver an eligible project, was established. Applicants were invited to respond to the West Yorkshire Invitation to



Bid, setting out the priorities for funding, eligibility requirements, assessment criteria and the local investment priorities that would be used to prioritise submissions.

- 2.6 The Invitation to Bid was launched in October 2023, to a total value of £10m (revenue funding) and closed at noon 12 January 2024.
- 2.7 The Invitation to Bid was promoted to relevant stakeholders through a stakeholder briefing on the process for applying and via social media. The call covered three areas including interventions: to support Work and Health (£4m); to create a Community Grants programme (£4m); and to address Youth Unemployment (£2m).
- 2.8 Each of the three areas were identified as playing an important role in supporting regional and national objectives to boost productivity and to grow an inclusive economy with well paid jobs aligning to the Combined Authority's West Yorkshire Plan.

This Invitation to Bid was also aligned with the following key Combined Authority strategies:

- [Employment and Skills Framework](#)
- [Adult Education Budget Strategy](#)
- [Mayor of West Yorkshire launches Green Jobs Taskforce](#)
- [Digital Skills Plan](#)

- 2.9 The key outcomes to be delivered through the Invitation to Bid include:
- West Yorkshire's Employment and Skills Framework outlines a vision for the region, in which skills, training and education create a diverse, inclusive and highly skilled workforce with good jobs, leading to sustained improvements in the quality of life for all. A key aspect of this involves removing the barriers that may inhibit an individual from 'taking up, progressing and succeeding' in learning, work or employment.
  - The Future Ready Skills Commission highlights the need to empower areas to design services around the individual to address complex and interrelated health and employment and skills issues.
- 2.10 The Calls aim to increase the health and well-being of West Yorkshire residents, reduce the number of workless households in West Yorkshire; create pathways for employment opportunities for individuals; make Community Grants available in the form of small grants to appropriate third sector organisations to mobilise disadvantaged or excluded unemployed and inactive people to facilitate their progress towards employment and sustain work to reduce youth unemployment.

### **Selection process**

- 2.11 The assessment of applications is expected to conclude by the end of February/early March 2024. All applications will be assessed by a Panel made up of representatives from the Combined Authority and partner Councils. Clear ethical walls have been put in



place to prevent any undue influence, 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, being exerted. External moderation is also being sought to support the Panel's work.

- 2.12 Bids will be assessed against the gateway criteria set out in the Invitation to Bid with applications that fail to meet the gateway not being progressed to the core assessment.

Appraisal weightings are 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 will score more highly if they:

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

- 2.13 Projects will be ranked based on the agreed aggregated scores. The recommended list, to the available funding, will be shared with the UKSPF Local Partnership Group at its meeting on 20 February 2024 for advice and feedback.

- 2.14 Given that successful projects are able to commence delivery from 1 April 2024, have only 12 months to deliver and with the next scheduled meeting of the Combined Authority not due to take place until 14 March 2024, there is a need to delegate authorisation of the final list of successful projects, to the Chief Executive in consultation with the Mayor, following the conclusion of the assessment process and endorsement from the UKSPF Local Partnership Group to a maximum of £10,000,000, as highlighted above.

- 2.15 Grant Funding Agreements for this provision, with each of the successful applicants, to allow for delivery to commence from April 2024 onwards, will subsequently be issued.

### **Core UKSPF Progress**

- 2.16 Good progress continues to be made to ensure that funding is deployed to deliver outcomes for the communities, businesses and people of West Yorkshire. Programmes to be funded will support delivery of the Mayoral pledges and priorities. To date £57.5m (84.7%) of the core UKSPF allocation of £65.27m has been contracted following the

award of the eight Pillar 2: Supporting Local Business projects. If the Pillar 3 Invitation to bid is fully subscribed, then this will increase to £67.5m (99.4%).

2.17 Whilst good progress is being made in West Yorkshire there are a number of operational challenges and officers are in further discussions with Government officials on a range of issues 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. Estimated spend to the end of November 2023 is currently £10.08m (17.5%) of core UKSPF.
- 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. Reporting to Government has been challenging with the digital platform paused until December 2023. Reporting has now recommenced, and the performance of projects is being carefully managed due to the short timescales remaining for the Funds to be maximised by 31 March 2025.

2.18 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"> <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 Agreement now in place and in delivery.
	• Women and Girls Outreach Programme	£972k	Funding Agreements now in place and delivery has commenced.
Support for Business	• Business Productivity Programme	£3.5m	Funding Agreement now in place and in delivery.
	• Digital Enterprise	£4.67m	Funding Agreement now in place and in delivery (July 23 start date).
	• Growing the Green Economy - The Growth Company	£508,305	Funding Agreement now in place and in delivery (Sept 23 start date).

