

Report to:	Overview and Scrutiny Committee (Regeneration and Skills)	Date of Meeting:	28 th September 2022
Subject:	United Kingdom shared Prosperity Fund update for members		
Report of:	Executive Director Place	Wards Affected:	(All Wards);
Portfolio:	Regeneration and Skills Communities and Housing		
Is this a Key Decision?	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report will provide an update on the United Kingdom Shared Prosperity Fund (UKSPF) and the potential implications of the introduction of this funding for Sefton and the Liverpool City Region (LCR).

Recommendation(s):

That Members:

(1) Note the contents of the report and provide feedback to officers engaging in consultation on the introduction of the funding arrangements

Reasons for the Recommendation(s):

UKSPF is the new national initiative to support local economic growth introduced by the government as a successor to European Structural Funds (including European Social Fund and European Regional Development Fund).

Alternative Options Considered and Rejected: (including any Risk Implications)

None

What will it cost and how will it be financed?

(A) Revenue Costs

There are no direct revenue costs associated with the recommendations in this report.

There are no specific match funding requirements for the Council to access the UKSPF should grant applications be made to the fund.

(B) Capital Costs

There are no direct capital costs associated with the recommendations in this report.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets):</p> <p>All resources required for the operation of projects accessing UKSPF will be supported through grant applications and a process of comprehensive project cost recovery will be prioritised in options pursued by Council services.</p>				
<p>Legal Implications:</p> <p>None arising from this report</p>				
<p>Equality Implications:</p> <p>The equality implications of the opportunities offered via UKSPF are positive, reflecting the objectives for local growth captured within Sefton’s economic strategy. This is because the UKSPF funding will provide monies to support business development and support, community development, digital inclusion and employment and skills for residents who require assistance to enter the labour market and move away from dependency on welfare benefits.</p>				
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1"><tr><td>Have a neutral impact</td><td>Yes</td></tr><tr><td>The Author has undertaken the Climate Emergency training for report authors</td><td>Yes</td></tr></table>	Have a neutral impact	Yes	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a neutral impact	Yes			
The Author has undertaken the Climate Emergency training for report authors	Yes			

Contribution to the Council’s Core Purpose:

<p>Protect the most vulnerable:</p> <p>This introduction of UKSPF funding into Sefton will contribute to the wellbeing, skills development and economic engagement of various vulnerable groups including young people known to the justice system, looked after children and care leavers, young people with SEND, people with disabilities, non-traditional entrepreneurs, voluntary and community sector activists, and people with low or no skills who are economically inactive.</p>

Facilitate confident and resilient communities:

One of the key pillars of UKSPF is the support for business growth and enterprise, which offers a strong foundation for economic growth and recovery across our communities. Skills development and employment support is also a key indicator in improving resilience within our communities, as people are empowered to be achieve their aspirations and become more self-reliant.

Commission, broker and provide core services:

The majority of project activity emerging through Sefton's UKSPF projects will be delivered through in-house services and initiatives. However, there are some opportunities which will allow for onward procurement and commissioning to local grassroots organisations (eg through the Multiply numeracy strand)

Place – leadership and influencer:

Officers and Cabinet Members from Sefton have participated in wide ranging consultations on the content of the LCR Investment Plan to support the introduction of UKSPF.

Drivers of change and reform:

While UKSPF was conceived as a replacement for European Structural funding prompted by leaving the EU, the UKSPF will not provide “like for like” activity and approaches. The LCR Investment Plan for UKSPF reflects an awareness of the requirements to support economic growth and recovery as our economy emerges from the immediate impacts of the COVID-19 pandemic.

Facilitate sustainable economic prosperity:

In Sefton we will seek to maximise the longer terms impacts of any funding we are able to attract into our area to achieve our goals of more inclusive and sustainable growth as reflected in our revised economic strategy.

