

Thursday, 15 December 2022

Report of the Portfolio Holder for Skills, Planning, Economy & Waste

UK Shared Prosperity Fund - delivery

Exempt Information

None

Purpose

To update Cabinet on proposals to deliver the UK Shared Prosperity Fund (UKSPF) allocation in Tamworth and to establish relevant governance and operational structures.

Recommendations

It is recommended that Cabinet:

1. Approves the Governance for delivering the UKSPF for Tamworth.
2. Delegates authority to the Head of Economic Development in consultation with the Assistant Director Growth and Regeneration and the Portfolio Holder for Skills, Planning, Economy & Waste to establish all relevant budgets, processes and procedures.
3. Approves the spend profile & associated budgets totalling £2,328,244 funded from UKSPF across three years.
4. Approves the approach to commissioning projects for year one.

Executive Summary

The UK Shared Prosperity Fund (SPF) is part of the wider Levelling Up agenda and aims to deliver significant support for all areas of the UK. It seeks to invest in domestic priorities and targeting funding where it is most needed. The primary focus of UKSPF is on the following high level objectives:

- Building pride in place
- Supporting high quality skills training
- Supporting pay, employment and productivity growth
- Increasing life changes.

The SPF is defined in Government terms as a structural fund and therefore is seen as a replacement for European Structural Investment Funds (ESIF), which primarily came in two forms – ESF (European Social Funds – people and skills) and ERDF – European Regional Development Fund – business and place). SPF is primarily a revenue fund with limited ability to spend capital.

Tamworth Borough Council (The Council) has been defined as a lead authority and will be directly accountable for setting up the fund framework; commissioning and awarding projects; ensuring programme delivery; ensuring spend is on target and conducting monitoring and evaluation of the whole programme.

The Council will receive a direct allocation of **£2,328,244 (plus £20,000 capacity funding)** to run the programme over three financial years over, starting from April 2022, up until the end of March 2025.

Government has stated that the main focus of SPF must be on the Community and Place and Supporting Local Business pillars in the first two years of the scheme, with People and Skills being a more significant focus from April 2024 onwards only. The Council cannot award funding for projects and interventions on People and Skills until this point in time.

The investment plan for Tamworth was submitted to Government at the end of July 2022. Approval by Government and the allocation of the first tranche of funding was originally due in October. On the 5th December the Council had its investment plan approved by Government with no amendments.

Despite the uncertainty around the fund and any potential changes that might be made by Government, officers have been working to get projects mobilised to take advantage of funding in Year 1 ensuring that money is spent by the end of the financial year in line with published requirements.

It should be noted that SPF whilst administered by the Borough Council, it is not the sole decision-making body in terms of which projects and programmes receive funding. It is a requirement of the fund that there is a Local Partnership Board (LPB) to oversee delivery, comprised of a number of relevant stakeholders.

As the accountable body the Council will be responsible for monitoring and reporting on the fund ensuring it is compliant with all relevant guidance and legislation. As such it is proposed that quarterly update reports will be taken to Corporate Scrutiny with an annual report to Cabinet.

Options Considered

Whilst governance can be approved around the SPF programme covering local delivery, the timeframe of the announcement by Government has made it impossible in this paper to establish exact budgets until an announcement was made. It is therefore recommended on this basis that the following processes and approaches are considered by Cabinet with delegation to the Head of Economic Development in consultation with the Portfolio Holder and Assistant Director Growth and Regeneration to make final decisions on all aspects of operational delivery.

- **Interventions and cashflow**

The following interventions were submitted to Government under each of the three designated pillars, with appropriate spend in each financial year up until the end of March 2025. The three pillars were Communities and Place (CP), Supporting Local Business (SLB) and People and Skills (PS).

Government stipulated the cashflow spend requirement per financial year, which the Council had to meet. As such, most of the funding is due for spend in year 3. The below does not take in consideration the admin top slice of 5.5%. It is proposed that this figure will be taken off every intervention budget equally.

