

Corporate Policy Committee

06 February 2025

UKSPF Transition Year 25/26

Report of: Philip Creswell, Executive Director - Place

Report Reference No: CP/51/24-25

Wards Affected: All wards.

For Decision or Scrutiny: Decision

Purpose of Report

- 1 This report concerns the allocation of an additional year of funding under the UK Shared Prosperity Fund (UKSPF) for 25/26 confirmed on Dec 13th 2024.
- 2 The separate MTFS report on this meeting's agenda seeks a decision to accept that UKSPF allocation and to make associated changes to the MTFS.
- 3 This report provides detail on the UKSPF allocation and is primarily concerned with agreeing that the allocation should be split between the UKSPF investment priorities in the same proportions as in the approved Cheshire East UKSPF Investment Plan, approving allocations to allow the continuation of two current ongoing interventions already supported by UKSPF, and ensuring delegations are put in place to allow distribution of all remaining funds and agile fund management.

Executive Summary

- 4 Over the last three financial years, the Council received £11,585,762 of Core UKSPF. On 13th December 2024 the UK government confirmed further Core UKSPF allocations to be awarded to lead authorities in 25/26 as a 'transition' year, until an alternative funding framework is established. The Council as lead authority for Cheshire East is due to receive an additional £3,790,237 Core UKSPF for that transition year. No announcement has yet been made regarding the separately allocated Rural England Prosperity Fund.

- 5 As with the initial three-year UKSPF, there is flexibility in the use of the transition year funding within fund parameters. The funding must be used for initiatives within defined priority areas of Communities and Place, Supporting Local Business, and People and Skills.
- 6 The initial three-year UKSPF allocation has been challenging to manage with multiple uncertainties around annual allocations, treatment of underspend and involvement of multiple agencies. With a single year to allocate and spend the additional funding, there is a need to swiftly agree how the funding should be utilised and to put in place arrangement to allow effective fund management to continue.
- 7 Two ongoing projects, already in receipt of UKSPF, have been identified by officers as needing continued funding in 25/26 and approval is sought to agree part of the UKSPF allocation is awarded to those initiatives.
- 8 For the remainder (majority) of the funding, Committee is asked to agree how it should be divided between the three UKSPF Investment Priorities of Community and Place, Supporting Local Business and People and Skills.
- 9 Committee is then asked to grant delegations to officer level to allow allocations to be made to individual projects or interventions within those broad Investment Priority allocations, and to allow all other necessary actions to be taken to ensure effective fund management.

RECOMMENDATIONS

That Corporate Policy Committee:

1. Approve the split of the UKSPF 25/26 allocation as follows: £151,067 for Fund Management and Administration, £1,771,000 for Communities and Place Initiatives, £1,302,000 for Supporting Local Business Initiatives and £566,170 for People and Skills Interventions.
2. Approve the use of £566,170 of the People and Skills allocation for the continuation of employment support for economically inactive people, and the use of £500,000 of the Communities and Place allocation for the continuation of Macclesfield Market Refurbishment , such allocations to be embedded into the MTFS.
3. Delegate authority to the Director of Growth & Enterprise to manage the Cheshire East UKSPF programme, taking all necessary actions in the interests of maximising the impacts of the fund aligned to the fund parameters and local priorities, including but not limited to allocation of remaining funds to specific interventions, and reallocation of funds and movement of revenue funds to capital if required.

Background

UKSPF 2022-2025

- 10 The UKSPF was launched on 13th April 2022, initially, as a three-year fund, allocated to lead local authorities, including Cheshire East Council to manage on behalf of their local area. There are currently three elements to UKSPF: SPF Core, Rural England Prosperity Fund and Multiply.
- 11 Cheshire East was awarded £11,585,762 of Core UKSPF over the three financial years from April 2022. Authorities in receipt of the Core UKSPF had some flexibility to use the fund for a variety of interventions aligned to set UK government investment priorities and specified intervention types. The Council was required to develop and have approved by UK government, an Investment Plan setting out the types of interventions to be supported locally by UKSPF. When developing the Investment Plans, Councils were asked to work with a diverse range of local and regional stakeholders within a Local Partnership Group.
- 12 After the establishment of a Local Partnership Group and engagement with its members, the Cheshire East core UKSPF Investment Plan was drafted and then approved by the Chief Executive in August 2022 utilising specific delegated authority granted by Council.¹
- 13 The Cheshire East UKSPF Core Investment Plan split the 2022-2025 allocation across the three in-scope Investment Priorities in the ratio set out below:

