



# Cabinet



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<b>Report for:</b>	Cabinet
<b>Title of report:</b>	UK Shared Prosperity Fund - Allocations
<b>Date:</b>	20 <sup>th</sup> June 2023
<b>Report on behalf of:</b>	Councillor Sheron Wilkie, Portfolio Holder for Place
<b>Part:</b>	I
<b>If Part II, reason:</b>	The appendix to this report contains information relating to potential grant recipients which are still subject to due diligence and are yet to be approved. Local Government Act 1972, Schedule 12A, Part 1, paragraph 3
<b>Appendices:</b>	<ol style="list-style-type: none"><li>1. UKSPF Investment Plan ( Part II)</li><li>2. Community Impact Assessment</li></ol>
<b>Background papers:</b>	N/A
<b>Glossary of acronyms and any other abbreviations used in this report:</b>	DLUHC – Department for Levelling Up, Housing and Communities UKSPF – UK Shared Prosperity Fund EOI – Expression of Interest LEP – Local Enterprise Partnership

## Report Author / Responsible Officer

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<b>Corporate Priorities</b>	A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity
<b>Wards affected</b>	<b>All</b>

<p><b>Purpose of the report:</b></p>	<ol style="list-style-type: none"> <li>1. To note the award of £1,763,392 of funding under UKSPF to the Council and its approach for allocation of the funding.</li> <li>2. To provide an overview of the Investment Plan themes and the approach being taken to making grant funding allocations to applicable projects.</li> </ol>
<p><b>Recommendation (s) to the decision maker (s):</b></p>	<ol style="list-style-type: none"> <li>1. To note the award of £1,763,392 of funding under UKSPF to the Council and its approach for allocation of the funding.</li> <li>2. To delegate authority to the Strategic Director for Place in consultation with the Portfolio Holder for Place to determine the final funding awards to grant recipients and to enter into necessary associated agreements in respect of UKSPF funding awards.</li> </ol>
<p><b>Period for post policy/project review:</b></p>	<p>12 Months</p>

## 1 Introduction/Background:

1.1 This report provides an overview of the UK Shared Prosperity Fund, outlines the headline priorities within the Council's associated Investment Plan, and sets out the approach for allocation of funds to proposed and potential grant recipients.

## 2 Key Issues/proposals/main body of the report:

2.1 The UK Shared Prosperity Fund (UKSPF) is the Government's domestic replacement for the European Structural and Investment Programme (ESIF) which was discontinued in 2023. The UKSPF forms part of the UK government's Levelling Up agenda and provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition.

2.2 The government has allocated the Council £1,763,392 for UKSPF spend over three years, ending 2024/25. To access the funds the Council submitted an Investment Plan setting out the approach that the Council would take to delivering funding priorities against the programme. The Council received notification from the Department for Levelling Up, Housing and Communities (DLUHC) that its Investment Plan was approved earlier this year.

2.3 It should be noted that any changes to the Investment Plan are likely to require DLUHC approval and this could cause a delay to the delivery of projects which, in turn, could ultimately result in funding having to be returned to the government if it is unspent within the allocation periods.

2.4 The Council's Investment Plan is structured against three programme areas of expenditure, in line with the UKSPF programme requirements:-

- **Clean, safe and enjoyable environment – Place theme.** This priority is intended to build resilient and safe neighbourhoods, through investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built environment.
- **Building strong and vibrant communities – Skills theme.** This priority will boost core skills and support adults to progress in work, by targeting adults with no or low-level qualifications and skills in maths, and upskill the working age population, yielding personal and societal economic impact, and by encouraging innovative approaches to reducing adult learning barriers.
- **Ensuring economic growth and prosperity – Business theme.** This priority is intended to deliver outputs that will create jobs and boosting community cohesion, through investments that build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities, as well as to Promote networking and collaboration, through interventions that bring together businesses and partners within and across sectors to share knowledge, expertise and resources, and stimulate innovation and growth.

2.5 Under each of the themes, there are a number of proposed projects which make up the headline allocation. The Investment Plan was informed by a call for Expressions of Interest (EOIs) from Council departments, partner organisations, stakeholders and community groups, and working with partners to deliver projects is a key theme of the plan.

2.6 Under the Place theme, highlights of the programme include funding to support Hemel Imaginarium, a meanwhile use project to be developed in collaboration with local community groups etc. as well as developing a range of feasibility studies across the borough.

- 2.7 In order to deliver the Business and Skills themes, the Council has worked in partnership with Herts LEP and other local authority partners in Hertfordshire to deliver a co-ordinated approach, which will see funding allocated to a range of business support projects including Herts Growth Hub, Herts Opportunity Portal and Herts Film Office; as well as funding for skills through the Herts Pathways to Employment Programme, Herts Inclusive Employment Programme and Building Better Opportunities programme.
- 2.8 Expressions of Interest, submitted by local partners and groups, which are aligned with the Investment Plan programme areas are currently undergoing detailed due diligence in order to confirm final funding allocations, assessing deliverability, governance and risk management aspects prior to confirmation of award.
- 2.9 The Investment Plan is summarised in the table shown in Appendix 1. The table identifies the fixed projects approved by DLUHC as well as unallocated sums to be distributed to projects based on the expressions of interest received. Examples of projects being considered for the unallocated funding are identified in the table.

