

## **Corporate Policy Committee**

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<b>Date of Meeting:</b>	14 July 2022
<b>Report Title:</b>	UK Shared Prosperity Fund – Cheshire East Allocation
<b>Report of:</b>	Jayne Traverse, Executive Director – Place
<b>Report Reference No:</b>	N/A
<b>Ward(s) Affected:</b>	All wards

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### **1. Purpose of Report**

- 1.1.** The purpose of this report is to inform Corporate Policy Committee of the new UK Shared Prosperity Fund (UKSPF) and the process required to secure the funding allocation for Cheshire East.
- 1.2.** The report seeks recommendations to Full Council on 20 July to provide delegated authorities to approve a UKSPF Investment Plan for 2022-25 for submission to Government, accept the Cheshire East UKSPF allocation of up to £13,121,309 and approve any amendments to the Investment Plan as required to deliver the programme.
- 1.3.** The UKSPF, as an external funding resource and part of the government's Levelling Up programme will contribute to the Corporate Plan priority outcomes as defined in the Council's Corporate Plan 2021-2025:
  - 1.3.1. OPEN** – Helping to provide strong community leadership in considering how to make best use of the support available through UKSPF as a major opportunity to bring more income into the Borough.
  - 1.3.2. FAIR** – UKSPF is a component of the Levelling Up agenda so is focussed on levelling up social and health inequalities to support our ambitions to promote fairness and opportunity for all and create inclusive and resilient communities.
  - 1.3.3. GREEN** – Levelling Up initiatives will also support our priorities to protect and enhance our environment, tackle the climate emergency and drive sustainable development.

## **2. Executive Summary**

- 2.1.** Cheshire East has a conditional allocation of £11,585,762 from the core UKSPF plus £1,535,547 for a Multiply (Adult Numeracy Programme) element, both to be spread over the years 2022-23 to 2024-25.
- 2.2.** The funding is non-competitive and does not require any match funding to be provided, but it is conditional on central government approval of Investment Plans (IPs) which the Council must develop internally and submit to government for approval in order to secure the funding.
- 2.3.** The Cheshire East allocation for the Multiply element of the UKSPF is £1,535,547. This is revenue funding to be spent on interventions to improve adult numeracy over the years 2022-23 to 2024-25. An IP has been prepared in consultation with local stakeholders, setting out how this funding would be best used to deliver interventions within Cheshire East. This IP was submitted to the Department of Education (government department responsible for Multiply) for the 30 June 2022 deadline.
- 2.4.** The Cheshire East allocation for the Core SPF element is £11,585,762. This can be made up of a revenue/capital mix of which Cheshire East Council must identify minimum capital spend of 10% in year 1, 13% in year 2 and 20% in year 3.
- 2.5.** Up to £20,000 is available to each eligible local authority area (LA) to support the development of the IP and each LA can spend up to 4% of its total allocation on future management and administration costs.
- 2.6.** There are 3 Investment Priorities within the core UKSPF over which each LA has flexibility to decide its own allocations. However, the Prospectus is clear that People and Skills interventions should not be selected until 2024-25 other than, with the exception of protecting provision currently delivered by voluntary and community organisations at significant risk of ending due to the tail off of EU funds.
- 2.7.** An IP for this part of the funding is being developed in consultation with local stakeholders, setting out the priorities and intended outcomes and interventions for Cheshire East. This IP is due to be submitted to the Department for Levelling Up, Housing and Communities by the deadline of 01 August 2022.
- 2.8.** Subsequently (and subject to approval of the IPs), Cheshire East will have responsibility and act as accountable body for the managing and running of the UKSPF programme, including procurement, contracting, monitoring and making payments; functions which had previously been carried out by government departments for the EU funding programme.
- 2.9.** There is also a requirement for putting in place appropriate governance structures, including working with a diverse range of local and regional stakeholders, and establishing a Local Partnership Group to provide advice on strategic fit and deliverability.