Greater income for social investment:

All routes for delivering employment, business development, growth and social inclusion work via UKSPF will be optimised and wherever possible the options to undertake these activities with organisations and employers with a social investment agenda are maximised.

Cleaner Greener

We will prioritise local business development and employment in sectors which align with our environmental objectives and policies and support our unique environment within key areas of Sefton.

What consultations have taken place on the proposals and when?**(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD.6948/22) and the Chief Legal and Democratic Officer (LD.5148./22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Officers from the Economic Growth and Housing Service have been engaged in a variety of consultation processes and structures including the Local Partnership Group, the LCR Growth Directors Forum and LCR Employment & Skills Officers Group. Members have been engaged through the Community Investment strand and via the Employment & Skills Board. Through these means there has been comprehensive engagement with the Liverpool City Region Combined Authority on promoting the best interest of Sefton and its communities.

Implementation Date for the Decision

Immediately following the Committee meeting.

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1. What is the United Kingdom Shared Prosperity Fund? (UKSPF)

The UK Shared Prosperity Fund (UKSPF) is the government's domestic replacement for the European Structural and Investment Programme (ESIF) which the UK continues to participate in until 2023. The ESIF programme was essential for local regeneration, employment and skills and has been routinely accessed in Sefton for many years to support a host of regeneration, community development and employment-based activities.

The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's Levelling Up agenda and a significant component of its support for places across the UK. It 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. This also means many more local authority areas will be given an allocation of UKSPF than were able to access EU funds based on economic and social need.

Fund timeline:

- UKSPF launched by government as part of Levelling UP: 13 April 2022
- Investment plan submissions window: 30 June 2022 to 1 August 2022
- First payments expected to lead local authorities (or Mayoral Authorities): from October 2022
- Funding period: April 2022 to March 2025

2. How Much UKSPF is Available?

UKSPF is allocated to Mayoral Combined Authorities where these are in place, as in our area. Across the Liverpool City Region, a total amount of **£52,775,501** is available, as follows:

	2022/23	2023/24	2024/25	Total*
Award including Multiply	£7,917,995	£13,693,498	£31,144,008	£52,755,501
Award excluding Multiply*	£5,385,960	£10,771,919	£28,222,428	£44,380,307

Revenue*	90% (£4.85m)	87% (£9.37m)	80% (£22.6m)	83% (£36.82m)
Capital	10% (£0.54m)	13% (£1.40m)	20% (£5.6m)	17% (£7.54m)

*Multiply refers to the national numeracy initiative which provides funding for improving the nation's maths competency and is rolled together with UKSPF as part of Levelling Up.

2.1 Nominal allocations per Local Authority area

The allocation for the first tranche of UKSPF will flow through the Liverpool City Region Combined Authority (LCRCA). The following table indicates how the LCR total reflects the accumulated nominal allocations per Local authority area, with Sefton receiving 16.8% of the total.

UKSPF allocations by LA		
	Funding allocation	Proportion
Halton	£3,493,101	7.9%
Knowsley	£4,500,786	10.1%
Liverpool	£14,721,188	33.2%
Sefton	£7,451,277	16.8%
St Helens	£5,409,403	12.2%
Wirral	£8,804,552	19.8%
Total	£44,380,307	100.0%

3. What types of Activity will the UKSPF Support?

The UKSPF is composed of three Investment Priorities, reflected in the table below:

	Year 1	Year 2	Year 3	Total
Communities and Place	£3.05m	£4.08m	£3.78m	£10.91m
Supporting Local Business	£2.03m	£6.31m	£8.84m	£17.18m
People and Skills	£0.00m	£1.45m	£13.05m	£14.5m
Total	£5.08m	£11.84m	£25.67m	£42.59m

4. How will the funding be allocated to the investment priorities?

The UKSPF will be distributed through a combination of commissions and project calls and this will be determined as part of the process for submission of the LCR Investment Plan for UKSPF.