Pillar	LOCAL INVESTMENT PLAN AREAS	Funding	Progress Made
	<ul style="list-style-type: none"> <li>Innovation in Supply Chain West Yorkshire - RTC North</li> </ul>	£644,493	Funding Agreement now in place and in delivery (Sept 23 start date).
	<ul style="list-style-type: none"> <li>Inspire 2 Innovate - Exemplas</li> </ul>	£2,146,205	Funding Agreement now in place and in delivery (Sept 23 start date).
	<ul style="list-style-type: none"> <li>National Health Innovation Campus - University of Huddersfield</li> </ul>	£3,801,175	Funding Agreement now in place and in delivery (Sept 23 start date).
	<ul style="list-style-type: none"> <li>Scientific Instrumentation for Business Leadership in Innovation and Growth (SIBLING) - University of Bradford</li> </ul>	£1,140,879	Funding Agreement now in place and in delivery (Sept 23 start date).
	<ul style="list-style-type: none"> <li>Alternative Business West Yorkshire - TSL Kirklees</li> </ul>	£499,958	Funding Agreement now in place and in delivery (Sept 23 start date).
	<ul style="list-style-type: none"> <li>Export for Success - Exemplas</li> </ul>	£1,090,297	Funding Agreement now in place and in delivery (Sept 23 start date).
People and Skills	<ul style="list-style-type: none"> <li>Employment WY – West Yorkshire Combined Authority</li> </ul>	£4m	Delivery due to start 1 April 2024.
	<ul style="list-style-type: none"> <li>Pillar 3 Invitation to Bid <ul style="list-style-type: none"> <li>Work and Health Programme</li> <li>Community Grants Programme</li> <li>Youth Unemployment</li> </ul> </li> </ul>	£10m	Invitation to Bid published October 2023 – Closing 12 January 2024.

2.19 On the 9 November 2023, following mounting pressure on Government to notify Lead Local Authorities (LLAs) on the approach to the management of year 2 underspends, well in advance of year 3, Government confirmed that 100% of underspends from year 2 can be retained by all LLAs. The guarantee of retention of 100% of year 2 underspends and the confirmation that year 3 allocations will be fully available, is welcome and will allow Delivery Partners to now plan with confidence. However, it is important that delivery remains strong given the high financial profile yet to be spent in the third year, as this will exacerbate the issue which, in itself, will be challenging and constitutes a major risk to losing funds within the region.

### **Multiply**

2.20 Good progress continues to be made. As a result of the maths training, 84% of participants are reporting an increase in confidence and improved attitude to maths, with 80% reporting a removal of barriers to maths. 21 participants have gained employment as a direct result of Multiply and 99 have progressed to a formal maths functional skill qualification.

- 2.21 In year 2, up to and including September 2023, 24% of the DfE engagement target has been met which totals 582 individuals receiving support through Multiply. This equates to 11% of the financial profile being met.
- 2.22 Local Authorities continue to lead on the Community Focused strand (£3.9m). To date 484 against a DfE profile of 1604 (30%) individuals have been supported through Multiply. Delivery is planned across the region and is expected to increase over the next two quarters with the bulk of delivery being planned and profiled in Q3 and Q4 as Local Authorities have used the summer months to plan curriculum and to commission delivery partners.
- 2.23 The FE Booster programmes delivered by FE Colleges (£1.2m) has to date delivered 65 against a DfE profile of 198 individual learners who have been supported through Multiply. This is forecast to increase once learners are established into their vocational course and numeracy interventions are offered.
- 2.24 The Business Training (£3m) to deliver innovative training programmes delivered together with employers continues to be a challenge. This is due to challenges businesses have with planning engagement and releasing staff for training. However, delivery partners are building traction with marketing and promotional campaigns underway. Links are being developed with internal teams within the Combined Authority to promote this strand.
- 2.25 Capacity building for vocational and community tutors (£1.1m) has been commissioned to Local Authorities and FE Colleges, and in year 2 to date, 33 individuals have received training to support their delivery at 17% of the DfE profile and has seen 52 individuals supported across West Yorkshire, attending the best practice conference on 5th October, with attendees from a range of Independent Training Providers, FE Colleges and Local Authorities.
- 2.26 Capacity Building for front line staff tender (£1.6m) has been successfully commissioned to Realise Employment and Training. The Frontline Staff Numeracy Ambassadors programme will support individuals within an organisation who have direct contact with members of the public, to become positive numeracy ambassadors, avoiding negative connotations with the subject of maths/numeracy when advising potential learners, and upskilling their ability to signpost to the correct programme.

