

CABINET

UK Shared Prosperity Fund Tuesday 26 July 2022

Report of Chief Executive

| PURPOSE OF REPORT | | | |
|--|--------------|------------------|------------------------------|
| To set out the core elements of the UK Shared Prosperity Fund (UKSPF) Investment Plan, to be finalised and submitted to government by the deadline of Monday 1 August. | | | |
| Key Decision | X | Non-Key Decision | Referral from Cabinet Member |
| Date of notice of forthcoming key decision | 14 July 2022 | | |
| This report is public | | | |

RECOMMENDATIONS OF COUNCILLOR CAROLINE JACKSON

- (1) That Cabinet approve the following key elements of the UK Shared Prosperity Investment Plan, set out in this report:
 - The proposed balance of funds to be allocated across the three Investment Priorities, set out in section 2.
 - The proposed shortlist of Interventions to be pursued in relation to each of the Investment Priorities, set out in section 3.
 - The proposed allocation of funds in respect of each Intervention, set out in *Appendices 1 and 2*.
- (2) That Cabinet delegate the Chief Executive to finalise and submit the relevant documentation relating to the UK Shared Prosperity Fund Investment Plan, on the basis of the key elements set out in recommendation (1).
- (3) That Cabinet agree in principle to convene local partnership groups to plan, commission and deliver UKSPF Interventions through a collaborative approach where appropriate.

1.0 Introduction

1.1 On 12 July 2022, Cabinet considered a report setting out key information relating to the UK Shared Prosperity Fund (UKSPF), along with principles which will inform the council's approach to developing and delivering a local UKSPF Investment Plan in line with the Fund's Prospectus.

The recommendations made by Cabinet on 12th July 2022 were-

- (1) That Cabinet approve the development of a UK Shared Prosperity Fund (UKSPF) Investment Plan with the main theme of "addressing the

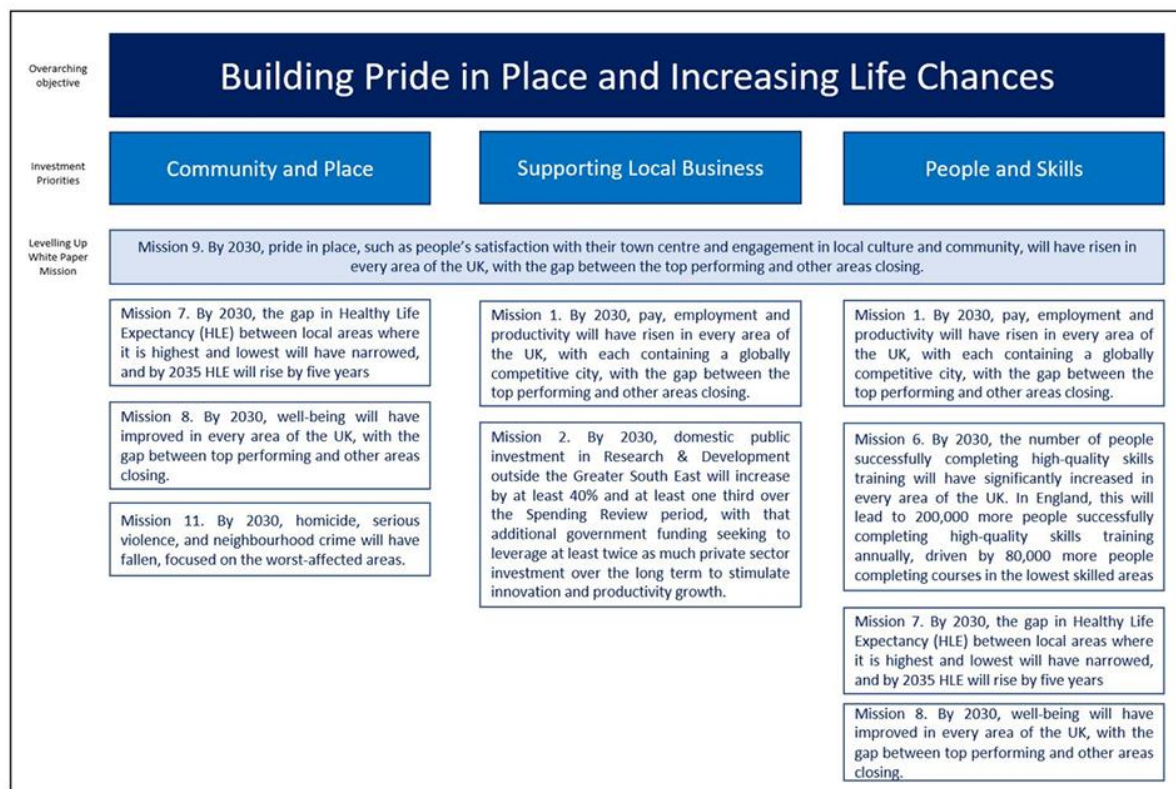
Climate Emergency”, seeking to utilise UKSPF investment to support initiatives that will contribute to the district’s environmental and decarbonisation goals and/or other corporate priorities.