Commissions include working with Local Authorities and local stakeholders to identify a lead body to deliver on projects with activity, expenditure and deliverables monitored at a Local Authority level: this will be underpinned by a contract and effectively managed.

Project Calls will include working with Local Authorities and the LCR Local Partnership Group, to agree a specification for the required projects and the LCRCA will operate a competitive process to identify the most suitable provider(s), with input on strategic fit on plans. Funding will therefore be through tendering and project sponsors will be required to with report on activity, expenditure and deliverables at a Local Authority level as well as city region level.

It is expected that some funding will be provided to each Council to create a post to act as the focal point for UK Shared Prosperity Fund activity and link to UKSPF management team located within the LCRCA. The remainder of management costs will enable the LCRCA to discharge its lead body responsibilities. A formal governance approach will be agreed with Local Authorities to underpin decision-making and performance management.

4.1 Proposed allocation for Communities and Place - £10.91m

	1. Green, resilient and safe communities	2. Local cultural, arts and heritage	3. Supporting the voluntary and community sector, including digital and financial inclusion
Allocation (£)	£3.825m	£2.4m	£4.685m
Allocation (%)	35%	22%	43%
Years	1, 2 and 3	1, 2 and 3	1, 2 and 3
Description	Support for investments to make town and district centres more resilient; greening of local communities and neighbourhoods, including direct involvement of residents	Utilising local culture, arts and heritage to help regeneration, including direct involvement of residents	Projects which support the CVS sector to thrive and become more resilient, including support for cost of living crises and digital inclusion
Route to delivery	Work with Local Authorities to identify projects which design out crime; develop call for social action to develop resilient local communities (green capital, food, youth engagement)	Work with LAs and the Cultural, arts and heritage sector to determine appropriate delivery routes	Work with CVS infrastructure organisations and LAs to agree appropriate delivery routes

4.2 Key Deliverables under Communities and Place

Communities & Place Indicative Outputs and Outcomes			
	UKSPF funding	Outputs	Outcomes
Green, resilient safe communities	£3,825,000	Neighbourhood improvements undertaken Rehabilitated Land Public realm created or improved Amount of green/blue space created or improved (m2) Trees planted Volunteering opportunities Projects supported	*Increased footfall (% increase) *Improved perception of facilities and amenities *Improved perception of safety (% increase) *Reduction in neighbourhood crime (% decrease) *Volunteering numbers as a result of support
Local cultural, arts and heritage	£2,400,000	*Rehabilitated premises *Facilities supported/created *Organisations received grants *Local events or activities supported *Volunteering opportunities *Projects supported	*Increased footfall (% increase) *Increased visitor numbers (% increase) *Number of community-led arts, cultural, heritage and creative programmes as a result of support *Volunteering numbers as a result of support
Supporting VCS, including digital and financial inclusion	£4,685,000	*Organisations receiving non-financial support *Organisations in receipt of grants *Households receiving support *Facilities supported/created	*Number of new or improved community facilities as a result of support *Number of premises with improved digital connectivity

4.3 Proposed allocation for Supporting Local Business - £17.18m

Supporting Local Business - Indicative Outputs and Outcomes			
	UKSPF funding	Outputs	Outcomes
Business Support	£11,800,000	<ul style="list-style-type: none"> *Number of businesses receiving non-financial support *Number of businesses receiving grants *Number of events/participatory programmes *Number of businesses engaged in new markets 	<ul style="list-style-type: none"> *Jobs created *Number of new businesses created *Increased amount of investment *Number of businesses engaged in new markets *Number of businesses increasing their export capability
Town Centres	£1,500,000	<ul style="list-style-type: none"> *Number of local markets supported *Number of businesses receiving non-financial support 	<ul style="list-style-type: none"> *Jobs created *Number of new businesses created *Improved perceptions of markets (% increase) *Increased number of businesses supported
Innovation	£3,875,000	<ul style="list-style-type: none"> *Number of businesses receiving grants *Number of businesses receiving non-financial support 	<ul style="list-style-type: none"> *businesses introducing new to firm products organisations engaged in new knowledge *transfer businesses adopting new to the firm tech/processes *new to market products *businesses with improved productivity R&D active businesses *businesses adopting new/improved products/services