### **The Rural Fund**

- 2.27 The Rural Fund Local Investment Plan Addendum received approval from Government on 7 April 2023 and was successfully launched on time, across West Yorkshire on 24 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)

2.28 To date, 151 enquiries have been received, with over 85% from businesses/organisations who have not previously engaged with the Combined Authority before. Of these 63 (45%) have been progressed to full application and twelve business to date have been awarded grants totalling £378,780 (14.7% of the available Fund (£2,567,501)).

2.29 Further work has taken place to promote the Fund in autumn 2023, with a series of workshops held in all rural areas, one per local authority district, developed with each partner council. The events have helped promote the offer to business and have provided additional support to businesses, taking them through the process including how to complete the paperwork.

2.30 Whilst the promotion has been positively received, there is a risk of the Fund not being maximised due to the tight delivery timescales of a capital grants programme. In December 2023 the UKSPF Local Partnership Group considered a paper to increase the grant intervention rate from 40% to 50% (for commercial profit-making businesses/organisations), and to increase the maximum grant value from £50,000 to £100,000. The Combined Authority are asked to support these changes to the operating model which should encourage more rural businesses to apply for the support available.

### **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. Applicants' contribution to addressing the Climate Emergency formed part of the overall selection criteria.

3.3 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.



#### **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. Applicants' contribution to Inclusive Growth and Tackling inequality and supporting diversity formed part of the overall selection criteria.
- 4.2 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.

#### **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 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.
- 5.2 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.
- 5.3 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.

#### **6. Financial Implications**

- 6.1 The Lead Authority, as outlined above, is 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 This paper seeks delegation to the Chief Executive to authorise the final list of successful projects selected in response to the UKSPF Pillar 3: People and Skills Invitation to Bid, in consultation with the Mayor, following the conclusion of the assessment process and endorsement from the UKSPF Local Partnership Group to a maximum of £10,000,000, to allow delivery to commence April 2024.

- 6.3 Funding is currently paid to the Combined Authority annually in advance by Government. Following the confirmation by Government on year 3 funding this will change to a threshold-based payment based on progress made in spending 80% or more of the year 1 and 2 profile. This may result in the increased risk to the Combined Authority to cash flow the Funds to Delivery Partners where this threshold is not reached.
- 6.4 Delivery partners are paid quarterly in arrears based on a submitted and authorised claim to manage any risk to the authority. At the end of the three years any underspend will be returned to Government.
- 6.5 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).
- 6.6 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 is also used to support the work to manage the Rural Fund as no further management fee is to be paid for this purpose.

## **7. Legal Implications**

- 7.1 As part of the assessment process for Pillar 3 People and Skills, the Combined Authority will complete proportionate due diligence on private sector, charitable and voluntary organisation applicants to satisfy itself that the applicants are genuine and have the financial standing and sufficient capacity to deliver the proposed activity.
- 7.2 As part of the assessment process for Pillar 3 People and Skills, the Combined Authority will also review applicants Subsidy Control legal opinions to ensure they adhere to the Subsidy Control Act 2022 where relevant.
- 7.3 The Combined Authority enters into Grant Agreements with each successful applicant to the fund and will pass on any government contractual obligations as set out in the Governments technical guidance.

## **8. Staffing Implications**

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

## **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. These have been supplemented by locally focussed discussions with stakeholders and which will continue to be part of any programme of delivery.

9.2 For selecting Bids under the People and Skills Invitation to Bid, the appraisal panel will be made up of Combined Authority and Council officers. The list will be shared with the UKSPF LPG at its meeting on the 20 February 2024. The LPG will consider the applications for Pillar 3 and provide feedback and advice on the recommended list and endorse, to provide the assurance required for the Chief Executive to finalise the approvals.

## 10. Recommendations

- 10.1 That Members note the 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”).
- 10.2 That Members approve a delegation to the Chief Executive to authorise the final list of successful projects selected in response to the UKSPF Pillar 3: People and Skills Invitation to Bid, in consultation with the Mayor, following the conclusion of the assessment process and endorsement from the UKSPF Local Partnership Group to a maximum of £10,000,000, to allow delivery to commence April 2024.
- 10.3 That Members note the progress on delivering the Rural Fund, as outlined at section 2.24 of the report and support the changes to the operating model as set out at 2.30.

## 11. Background Documents

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

## 12. Appendices

Appendix 1 – Pillar 3 Invitation to Bid [ukspf-pillar-3-west-yorkshire-invitation-to-bid-final03-271023.pdf \(westyorks-ca.gov.uk\)](#)