### **3. Recommendations**

#### **3.1. That the Corporate Policy Committee:**

3.1.1. Notes the Local Investment Plan for the Multiply (Adult Numeracy Programme) element of UK Shared Prosperity Fund allocation for Cheshire East which was submitted to the government Department for Education on 30 June 2022. (Appendix 1 sets out a short summary of the proposed programme)

#### **3.2. That the Corporate Policy Committee recommends to Council that:**

3.2.1. Authority is delegated to the Executive Director Adults, Health and Integration to:

3.2.1.1. Make any amendments to the Local Investment Plan for the Multiply element of the Shared Prosperity allocation for Cheshire East as are required by government in order to release Multiply funding or as required during the plan period to enable the effective management of the fund; and

3.2.1.2. Accept the Multiply funding allocation for Cheshire East and approve a Supplementary Revenue Estimate of up to £1,535,547, and to allocate that funding as set out within the Local Investment Plan over the years 2022-23 to 2024-25.

3.2.2. Council notes the emerging Local Investment Plan for the core element of the UK Shared Prosperity Fund allocation for Cheshire East. (Appendix 2 sets out the key components of the proposed programme).

3.2.3. Council notes that the Chief Executive, S151 Officer and Leader are required to approve the core UKSPF Investment Plan once completed to comply with the requirements of the UKSPF government Prospectus.

3.2.4. Authority is delegated to the Executive Director – Place to:

3.2.4.1. Submit the approved completed Investment Plan for the core UK Shared Prosperity Fund allocation for Cheshire East to the government Department for Levelling Up, Housing and Communities for the deadline of 01 August 2022;

3.2.4.2. Make any amendments to the Investment Plan for the core UK Shared Prosperity allocation for Cheshire East as required by government in order to release the funding or as required during the plan period to enable the effective spend of the fund;

3.2.4.3 Accept the core UK Shared Prosperity Fund allocation for Cheshire East and approve a Supplementary Revenue/Capital Estimate of up to £11,585,762, (split to be confirmed on approval of the Investment Plan) and to allocate the funding as set out within the Local Investment Plan over the years 2022-23 to 2024-25; and

3.2.4.4 Manage the Cheshire East UK Shared Prosperity Fund 2022-25 programme, taking all necessary actions in the interests of maximising the impacts of the fund aligned to the fund parameters and local priorities aligned to the core UK Shared Prosperity Fund Investment Plan.

3.2.5. Notes that the Council will act as accountable body for the Shared Prosperity Fund where funds are allocated to third party organisations, for the duration of the funding.

#### **4 Reasons for Recommendations**

**4.1** This new fund is in effect, succession funding for the EU structural funds. The UKSPF will provide £3 billion of new funding (revenue and capital) for local investment by March 2025, with all areas of the UK receiving a conditional allocation via a funding formula rather than through a competitive bidding process.

**4.2** With all areas of the UK receiving an allocation from the UKSPF via a funding formula rather than a competition, there is some recognition that even the most affluent parts of the UK contain pockets of deprivation and need support.

**4.3** UKSPF could support the delivery of a significant number of interventions across the borough, but it is predicated on the submission of IPs setting out how the programme of activity will be delivered which has been developed in conjunction with local stakeholders.

**4.4** This provides the opportunity to direct funding where it is needed right across the borough. Interventions do not need to be geography-based; for example, supporting disabled people into work is just as important in any location across Cheshire East.

**4.5** Therefore, this report is seeking recommendations to provide delegated authorities to approve a UKSPF Investment Plan for 2022-25 for submission to Government, accept the Cheshire East UKSPF allocation of up to £13,121,309 and make any amendments to the Investment Plans as required to deliver the programme.

## 5 Other Options Considered

- 5.1 The UKSPF is intended to fill the gap left as EU funded projects are coming to an end. UKSPF is the government's new route to external funding as set out in the Levelling Up White Paper in February this year. No other funding route for these type of projects is available currently.