4.4 Key Deliverables under Supporting Local Business

Supporting Local Business - Indicative Outputs and Outcomes			
	UKSPF funding	Outputs	Outcomes
Business Support	£11,800,000	<ul style="list-style-type: none"> *Number of businesses receiving non-financial support *Number of businesses receiving grants *Number of events/participatory programmes *Number of businesses engaged in new markets 	<ul style="list-style-type: none"> *Jobs created *Number of new businesses created *Increased amount of investment *Number of businesses engaged in new markets *Number of businesses increasing their export capability
Town Centres	£1,500,000	<ul style="list-style-type: none"> *Number of local markets supported *Number of businesses receiving non-financial support 	<ul style="list-style-type: none"> *Jobs created *Number of new businesses created *Improved perceptions of markets (% increase) *Increased number of businesses supported
Innovation	£3,875,000	<ul style="list-style-type: none"> *Number of businesses receiving grants *Number of businesses receiving non-financial support 	<ul style="list-style-type: none"> Number of: *businesses introducing new to firm products *organisations engaged in new knowledge transfer businesses adopting new to the firm tech/processes *new to market products *businesses with improved productivity R&D active businesses *businesses adopting new/improved products/services

4.5 Proposed allocation for People and Skills - £14.5m

	Theme		
	CVS continuation funding	1. Employment Support	2. Skills support
Allocation (£)	£1.45m	£11.85m	£1.2m
Allocation (%)	10%	82%	8%
Years	2	3	3
Description	Providing funding to enable CVS organisation to continue services and capacity in the gap between ESF funding ending and UKSPF funding starting	Additional employment support to help economically inactive people into work, plus targeted employment support for people with protected characteristics in addition to capacity to support large scale recruitments and redundancies	Digital inclusion skills training; further targeted skills support in addition to existing £65m pa skills investment; and enhancing the careers offer locally with updated materials and events.
Route to delivery	Grant to relevant organisations	Commission elements of service delivery, including via Local Authorities and open call for additional provision	Commissioning of activity based upon existing delivery structures and calls for further activity

The former ESF funded projects identified for potential continuation funding under UKSPF are the following:

- Directions (The Women's Organisation)
- New Horizons (The Women's Organisation)
- Go Further (The Princes Trust)
- Include-IT Merseyside VOLA
- Merseyside Enterprising Young People
- LCR Talent Match (Merseyside Youth Association)
- Individualised Employment Support (The Salvation Army)

4.6 Key Deliverables under People and Skills

People and Skills - Indicative Outputs and Outcomes			
	UKSPF funding	Outputs	Outcomes
CVS Continuation Funding	£1,450,000	In line with Employment and/or Skills dependent on nature of existing project.	In line with Employment and/or Skills dependent on nature of existing project.
Employment	£11,850,000	<ul style="list-style-type: none"> *Number of economically inactive engaging with keyworker support *Number receiving support to gain/sustain employment *Number supported to engage in job-search *Number supported to access basic skills *Number accessing mental & physical health support leading to employment 	<ul style="list-style-type: none"> *Number in employment, inc self employment following support *Number sustaining engagement with keyworker support/additional services *Number engaged in job-searching following support *Number with basic skills (English, maths, digital and ESOL)
Skills	£1,200,000	<ul style="list-style-type: none"> *Number supported to access basic skills *Number gaining a qualification or completing a course following support *Number receiving support to gain a vocational licence *Number supported to engage in job search *Number taking part in work experience 	<ul style="list-style-type: none"> *Number gaining a qualification or completing a course following support *Number in employment, including self-employment, following support *Number in education/training *Number economically inactive engaged in mainstream education/training *Number engaged in job-search *Number familiarised with employer's expectations

5. Key Issues Related to UKSPF

5.1 Lower Level of Funding under UKSPF

The following table indicates the comparable allocations received into the LCR under EU structural funds and the level expected under UKSPF. This indicate that on a per year basis, we can expect less than a third the value of funding we used to receive under ESF.