- (2) That Cabinet approve a structure for evaluating UKSPF investments based on the Critical Success Factors set out in section 4 of the report.
- (3) That Cabinet consider in principle the possible inclusion of a blend of local investments alongside collaborative initiatives across Lancashire and Morecambe Bay in the Investment Plan, as set out in section 5 of the report.

- 1.2 Further consultation with the Local Partnership Group has now taken place, along with the provision of additional information and evidence relevant to the development of a robust and comprehensive local Investment Plan.
- 1.3 Access to UKSPF funding is subject to sign-off from the Department for Levelling Up, Homes and Communities (DLUHC) in autumn 2022, following a submission deadline of Monday 1 August for the local Investment Plan.
- 1.4 This report sets out the core elements of the UKSPF Investment Plan and local approach to delivery, along with proposed funding allocations for Cabinet’s consideration ahead of inclusion in a finalised Investment Plan.
- 1.5 Government guidance on UKSPF recognises that local circumstances, context and priorities may change throughout the Fund’s three-year lifecycle. As such, a degree of flexibility is incorporated in the Investment Plan process. Cabinet may wish to consider this potential flexibility in its decision-making.

2.0 Investment Priorities

- 2.1 UKSPF funding is based on achieving local impact in respect of three Investment Priorities:
 - Community and Place
 - Supporting Local Business
 - People and Skills
- 2.2 The Investment Priorities are linked to the government’s Levelling Up Missions, structured according to the below diagram from the UKSPF Prospectus.



- 2.3 Lead local authorities with responsibility for developing a place's UKSPF Investment Plan may allocate funds across the three Investment Priorities however they wish, according to local needs and opportunities.
- 2.4 Consideration of local evidence alongside dialogue with local partners and stakeholders suggests that a balance across the three Investment Priorities will enable the UKSPF to have wide-ranging local impact.
- 2.5 It is proposed that a reasonable balance of funding to enable impact across the three Investment Priorities could be distributed as follows:
- Community and Place: 35%
 - Supporting Local Business: 35%
 - People and Skills: 30%
- 2.6 Cabinet is asked to consider these allocations as an in-principle guide to making funding allocations, recognising that refinements to the detailed elements of the Investment Plan may cause the overall allocations to change.
- 3.0 Interventions**
- 3.1 The Investment Plan structure is based on the allocation of funding in respect of a list of 41 prescribed Interventions. Lead local authorities are tasked with selecting the most appropriate Interventions for their place, and apportioning funding to deliver these Interventions through local projects and activities.
- 3.2 The defined Interventions allow for a degree of flexibility in how they can be delivered; a number of Interventions could be covered by a single project, and each Intervention could support numerous specific projects. As such, funding allocations for each Intervention are indicative to a certain degree.
- 3.3 Based on local information, evidence and dialogue, it is proposed that the district's needs and opportunities could be met through a range of Interventions, listed below:

| Community and Place | |
|----------------------------------|---|
| E1 | Funding for improvements to town centres and high streets, including better accessibility for disabled people, including capital spend and running costs. |
| E6 | Support for local arts, cultural, heritage and creative activities. |
| E8 | Funding for the development and promotion of wider campaigns which encourage people to visit and explore the local area. |
| E11 | Investment in capacity building and infrastructure support for local civil society and community groups. |
| E13 | Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change. |
| Supporting Local Business | |
| E19 | Increasing investment in research and development at the local level. Investment to support the diffusion of innovation knowledge and activities. Support the commercialisation of ideas, encouraging collaboration and accelerating the path to market so that more ideas translate into industrial and commercial practices. |
| E23 | Strengthening local entrepreneurial ecosystems, and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks. |
| E26 | Support for growing the local social economy, including community businesses, cooperatives and social enterprises. |
| E29 | Supporting decarbonisation and improving the natural environment whilst growing the local economy. Taking a whole systems approach to invest in infrastructure to deliver effective decarbonisation across energy, buildings and transport and beyond, in line with our legally binding climate target. Maximising existing or emerging local strengths in low carbon technologies, goods and services to take advantage of the growing global opportunity. |
| People and Skills | |
| E33 | Employment support for economically inactive people: Intensive and wrap-around one-to-one support to move people closer towards mainstream provision and employment, supplemented by additional and/or specialist life and basic skills (digital, English, maths* and ESOL) support where there are local provision gaps. |
| E35 | Activities such as enrichment and volunteering to improve opportunities and promote wellbeing. |
| E38 | Support for local areas to fund local skills needs. This includes technical and vocational qualifications and courses up to level 2 and training for vocational licences relevant to local area needs and high-value qualifications where there is a need for additional skills capacity that cannot be met through mainstream funding. |
| E39 | Green skills courses targeted around ensuring we have the skilled workforce to achieve the government's net zero and wider environmental ambitions. |