Communities and place	Total	year 1 - 22/23	year 2 - 23/24	year 3 - 24/25
E1: Improvements to town centres & high streets	£397,836	£28,255	£73,464	£296,117
E4: Enhancing existing cultural, historic & heritage institutions offer	£200,000	£20,000	£90,000	£90,000
E6: Local arts, cultural, heritage & creative activities	£100,000	-	£50,000	£50,000
E8: Campaigns to encourage visits and exploring of local area	£90,000	£15,000	£37,500	£37,500

E9: Impactful volunteering and/or social action projects	£200,000	£4,299	£87,851	£107,850
E10: Local sports facilities, tournaments, teams & leagues	£40,000	-	-	£40,000
E11: Capacity building & infrastructure support local groups	£250,000	£30,000	£78,589	£141,411
E12: Community engagement schemes, local regeneration	£50,000	-	£20,000	£30,000
E13: Community measures to reduce the cost of living	£50,000	-	£20,000	£30,000
E14: Relevant feasibility studies	£50,000	£50,000	-	-
Total for 'On-menu' Interventions	£1,427,836	£147,554	£457,404	£822,878
Supporting local businesses				
	Total	year 1 - 22/23	year 2 - 23/24	year 3 - 24/25
E16: Open markets & town centre retail & service sector	£160,000	£40,000	£60,000	£60,000
E24: Training hubs, business support offers, incubators & accelerators	£95,408	-	£47,704	£47,704
E31: Support relevant feasibility studies	£95,000	£95,000	-	-
Total for 'On-menu' Interventions	£350,408	£135,000	£107,704	£107,704
People and Skills				
	Total	year 1 - 22/23	year 2 - 23/24	year 3 - 24/25
E33: Employment support for economically inactive people	£200,000	-	-	£200,000
E34: Courses including basic, life & career skills	£200,000	-	-	£200,000
E36: Increase levels of digital inclusion, essential digital skills	£50,000	-	-	£50,000
E38: Local areas to fund local skills needs	£100,000	-	-	£100,000
Total for 'On-menu' Interventions	£550,000	-	-	£550,000

- **The formation of a Local Partnership Board (LPB) with Terms of Reference.**

An informal board has now met three times, consisting of key partners from a variety of sectors around the table. A terms of reference has been drawn up and agreed in principle by partners involved. Details of how the board will function, its responsibility and membership can be found at appendix 1. The board will have delegated responsibility from the Council in conjunction with the Section 151 officer and lead Council officer for the programme, for making all decisions on delivery. Tim Leese from Staffordshire County Council has been asked to stand as Chair by the group for the first 12 months. Whilst the board is guiding decisions at this point in time, it is important to note, that until this Cabinet report is approved, the board can not make and has not formally made any decisions.

- **Council Governance and Scrutiny**

As the accountable body the Council will be responsible for monitoring and reporting on the fund ensuring its compliant with all relevant guidance and legislation. The Cabinet member responsible for this area of work will be the Portfolio Holder for Skills, Planning, Economy & Waste.

- **Commissioning of projects**

As the accountable body the Council will be responsible for commissioning projects, which must be done on a competitive, transparent and fair basis.

As it currently stands there are considerable challenges in delivering the UKSPF in the timeframes given and ensuring the wider community benefits and outcomes and outputs can be fully realised, making a difference to the lives of those in the Borough. The approach to commissioning is detailed below. A proposed commissioning timeline can be found at Appendix 3.

Year one – now to end March 2023.

The Council has **£282,554** to spend in this time period across 2 pillars (CP and SLB) and 8 Interventions. Based on the critical timescales involved, the board has agreed in principal that there is no other organisation other than the Council who can deliver projects in this

timescale. As such it is now recommended that the Council directly commissions and deliver through relevant processes all projects against each intervention for year one. It should be noted that whilst some of this activity will involve direct funded delivery by Council departments, other projects will be managed by the Council but delivered in the form of grants to relevant external organisations such as Support Staffordshire. All proposals will be approved by the LPB. To ensure transparency mini, closed competitions in the form of an application form will be across some of the eligible expenditure areas.

Please see Appendix 4 for a detailed plan of spend and rationale for year one.