Communities and Place 48.66%
Supporting Local Business 35.78%
People and Skills 15.56%

The Investment Plan then further split this funding into various types of interventions to be supported, but generally stopped short of allocating funds to specific interventions or projects.
- 14 The UKSPF has been a challenging fund to manage for a variety of reasons. Late confirmation of annual funding allocations, lack of clarity over arrangements for end of year underspends, and requirements to engage with multiple stakeholders led to many initiatives having a delayed start. The current 24/25 allocations are required to be spent in year and any unspent funds cannot be rolled over into 25/26, contrasting with other funds where more flexibility over spend has been allowed. Such inflexibility poses challenges to the delivery of many initiatives, but officers are working hard to ensure ongoing projects are

¹ The [Cheshire East UKSPF Investment Plan](#) can be viewed on the Councils website

supported to ensure maximum uptake of funds and delivery of anticipated outputs.

25/26 UKSPF Transition Year

- 15 On 13th December 2024 the UK government confirmed that Cheshire East will receive an additional year of UKSPF funding of £3,790,237 in 25/26. A minimum of £699,797 of this allocation must be used as capital, but there is scope to utilise part of the revenue to boost the capital spend.
- 16 The aim of this additional UKSPF 'transition' year is to provide a smooth transition from the existing UKSPF programme to a new, yet to be confirmed, future funding framework. No separate multiply allocation is to be made for the transition year, but the allocation can be used to fund adult numeracy support alongside the wider suite of people and skills related activities. No announcement has yet been made regarding the separately allocated Rural England Prosperity Fund. MHCLG are working closely with the Department for Environment Food and Rural Affairs and officers have been working with MHCLG and are awaiting an update.
- 17 In the 25/26 transition year Cheshire East will continue to have some flexibility to invest across a range of activities that represent the right solutions for their areas under the same three Investment Priorities. The number of UKSPF intervention types allowable within those priority areas have been refreshed and simplified in line with government's missions². In scope for 25/26 are interventions to: develop the visitor economy; improve high streets and town centres; provide advice and support to business, enterprise culture and start-ups; support for business sites and premises; supporting people to progress towards and into sustained employment; providing support for young people who are at risk of becoming NEET³; and providing for essential skills and employment related skills.
- 18 As with previous years the transition year UKSPF allocation can be used for supporting interventions via grants to public or private organisations; commissioning third party organisations; procurement of service provision; or in-house provision. Also, as with previous years, no match funding is required to unlock an area's allocation.

² Missions: Kickstart Economic Growth; Break down Barriers to Opportunity; Make Britain a clean energy superpower; Take back our Streets; Build an NHS fit for the future

³ NEET: Not in Education, Employment or Training

- 19 In the transition year there is strong encouragement to continue engagement with and to seek support from local partners.

25/26 Intervention Selection

- 20 Given lessons learnt managing the programme to date, it is critical in this transition year that interventions to be supported are agreed as quickly as possible to enable contracts to be extended or put in place and spend to commence immediately in the new financial year with confidence that all projects supported will be delivered in a single financial year.
- 21 To undertake an external call out for projects and then fairly and transparently assess those on a competitive basis takes considerable resource and time. It is considered impractical to repeat the kind of external call out for intervention proposals which occurred for the initial three-year programme, assess submissions on a competitive basis and then allocate funds and expect delivery, all within a twelve-month period. A more streamlined approach is necessary to mitigate risk of underspend.
- 22 To ensure broad alignment with the priorities set in the existing approved UKSPF Investment Plan, the initial recommended split of the allocation is set out below.

Investment Priority	Allocation for UKSPF £	Share of UKSPF allocation (percentages rounded)
Management and Administration	151,067	4%
Communities and Place	1,771,000	47%*
Supporting Local Business	1,302,000	34%*
People and Skills	566,170	15%*
Total	3,790,237	

* Percentage variation from initial Investment Plan accounts for 4% admin and management fee being included in split initially and top sliced for transition year figures.

- 23 To ensure alignment with the priorities agreed in the approved Investment Plan it is proposed to keep the same proportional division of funds across the 3 priority areas in 25/26. Committee is recommended to support this.
- 24 Consideration has been given by officers to ongoing UKSPF initiatives which are felt to justify initial and urgent award of funding. Two initiatives have been identified falling into this category, these are

continuation of employment support for economically inactive people and the continuation of Macclesfield Market Refurbishment. These projects are ongoing with existing contracts that will require extension in a short timeframe to allow work to continue. To stop these interventions on 31 March 2025 is likely to be problematic and it is felt that there are strong cases that they continue to receive UKSPF into 25/26. These two interventions would require £566,170 revenue and £500,000 capital respectively.