- 3.4 Cabinet is asked to consider the proposed shortlist of Interventions, recognising potential overlaps between Interventions and that numerous projects may arise from each, as a basis for allocating UKSPF funds.

4.0 Funding Allocations

- 4.1 The core content of the Investment Plan is the structure of Interventions and the funding allocated to each. Having considered the distribution of funding between the three Investment Priorities, and the proposed shortlist of Interventions, the balance of revenue and capital funding must be allocated to each Intervention.
- 4.2 There is an inherent degree of uncertainty in making funding allocations against Interventions for which projects are not yet properly planned out. However it is considered that the Investment Plan process allows sufficient flexibility for refinements to be made to the allocations as project proposals and associated costs become clearer.
- 4.3 Appendix X sets out proposed allocations according to
- the proposed overall balance between the three Investment Priorities set out in Section 2 of this report, and
 - the proposed shortlist of Interventions set out in Section 3 of this report.
- 4.4 Cabinet is asked to consider the proposed allocations in setting out the overall indicative plan for investing UKSPF funds in the Lancaster district.

5.0 Delivery Approach

- 5.1 The nature of UKSPF funding is suited to a variety of approaches, according to the specific circumstances around each Intervention or project. The UKSPF Prospectus recognises that in practice, the Fund will be delivered through a mixture of competitive grant funding, procurement, commissioning, or in-house delivery by the lead local authority.
- 5.2 As such, delivery arrangements will be developed and designed to enable the maximum impact for each Intervention.
- 5.3 The Investment Plan development process has followed the council's strategic priority outcomes of '*Partnership*' and '*Enabling*', which contribute to the overall priority of '*A Co-operative, Kind and Responsible Council*'. This has been reflected in the focus group activities, submission of expressions of interest, and Local Partnership Group discussions that have contributed to the Investment Plan process.
- 5.4 It is proposed that this collaborative approach continue into the delivery of the Fund, through the formation of partnership groups where appropriate to support the development and delivery of Interventions through local projects and activities. The formality, nature and remit of these groups will be subject to the needs and opportunities relating to each investment area.
- 5.5 The UKSPF Prospectus also sets out a number of other areas for authorities to consider in delivering the Fund, summarised below:
- **Administration, Monitoring and Evaluation:** Evaluating the success of UKSPF Interventions across the UK will be carried out through monitoring of consistent measures around local outcomes and outputs related to each Intervention.
4% of the total funding allocated to each place can be set aside by lead local authorities to provide for administration of the Fund. This represents a total of £211,733 in the Lancaster district.

It is proposed that this funding be used to secure resource from a number of existing teams within Lancaster City Council, to ensure the administration, monitoring and evaluation of the Fund is embedded in the local authority's overall contribution to the district. As set out above, a collaborative partnership approach will be pursued where appropriate in all UKSPF matters.

- **Subsidy Control:** UKSPF funding is subject to subsidy considerations in the same way as any other public funds. Lancaster City Council has a robust assessment methodology in place for considering Subsidy Control implications around all funding initiatives, which will be equally applied to UKSPF delivery.
- **Public Sector Equality Duty:** The UKSPF is also subject to the Public Sector Equality Duty, and the Investment Plan asks that lead local authorities specify their approach to ensuring equitable distribution of the Fund. An overall Equality Impact Assessment is appended to this report, and further Equality Impact Assessments will be conducted wherever appropriate to ensure the Public Sector Equality Duty is followed in all UKSPF activities.