Year One, Two and Three now to end March 2025.

Under the Supporting Local Business pillar, there is one intervention with spend across all three financial years - E16: Open markets & town centre retail & service sector. It has been agreed in principal at the LPB that the Council will deliver its Town Centre business support scheme and linked grant scheme through the UKSPF. The business support scheme has already been competitively procured and the grants programme is currently being established, linked to the outputs and outcomes criteria of the intervention. This will mean £40k per annum will be given to the Council to fund this scheme.

Please see Appendix 4 for a detailed plan of spend and rationale.

Year Two and Three – April 2023 to end of March 2025.

The main proportion of UKSPF will be spent in year two and year three, totalling **£1.45m**. This will be commissioned to all stakeholders. Work on this will commence in January 2023, with the aim to complete the commissioning process by May 2023 and financial award to successful organisations in June 2023. The LPB discussed commissioning timescales at length and felt it extremely challenging to commission and award by the end of March 2023. Therefore to ensure the process is robust and compliant and all relevant stakeholders have the ability to apply, the process was extended into year two. It was felt that as long as monies were awarded by the end of June 2023, successful applicants would be able to spend the required monies in the timescales stipulated by government.

Year Three – April 2024 to end of March 2025

It is a Government stipulation that the People and Skills Pillar not be delivered until year three of the programme, financial year 2024 / 2025. This is based on the fact that some European funded schemes still run up until this point. It is therefore proposed that the commissioning process to all relevant stakeholders will start after the award of year two and three projects, in September 2023 and complete by January 2024 with award from April 2024 onwards. This gives time for the LPB and relevant Council officers to review the first commissioning process and make any relevant changes and amends. The People and Skills pillar has a total value of **£550,000**.

Resource Implications

As part of its investment plan submission, the Council was required to submit a detailed three-year cashflow proposal on spend for each identified local intervention. The Council can not deviate from this cashflow. Any underspend on projects or where spend can not be evidenced and compliant with government fund guidance, will be clawed back at the end of each financial year.

The Council is currently allowed to use 5.5% of the overall allocation towards administering the delivery of the fund. As part of the process to complete the SPF investment plan.

The costs for the officer based upon a start date of January are as follows:

	Shared Prosperity Officer
37 hours	27 months temporary

SCP – 29 (G)	Salary	On costs	Total
2022/23 - 3 months	£ 8,581	£ 2,295	£ 10,876
2023/24	£ 36,113	£ 9,660	£ 45,773
2024/2025	£ 38,052	£ 10,179	£ 48,231
TOTAL	£ 83,196	£ 22,134	£ 104,880

The top slice for administering the fund will look as following:

- 5.5% top slice (agreed amount by HMG) = £128,053.42

There will be a balance after officer costs of £24,173.42. Following guidance in the memorandum of understanding that the Council must agree to, in order to receive the funding, this money will be needed to fund an evaluation of the programme.

Legal/Risk Implications Background

The approval of the investment plan by Government has removed most of the identified risks previously identified in the programme developments stages. The only outstanding risk is the ability to spend all of year one money in the required timeframe. The mitigation for this is outlined in the sections above, with a thorough but pragmatic proposal to ensure spend that achieves both the outcomes and objectives of the fund but also delivers activity that is needed.

Equalities Implications

Whilst the process for commissioning and implementing projects in the process of being designed and final projects are not fully not identified at this stage equality assessments will form a critical part of an embedded process for all proposals.

Environment and Sustainability Implications (including climate change)

All three pillars of SPF have strong connections through their interventions to sustainability and the environment.

Whilst the process for commissioning and implementing projects in the process of being designed and final projects are not fully not identified at this stage, environment and sustainability implications will be a key delivery.

Background Information

None – see appendices and previous cabinet report.

Report Author

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List of Background Papers

Cabinet 21.07.22 – UK Shared Prosperity Fund

Appendices

Appendix 1 – Local Partnership Board Terms of reference

Appendix 2 – Tamworth cashflow for interventions

Appendix 3 – Commissioning timeline

Appendix 4 - Year one spend plan and rationale.

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