- 25 Setting aside a Management and Administration allocation (4%) and allowing for the funds recommended for the two identified specific projects, this would leave £1,271,000 of funds to be allocated for interventions falling within scope of the Communities and Place Priority and £1,302,000 for interventions falling within scope of the Supporting Local Business Priority.
- 26 It is vital in a one-year fund that officers have the ability to manage the funding in an agile manner. Significant delegations were in place to allow officer management of the original UKSPF fund to individual interventions, but these delegations related to a three-year fund only and will not apply for this new transition year funding.
- 27 Committee approval is therefore sought to delegate authority to officer level to allow, once again, all necessary actions to ensure effective fund management. This would cover but not be limited to:
 - Consultation with the Local Partnership Group on initiatives to be supported by UKSPF
 - Allocation of all remaining unallocated funds to specific interventions
 - Movement of revenue funds to capital projects
 - Reallocation of unspent funds
 - Agreeing changes to the funding split between intervention priorities

Consultation and Engagement

- 28 As part of the development of the initial UKSPF Investment Plan Stakeholders were engaged to capture ideas and suggestions of where support could provide most impact. Interventions to be supported would be aligned to the Investment Priorities agreed in the approved Investment Plan. No external call out for new project ideas is envisaged given the limited timeframe for spend in the transition year.

Reasons for Recommendations

- 29 The division of 25/26 UKSPF between the three in-scope Investment Priorities is recommended to ensure alignment with the CEC UKSPF Investment Plan developed with the Local Partnership Group
- 30 Approval of specific allocations at this stage for both continuation of ongoing employment support for economically inactive people, and to allow the continuation of the Macclesfield Market Refurbishment Project is recommended to enable continued, uninterrupted delivery of these projects, use of existing contracts and to avoid delays, risk of non-delivery and reputational damage.
- 31 Delegation to officer level for management of this fund is considered essential to allow effective fund management. The management of this fund over the past three years has demanded an agile response from officers with multiple decisions required under delegated powers.

Other Options Considered

- 32 Dividing the transition year allocation between the three in-scope Investment Priorities in different proportions to those in the approved Investment Plan has been considered but given that the Investment Plan was developed with input from the Local Partnership Group, this is considered unwise without further extensive stakeholder engagement which would take time and delay spend.
- 33 Not agreeing any interventions to be supported at this stage has been considered but the two interventions identified for receipt of funds at this stage need certainty whether they can continue into the next financial year. Contracts need to be extended to allow this to happen and any delay could result in loss of continuity with ongoing initiatives, with likely reputational risk to the Council.
- 34 Not seeking delegated authority has been considered but experience gained in managing the first three years of UKSPF has highlighted that effective officer delegation is vital to effective management of this kind of fund. Without this delegation, there is a significantly increased risk of underspend and funds having to be passed back to UK government with reduced outputs and outcomes for residents and business in Cheshire East.
- 35 The option of launching an external call out for projects for all or remaining funding has been considered as occurred for the original three-year fund. This process took several months and involved the appointment of external specialist resource, development of proformas, launch of call out, period for project formulation and submission and assessment of submissions, together with further delegated decisions.

Given that the newly confirmed funding is only available for a single year, to embark on a similar route would significantly reduce the period for delivery and significantly increase the risk of underspend.

Implications and Comments

Monitoring Officer/Legal

- 36 Legal Services will continue to support in terms of addressing any issues arising out of management the Cheshire East UKSPF programme and more particularly reviewing the terms and conditions of any funding allocated to third parties. It should be noted that when the Council so allocates UKSPF funding to third parties, it will act as the “accountable body” in relation to any given project. 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.

Section 151 Officer/Finance

- 37 The 2025/26 allocation has been confirmed by MHCLG as £3,790,237 with a minimum £700,000 to be utilised as capital. The allocations have been calculated centrally using set formula. There is the flexibility within the fund parameters to spend more on capital interventions should that be deemed necessary.
- 38 Up to 4% of the allocation can be used to cover the management and administration of the fund. This will allow the Authority to recover the costs incurred to manage and administer what can be a complex and time-consuming fund.
- 39 As this is a one-year transition allocation, all spend needs to be completed in the 2025/26 financial year. Therefore, it is imperative that the projects are identified and mobilised in advance to allow spend to commence on 1 April 2025. As this point we do not envisage being able to carry forward unspent funding into 2026/27 and beyond. This is consistent with the 2022/25 programme where any underspend at March 2025 need to be returned to government.
- 40 The management of the fund necessitates a level of agility and flexibility to make swift decisions and reallocate underspends in a timely manner so as to maximise the benefit to Cheshire East and its residents.
- 41 The decision endorses allocations to two existing projects, thereby allowing continuity and the ability to plan and contract for activity

beyond 31 March 2025. Further allocations to successful projects would be determined by the Director of Growth and Enterprise.

