

ECONOMY POLICY DEVELOPMENT GROUP

26TH MAY 2022

UK SHARED PROSPERITY FUND UPDATE

Cabinet Member(s): Cllr Richard Chesterton
Responsible Officer: Richard March, Director of Place

Reason for Report: To provide members with information regarding the UK Shared Prosperity Fund (UKSPF) government report (launched in April 2022) and the amount of funding allocated to Mid Devon. The report also outlines a way forward with regard to the formulation of the required Investment Strategy to inform Mid Devon's UKSPF planned expenditure.

RECOMMENDATION: That the Council's proposed approach to developing the UKSPF Investment Plan as outlined in Section 4 of the Report be endorsed.

Financial Implications: The Government has allocated, through its Shared Priority Fund, £1,064,159 to Mid Devon spread over a three year period. This is subject to the Government approving our Investment Strategy. In addition £20,000 of government funding has been made available to prepare an Investment Plan to inform expenditure decisions with regard to the Shared Prosperity Fund allocation. In year one a minimum of 10% is to be spent on capital projects. Similarly in year two a minimum of 13% is to be spent on capital, rising to a minimum of 20% in the last year.

4% (£42,566.36) of the UKSPF allocation can be spent on administration which leaves **£1,021,592.64** for project delivery.

A breakdown of the allocation is prescribed by Government as follows:

	Allocation	Revenue		Capital (At Least)	
Year	Total	%	Amount	%	Amount
22-23 (15%)	£153,238.90	90%	£137,915.01	10%	£15,323.89
23-24 (27%)	£275,830.01	87%	£239,972.11	13%	£35,857.90
24-25 (58%)	£592,523.73	80%	£474,018.98	20%	£118,504.75
	£1,021,592.64				

The report sets out a course of action to prepare an Investment Plan to strive towards the most efficient use of this resource for the maximum benefit of Mid Devon residents and businesses.

It should be noted that whilst on the face of it this looks like a significant level of investment; however given that this is spread over three years and also given the scale of the levelling up agenda within the District this allocation will need careful prioritisation.

Budget and Policy Framework: As explained above there is a UKSPF funding stream to help with the creation of the Investment Plan. There will still however be pressure placed upon the Growth, Economy & Delivery team to facilitate the implementation of projects and in overseeing the scheme. The work of the team will need to be prioritised accordingly within existing budgets.

The funding will help deliver projects which contribute towards meeting objectives within both the District Council's Economic Strategy and its Corporate Plan.

Legal Implications: There are no direct legal implications arising from this information report.

Risk Assessment: The key risk with regard to the Investment Plan is not fulfilling Government's expectations and failing to secure the funding that has been pledged. The report sets out an approach to ensure that given the tight timescales that a robust plan can be put in place.

Individual projects will need to be subject to their own risk assessments.

Equality Impact Assessment: Addressing inequalities is the raison d'être of the Levelling Up Agenda. The Shared Prosperity Fund aims to help address inequalities in our society. This will be a crucial element of the Investment Strategy.

Relationship to Corporate Plan: The levelling up agenda has relevance to all aspects of the Corporate Plan; however the UKSPF relates most specifically to the Corporate Plan priority strand: 'the economy', and specifically:

- Developing and delivering regeneration plans for our town centres;
- Economic opportunities; and
- Economic and community confidence.

Impact on Climate Change: The fund can provide opportunities for projects which can help combat fuel poverty, improve energy efficiency and tackle climate change. This would need to be an important element of the Investment Strategy.

1. Introduction/Background

1.1 The government launched its UK Shared Prosperity Fund (UKSPF) Prospectus in April 2022 as part of its Levelling Up agenda. It provides £2.6 billion of funding intended to reduce inequalities between communities. The funding covers the three year period up to March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition. The UKSPF is in essence a replacement to the EU structural fund.

1.2 As previously set out in the Government's Autumn 2021 Budget and Spending Review in 2021 the £2.6 billion will be allocated in the first three years of the UKSPF as follows:

- £400 million allocated for 2022/23
- £700 million allocated for 2023/24

- £1.5 billion allocated for 2024/25.
- 1.3 As explained above the fund will be allocated as opposed to using competition and is a mix of revenue and capital funding.
- 1.4 The aim of the UKSPF is intended to support the Government's wider Levelling Up agenda, in the following ways:
- Boost productivity, pay, jobs and living standards, especially in those places where they are lagging.
 - Spread opportunities and improve public services, especially in those places where they are weakest.
 - Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
 - Empower local leaders and communities, especially in those places lacking local agency.
- 1.5 The UKSPF will be guided by three investment priorities. These are:
- Communities and Places
 - Supporting local businesses
 - People and Skills
- 1.6 Local authorities will provide the lead role for this fund which includes mayoral combined authorities, the Greater London Authority and lower-tier (i.e. District Councils) or unitary councils. Lead authorities will manage, assess and approve project applications, process payments and undertake the day to day monitoring of programmes. There will be the flexibility to choose whether to commission projects, run competitions or deliver programmes in house.
- 1.7 Lead authorities will be able to use funding in 2022/23 and 2023/24 for 'Communities and Places' and 'Supporting Local Businesses'. The 'People and Skills' interventions will commence in 2024/25, with lead authorities expected to collaborate with other stakeholders and tiers of local government. As the European Social Fund programme ends in 2023, we understand the Government will be introducing criteria for lead authorities to support at-risk voluntary and community sector organisations delivering European funded people and skills programmes before 2024. The Local Government Association is exploring the potential impact of gaps in funding.
- 1.8 The Government has also ring-fenced £559 million for the '**Multiply programme**' intended to deliver the Government's priority of improving adult numeracy. This part of the UKSPF will be managed by the Department of Education. Further details regarding this programme is yet to be released.