Option	Impact	Risk
Not to meet the conditions to accept this funding i.e. submit an Investment Plan to government	Cheshire East may not be able to secure its funding allocation from the UKSPF of £13,121,309	Medium

## 6 Background

- 6.1 Alongside the publication of the Levelling Up White Paper in February this year, the government also published pre-launch guidance on the UKSPF providing information regarding the aims of the fund and the delivery roles of local partners.
- 6.2 There are 2 elements to UKSPF:
- 6.2.1 SPF Core funding – nationally £2.6bn investment into three priorities of Communities and Place, Supporting Local Business, and People and Skills to be overseen by the Department for Levelling Up, Housing and Communities (DLUHC)
- 6.2.2 SPF Multiply – nationally £559m towards an adult numeracy programme overseen by the Department for Education (DfE)
- 6.3 SPF interventions are to be planned and delivered by LA areas. Each eligible LA (lead LA) will have flexibility over how they deliver the fund, for example they may wish to use a mix of procurement, local competitions or deliver some activity through in-house teams.
- 6.4 To access their allocation, LAs will have to submit an Investment Plan (IP) for each element of the UKSPF, setting out the headline outcomes they are looking to deliver and the interventions they are looking to prioritise and agree with Government. It does not require breakdowns by project, business cases, options appraisals or that level of detail at this stage; this should follow once the IP is agreed and the delivery stage begins.
- 6.5 In completing their IPs, LAs are required to describe how they have engaged with public sector, private sector and civil society organisations, and also to summarise their intended governance structures and partnership groups, including confirmation that all MPs covering the LA area have been invited to join the local partnership group.

**6.6** UKSPF was first noted by Cheshire East Council's Corporate Leadership Team (CLT) on 16 March and a further update was provided on 01 June once the individual lead Local Authority (LA) allocations of funding were announced. Finance Sub Committee also received a briefing on the UKSPF and the Supplementary Estimates expected to be received over the next 3 years.

## **7 Consultation and Engagement**

**7.1** LAs are being encouraged to identify a representative cross section of local groups and organisations who can provide insight on local needs and start early conversations on how the SPF can best be implemented locally to support people and businesses taking account of the UKSPF objectives and investment priorities.

**7.2** The Prospectus is quite prescriptive about the sectors of the community that should be involved and these stakeholders within Cheshire East have been engaged in the development of IPs through a series of workshops and a pro forma on the Cheshire East website which has been designed specifically to capture ideas and suggestions of where support could provide most impact.

**7.3** Local MPs have also been included in the engagement process, with consideration that their constituencies form different geographies across the borough.

## **8 Implications**

### **8.1 Legal**

**8.1.1** The decisions associated with the UKSPF are treated as Supplementary Capital and Revenue Estimates as this funding will support an increase in the Council's approved budget. The timescales associated with the IPs are such that the IP for Multiply has been urgently submitted to meet the 30 June deadline. Recommendations will be made to Full Council to enable officers to approve the IP for the core SPF and to further delegate authority to the relevant Officers to make any necessary amendments to the IP and accept the funds once allocated.

**8.1.2** Where within the IPs the Council allocates funds to third parties, it will act as accountable body. In addition to reporting and monitoring responsibilities, a detailed assessment will need to be made about whether any intended activity constitutes a subsidy to potential recipients of the funding, and any specific measures that will be taken to make sure the subsidy is permitted in accordance with Government guidance on subsidy control.

**8.1.3** Legal Services will provide support with addressing the above matters and any other issues arising (out of the compilation/amendment of the IPs, the terms and conditions of any onward funding) throughout the project lifetime.

## **8.2 Finance**

- 8.2.1 The funding is not currently reflected in the current Medium Term Financial Strategy 2022-26 (MTFS) and would require Supplementary Revenue and Capital Estimates to incorporate which this paper seeks authority to do.
- 8.2.2 Funding is confirmed for three financial years – 2022-23, 2023-24 and 2024-25 providing a predictable baseline element of funding subject to approval of the Investment Plan by DLUHC. Care should be taken to allocate the funding across the years in a way that is realistic and achievable noting that underspends need to be repaid to government each year and there may not be the same flexibilities and freedoms with this funding as there are with other government funds.
- 8.2.3 The expected split of revenue to capital and the split over the 3 year period will be confirmed once the IPs are agreed with government. The expectation is that a higher % of funding is spent on capital each year and given the extremely tight funding window available there will be a need to ensure projects and schemes identified as suitable for funding are well developed and ready to deliver from the earliest point with a clear plan. Consideration will need to be given for projects that are incomplete when the funding window closes.
- 8.2.4 Consideration will need to be given to capacity within the Council when considering the most appropriate means of delivering the Investment Plan to ensure optimal drawdown and delivery of outcomes within the funding window. Additional roles for the delivery of project outcomes are permissible and would sit outside of the allocation for management of the fund.
- 8.2.5 A proportion of the allocation is by default available to undertake necessary UKSPF administration, such as financial monitoring, procurement support, legal advice, project assessment, contracting and ongoing fund monitoring and evaluation.