6.0 Details of Consultation

6.1 Within the timescale constraints of the UKSPF process, the council has undertaken extensive consultation in line with the UKSPF Prospectus, including:

- Specific stakeholder engagement across key local sectors
- Public focus groups covering each of the UKSPF priorities
- An open call for local partners to submit expressions of interest for UKSPF investment
- A wide-ranging Local Partnership Group to advise and support the process

7.0 Options and Options Analysis (including risk assessment)

| | Option 1: Approve the recommendations set out in the report | Option 2: Propose amendments to the suggested approach set out in the report |
|---------------|---|--|
| Advantages | The UKSPF Investment Plan can be finalised and submitted, with officers and partners moving into the development and design of projects that will successfully deliver on the Interventions selected. | The views of Cabinet members are integral to the successful delivery of the UKSPF. Any proposed amendments to the balance of funds, Interventions selected or funding allocated to each Intervention can be integrated into a redrafted Investment Plan ahead of its submission. |
| Disadvantages | None specifically identified, on the basis that Cabinet will have reached a consensus on the proposed Investment Plan structure in selecting this option. | With limited time available before the submission deadline, the implications of making significant amendments at this stage and their knock-on effect on the overall balance of funding should be carefully considered. |
| Risks | As with any medium- to long-term funding, a degree of uncertainty | As set out above, proposing significant amendments at this |

| | | |
|--|---|--|
| | exists as to the accuracy of funding allocations made at this stage for projects to take place over the next three years. The Fund has a built-in degree of flexibility that should allow for appropriate changes to be made. | stage could put the coherence of the Investment Plan at risk. Nonetheless, the flexibility within the UKSPF guidance indicates that amendments can be accommodated where possible. |
|--|---|--|

8.0 Officer Preferred Option (and comments)

- 8.1 The officer preferred option is Option 1, given that the highest possible dialogue has taken place in reaching the recommendations set out in this report. The degree of flexibility inherent in the Investment Plan process must also be considered in reaching a decision on the recommendation.
- 8.2 However, it is recognised that members are ultimately responsible for the content and delivery of the UKSPF Investment Plan. As such, reaching a consensus at this stage and accommodating any proposed amendments is of fundamental importance to moving into successful delivery of the UKSPF.

9.0 Conclusion

- 9.1 The UKSPF presents a clear opportunity for the council and its partners to contribute to shaping the future of the district's environment, economy and society.
- 9.2 The Fund's criteria are strongly aligned with the council's Plan 2030 priorities; focusing the Investment Plan on local priorities will provide an opportunity to create significant local impact beyond that which the council could achieve otherwise.
- 9.3 The proposed partnership approach to delivering the Fund also supports the council's core objectives of Partnership and Enabling. The recommendations in this report provide an opportunity to develop new ways of working together across the Lancaster district to achieve widespread local success.

RELATIONSHIP TO POLICY FRAMEWORK

The three priorities of the UKSPF – community and place, supporting local business, and people and skills – are closely aligned to the council's economic and social priorities in its Core Plan 2030. The council's priorities are reflected in the balance of funding and the nature of the Interventions proposed.

The proposed partnership-based UKSPF and delivery process supports the council's goals of partnership and enabling.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

The UKSPF Investment Plan is subject to the Public Sector Equality Duty; the Investment Plan documentation sets out the council's commitment to upholding the Equality Duty in all decisions relating to UKSPF investments.

An initial-stage Equality Impact Assessment is appended to this report.

LEGAL IMPLICATIONS

Legal Services has been consulted and has no concerns. Legal Services will be able to assist in respect of any future funding agreements should any Investment Plan be approved.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. At this point in time, there is currently no budgetary provision to support this funding stream. As detailed in the section below, £211,733 will be available for administration of the scheme over the three-year cycle and this will be used as appropriate, with the remainder of internal resource requirements needing to be managed from within existing budgets.

OTHER RESOURCE IMPLICATIONS

Human Resources:

The UKSPF Prospectus allocates 4% of each place's total funding for local authorities to administer the Fund. Based on the Lancaster district's allocation, this would provide £211,733 across the Fund's three-year lifecycle.

It is proposed that this funding be utilised to provide administrative resource within the council's workforce, in accordance with relevant council policies and procedures.

Information Services:

No direct implications, although some funding initiatives may have an impact.

Property:

No direct implications, although some funding initiatives may have an impact.

Open Spaces:

No direct implications, although some funding initiatives may have an impact.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer would request that both Members and Officer consider that the Council currently has a significant structural budget deficit and so funding initiatives will need to be (at a minimum) cost neutral to the Council, or be subject to the usual arrangements surrounding the support of items not included within the budget framework.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments to add.

BACKGROUND PAPERS

Report to Cabinet 12 July 2022

Contact Officer: Chief Executive

Telephone: 01524 582011

E-mail: chiefexecutive@lancaster.gov.uk

Ref: N/A