### **3 Options and alternatives considered**

- 3.1 The Council has been awarded a sum of grant funding by a formula in order to deliver the outcomes of the UKSPF programme and the Council's Investment Plan. The fund itself is a replacement to the European Structural Fund and there are no alternative options within the Government's agenda for funding of these priorities.
- 3.2 The Council must therefore ensure deliverability of projects against its Investment Plan in order to ensure that outputs and outcomes of the programme are maximised. Projects have been identified through an Expressions of Interest process and evaluated to ensure alignment with the programme, and detailed due diligence will confirm deliverability.

### **4 Consultation**

- 4.1 EOIs were invited through the UKSPF Partnership Group which provided guidance to applicants for funding at the time of submission. Engagement is being undertaken on external applications for funding requiring detailed due diligence.
- 4.2 Consultation has been undertaken with the Council's Strategic Leadership Team and the Portfolio Holder for Place.

### **5 Financial and value for money implications:**

- 5.1 The Council has received an allocation of £1,763,392, of which £342k is capital. This allocation is paid annually to the Council:
- 2022/3 = £214,004
  - 2023/4 = £428,008
  - 2024/5 = £1,121,380
- 5.2 The Council is required to report upon expenditure and output delivery on a quarterly basis. At financial year end the Council must set out any anticipated underspend and demonstrate a 'credible plan' for expenditure in the following financial year. Since confirmation of the Council's Investment Plan was made late in the financial year 2022/3, the Council has put forward a case to reprofile its allocation of funds for last fiscal year into 2023/4.
- 5.3 Due diligence is being undertaken on EOIs to review deliverability and value for money implications.

### **6 Legal Implications**

- 6.1 The terms upon which UKSPF must be administered are set out within the 'UKSPF Prospectus' and supporting 'UKSPF Additional Information'. As part of finalisation of the

Investment Plan process, the Council was required to enter into a Memorandum of Understanding with DLUHC which sets out the terms by which funding must be administered.

6.2 Partners awarded grant funding will be required to enter into a form of grant funding agreement which ensures that the obligations set out within the Memorandum of Understanding are transparently transferred to grant recipients. This agreement will include, but not limited to, use of branding, monitoring, reporting and anti-fraud measures.

6.3 In respect of projects that the Council will deliver in partnership with Herts LEP (as set out in 2.6), the Council will enter into a funding agreement.

## **7 Risk implications:**

7.1 The Council must demonstrate progress against expenditure and outputs in order to retain funding for the following financial year. Detailed due diligence is being undertaken on external applicants of funding prior to confirmation of funding awards, who will be required to enter into a funding agreement. Monitoring arrangements will be embedded with the funding agreement with grant recipients to ensure that progress is monitored and outputs captured. Funding will be reallocated to projects which do not consistently perform against milestones, or that pose a risk to the project. Anti-fraud measures will be embedded within the funding agreement.

## **8 Equalities, Community Impact and Human Rights:**

8.1 Community Impact – the Investment Plan has been developed and structured for maximum impact against UKSPF outputs, of which community impact is central. The Investment Plan and UKSPF funds are anticipated to have a positive impact in this area. Monitoring of outputs on a quarterly basis will ensure this impact is measured and reviewed. Due diligence is being undertaken to confirm allocations of funding to external applicants. It is envisaged that funding will have a positive impact on recipients, which may include protective characteristic groups, however this will be further considered as part of the due diligence process prior to any confirmation of award.

8.2 Human Rights – There are no Human Rights Implications arising from this report.

## **9 Sustainability implications (including climate change, health and wellbeing, community safety)**

The Council's Investment Plan has been focussed around the three headlines of Place, Skills and Business support in line with guidance from government and projects selected will have

## **10 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)**

Legal services support will be required in order to prepare and enter into necessary agreements with funding recipients.

## **11 Statutory Comments**

### **Monitoring Officer:**

All funding provided to external partners must be supported with an appropriate funding agreement and monitored by the Council to ensure that the Council can accurately report spending to DLUHC.

### **S151:**

The UKSPF grant was awarded on the basis of key specific grant criteria and the service needs to ensure these criteria are maintained through the award of funding. There is a requirement for the

service in conjunction with finance to scrutinise and approve the use of these funds on an annual basis prior to Chief Executive and S151 sign off.

## **12 Conclusions:**

This report sets out the approach to delivering the Council's allocation of UKSPF funding and the overview of Investment Plan Themes and priorities, and the approach to progressing funding allocations to projects.