2. Development of Investment Plans

- 2.1 There is a requirement before funds can be accessed, for each area to submit an **Investment Plan** setting out desired local outcomes and associated interventions. Indicators will also need to be agreed with Government based on their investment plans so the Government can monitor progress. The Government has made available £20,000 per lead authority to undertake the Investment Plan. The deadline for Investment Plan submission is **1 August 2022**.
- 2.2 Local authorities are expected to develop its Investment Plans in conjunction with local stakeholders. This will require the establishment of a local partnership group to consult with during its development.
- 2.3 The Investment Plans will be assessed with regard to three key areas:
- Local Context – including challenges and opportunities
 - Selection of outcomes, outputs and proposed interventions
 - Delivery
- 2.4 Investment Plans also will need to align to a list of interventions that the Government has set out to inform expenditure on the programme. [Interventions list for England - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- 2.5 The Department of Levelling Up, Housing and Communities will lead the assessment process and liaise with relevant government departments as required. If a plan is not signed off first time, feedback will be provided in an iterative process to work towards sign off.
- 2.6 All communications regarding the UKSPF is required to display prominently the ‘Levelling Up’ logo as a condition of funding.

3. Allocation of UKSPF Funding Nationally

- 3.1 The distribution of funds across the UK has been heavily influenced by the previous EU structural fund allocations. The table below shows the breakdown of UKSP District Funding and Per Capita Comparison across the South West.

	UKSPF core funding (£m)	SPF Multiply Funding (£m)	Total Funding (£m)	Core Funding per head (£)	Multiply Funding per head (£)	Total Funding per head (£)	Population (000's)
Cornwall and iOS	129.5	2.5	132.0	225.1	4.3	229.4	575.5
West Devon	1.0	n/a	n/a	17.8	3.9	21.7	56.1
Torridge	1.0	n/a	n/a	14.6	3.9	18.4	68.7
Torbay	1.8	0.6	2.4	13.0	4.5	17.5	136.2
Mid Devon	1.1	n/a	n/a	12.8	3.9	16.6	83.3

DCC Area¹	10.2	3.1	13.3	12.6	3.9	16.4	810.7
North Devon	1.2	n/a	n/a	12.4	3.9	16.2	98.2
Teignbridge	1.6	n/a	n/a	12.1	3.9	16.0	135.0
East Devon	1.8	n/a	n/a	12.1	3.9	16.0	148.1
South Hams	1.1	n/a	n/a	12.1	3.9	15.9	87.9
Exeter	1.4	n/a	n/a	10.5	3.9	14.4	133.3
Plymouth	3.1	1.3	4.4	9.3	3.9	13.2	337.1
Isle of Wight	1.1	0.7	1.7	5.5	3.4	8.9	193.6

¹Please note that DCC Area UKSPF core funding of £10.2m is the sum of all of the allocations to districts

3.2 The breakdown of allocation for Mid Devon over the three years is provided above in the Financial Implications section of this report. A summary of the total annual amount is included below. Year One (2022-23) equates to 15% of our allocation with 27% and 58% respectively for the following two years. In year one a minimum of 10% is to be spent on capital projects. Similarly in year two a minimum of 13% is to be spent on capital, rising to a minimum of 20% in the last year. 4

2022-23 (15%)	£153,238.90
2023-24 (27%)	£275,830.01
2024-25 (58%)	£592,523.73

4. Next Steps

4.1 There is a very tight timeframe for this funding programme. The Investment Plan has to be submitted by 1st August 2022. The Investment Plan will be developed by Officers from the Growth, Economy and Delivery Team in consultation with neighbouring local authorities, Devon County Council, stakeholders and partners.

4.2 It is proposed that approval is sought for the Investment Plan at the 12th July Cabinet Meeting, informed by a Special Economy PDG meeting (yet to be arranged).

4.3 Local engagement is planned for the 7th/8th June 2022 when a cross section of businesses, partners and community groups will be invited to contribute towards the process. There will also be an opportunity for businesses to comment at our Business Networking Event on the 18th May 2022.

4.4 An indicative programme for the submission of the Investment Plan is provided below:

Date	Milestone
13 th April	Fund launched
18 th May	Business Networking Event
26 th May	Economy PDG
7 th / 8 th June	Local Engagement Event
w/c 20 th June	Special Economy PDG possibly 23 rd June
30 th June	Draft Implementation Plan complete
12 th July	Cabinet
1 st Aug (or before)	Implementation Plan submission
October 2022	First Payment to Local Authorities

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List of Background Papers:

Full prospectus here [UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/107242/UK_Shared_Prospersity_Fund_prospectus_-_GOV.UK.pdf) (April 2022)