- 42 Given the value of the allocation, it is noted that the decision is dependent upon the approval and acceptance of the allocation as included in the MTFS for 2025/26 that will be considered separately by Corporate Policy Committee with a further recommendation to Full Council.
- 43 There is no requirement for match funding.
- 44 It has not yet been confirmed how the funding will be drawn down. An updated Memorandum of Understanding, and grant determination letter, including a payment schedule is due to be received at the start of the 2025/26 financial year.

Policy

- 46 All three Investment Priorities which can be supported utilising UKSPF align to the Council Plan as summarised below.

UKSPF Investment Priority	Council Priorities likely to be Supported
Communities and Place Initiatives	P3.1 A great place for people to live, work and visit. P3.5 Thriving urban & rural economies with opportunities for all. P1.4 Look at opportunities to bring more income into the borough P2.2 Reduce health inequalities across the borough
People and Skills Initiatives	P2.1 Work together with residents and partners to support people and communities to be strong and resilient. P2.2 Reduce health inequalities across the borough. P2.6 Increase opportunities for all children and young adults with additional needs. P2.8 Reduce the reliance on long term care by improving services closer to home and providing more extra care facilities, including dementia services
Supporting Local Business Priorities	P3.5 Thriving urban and rural economies with opportunities for all.

Equality, Diversity and Inclusion

- 47 The UKSPF Programme does not have an Equality Impact Assessment (EIA). Some interventions already will have or will need individual EIAs, which will be picked up as funds are awarded to individual projects.

Human Resources

- 48 A UKSPF Programme Manager was appointed on a temporary contract to manage the Core UKSPF. This resource is vital to ensure effective fund management, and it is intended to extend this temporary role to enable continuity. The Head of Economic Development will be working

closely with HR on any review of the current Job Description and contracts to minimise financial/HR risks. The authority can use up to 4% of their allocation to undertake necessary fund administration and this will cover the cost of that post. Other officers will also be involved in management of the fund or delivery of individual projects as occurs currently and the 4% may be utilised to support this resource.

Risk Management

- 49 A detailed risk register exists for the current UKSPF Programme. This will be maintained into the transition year of the fund and will be reviewed regularly as a key aspect of governance controls.
- 50 Risk of non-delivery and underspend will be heavily weighted in selecting interventions. Requested delegations are essential to enable swift decision making and mitigate risk of underspend.

Rural Communities

- 51 Interventions are not restricted to specific geographies or urban areas and there will be scope to support rural communities.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 52 Some interventions are likely to support working age young people with additional needs for example the employment support for economically inactive people. It is expected that additional initiatives will support these groups such as via community grants funded by UKSPF.

Public Health

- 53 There is clear potential for projects funded using the UKSPF to support residents to live healthier lifestyles. It is expected that additional initiatives will support these groups such as via community grants funded by UKSPF.

Climate Change

- 54 There are opportunities to help tackle the climate change emergency through a range of interventions recommended and this will be considered a key priority informing how interventions are designed and delivered.

Access to Information	
Contact Officer:	Charles Jarvis, Head of Economic Development charles.jarvis@cheshireeast.gov.uk
Background Papers:	UK Shared Prosperity Fund: prospectus - GOV.UK (www.gov.uk) Cheshire East UKSPF Investment Plan Report to Corporate Policy Committee Jul 22 on initial UKSPF allocation Report to Corporate Policy Committee updating on UKSPF Oct 2022 ODR Nov 2022 - Approval of project selection process ODR Jan 2023- Acceptance of Year 1 funding and Supplementary Estimate ODR Feb 2023- Approval of Skeleton Programme ODR Jul 2023 – Acceptance of amended MOU ODR Jul 2023 – Approval of additional projects ODR Aug 2023- Call out ODR Oct 2023 – Supplementary Estimate ODR Feb 2024- Allocation of remaining funds ODR Aug 2024 - Virements ODR Aug 2024 – UKSPF Reallocations ODR Oct 2024 – UKSPF Reallocation