## **8.3 Policy**

- 8.3.1 The UKSPF will primarily operate over the strategic geographies of the MCAs and the Greater London Authority, and lower tier or unitary authorities elsewhere. The Prospectus states that delivery responsibility will align with devolution deals and will be reviewed as deals are developed.

## **8.4 Equality**

- 8.4.1 The recommendations do not have an Equality Impact Assessment (EIA) at this stage although engagement with stakeholders that are helping to shape the IP is ongoing .

8.4.2 If further EIAs are required, they will be developed alongside any plans to enable the effective spend of the UKSPF fund and to align and support the design of plans to deliver the Multiply funding allocation for Cheshire East.

## **8.5 Human Resources**

8.5.1 The work entailed in preparing and then delivering IPs will have human resource implications across the Place and People Services, particularly for the Growth and Enterprise and Commissioning teams.

8.5.2 There is an allocation within the fund available to use on our own support and administration of the UKSPF.

8.5.3 There will be new roles and opportunities for the staff required to carry out project commissioning, contract management and administration. The UKSPF team within Cheshire East will be working closely with HR on developing the right JDs and contracts so that there will be minimal financial/HR risks.

8.5.4 For delivery, the Council will manage the work using existing resources and commission external delivery providers as appropriate.

## **8.6 Risk Management**

8.6.1 There is a risk that the IPs do not gain approval from government and are unable to proceed with the plan and accept the funding. This will be mitigated by the Council only putting forward interventions that are supported by a strong evidence base, fit with the corporate plan and are covered by the SPF prospectus.

8.6.2 A detailed risk register will be developed and reviewed regularly as a key aspect of governance controls.

## **8.7 Rural Communities**

8.7.1 Specific interventions will be confirmed on government approval of the IPs but as actions are not restricted to specific geographies or urban areas there may be scope to support rural communities.

## **8.8 Children and Young People/Cared for Children**

8.8.1 Specific interventions will be confirmed on government approval of the IPs but some actions may be able to be directed towards young people and cared for children. Examples of where the programme could support groups of NEETs and care leavers have already been noted.



## 8.9 Public Health

8.9.1 There are several key Public Health determinants used in the Tartan Rug that cut across all aspects of UKSPF e.g. development of green spaces, physical assets that improve emotional well-being and mental health, programmes that tackle obesity, life-style choices and of course support into employment which increases life expectancy. There are stark comparisons re life-expectancy figures across Cheshire East.

8.9.2 Examples already noted for discussion with stakeholder groups include support for people with Mental Ill Health and also Learning Disabilities. However, we also need to refer to this in all elements of the UKSPF.

## 8.10 Climate Change

8.10.1 Specific interventions will be confirmed on government approval of the IPs but actions will be able to support the Council's environmental and sustainability priorities. Examples of where the programme could support decarbonisation, active travel and climate change mitigation have already been noted.

8.10.2 These interventions will also support the work of the Sustainable and Inclusive Growth Commission, contributing towards the recommendations coming out of the Commission's report 'Cheshire & Warrington: Transitioning to a sustainable and inclusive economy'.

<b>Access to Information</b>	
Contact Officer:	Carol Young, Policy and Partnerships Officer <a href="mailto:Carol.young@cheshireeast.gov.uk">Carol.young@cheshireeast.gov.uk</a> 07968 217206
Appendices:	Appendix 1 – Summary of the IP or the Multiply element of UK SPF Appendix 2 – Summary of the key components of the IP for the Core UKSPF
Background Papers:	SPF Prospectus and supporting documents - <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/612222/UK_Shared_Prosperty_Fund_prospectus_-_GOV.UK.pdf">UK Shared Prosperity Fund: prospectus - GOV.UK</a> ( <a href="http://www.gov.uk">www.gov.uk</a> )