The services and projects most affected by the reduction in funding will be those which have been more reliant on the EU funds. In Sefton these have been business support projects operated by **Invest Sefton** and employment support projects through **Sefton@work**.

The following table gives an indication of the scale of the funding reduction under UKSPF:

	Funding period	Overall funding	Per year funding
Previous EU programmes			
2007-2013	2007-2015	£417m	£52m
2014-2020	2014-2023	£250m	£27.8m
UKSPF			
Including multiply	2022-2025	£52.7m	£17.6m
Excluding multiply	2022-2025	£44.4m	£14.8m

Political briefings have been held over recent months with the Leaders and Mayors Group on the insufficiency of the allocation for the Liverpool City Region and this continues to be fed back to government.

5.2 Risks for Voluntary and Community Sector ESF skills provision

While the removal of a requirement for match finance will be welcomed by many voluntary and stakeholder partners contemplating accessing the UKSPF, making an application to this Fund will not be without risk. The level of funding allocated for Community and Place is relatively generous in the context of the total amount, this investment priority will seek to deliver on a much wider agenda than many previous funding rounds. This may lead to increase competition for a smaller pot covering a wide and diverse range of activity.

5.3 Narrower Target Groups than EU funding

UKSPF People and Skills will need to target more specific groups of beneficiaries. This is particularly important in terms of the People and Skills priority. In Sefton, we have worked alongside our other Local Authorities to deliver the Ways to Work project since 2016. Well regarded and award -winning, Ways to Work eligibility has been broad and has enabled a wide cross-section of our community to receive professional advice and support. Under UKSPF, however, any new scheme will be required to work in tandem with DWP nationally procured provision to avoid duplication and would be necessary target people who are economically inactive and typically much further away from the labour market.

In Sefton we anticipate this could lead to Sefton@work becoming more targeted, potentially moving away from our well-established “open-door” policy for all our workless Sefton residents from age 16 up. The focus of UKSPF appears to be solely on vulnerable groups in certain categories including those disabilities and the economically inactive.

In Sefton we have been able to assist more than **4,436** workless residents under Ways to Work, **1,522** of whom have disabilities or ill health, with **1,983** of these progressing into jobs, vocational training or self-employment.

5.4 Funding “Gap” on People and Skills strand

The main themes under UKSPF People and Skills Priority cannot be drawn down until year 2 of the programme. In Sefton, our job brokerage service Sefton@work has relied on EU funding to operate the highly successful Ways to Work and Positive Inclusions projects, but these will end in September 2023, leaving a potential service gap of at least 6 months. Public Authorities are not allowed to access any funding brought forward to provide continuity under UKSPF as this is only available for the voluntary and community sectors.

Discussions have been held with the LCRCA and it is expected that at some point before the end of 2022 a funding request will be made to the LCRCA for Strategic Investment Fund (SIF) funding to allow the continuation of the Ways to Work service as this is seen as the foundational delivery for the City Region’s employment support plans going forward under UKSPF. If this SIF request is successful, it is hoped this will provide some stability for services and help retain skilled and qualified staff across all the Local Authorities job brokerage services, including Sefton @work.

5.5 Multiply and the Adult Education Budget

In Sefton we operate our Local Authority Adult Learning Service using a grant under the devolved Adult Education Budget (AEB) which flows through the Liverpool City Region Combined Authority. This covers a number of service elements and focuses on both non-award bearing community learning and easy access, first-step qualifications for adults aged over 19 prioritising English, Maths, digital skills, Employability and English as Second language (ESOL).

Multiply is the only element of UKSPF People and Skills support that will be drawn down in the first year of the programme and the levels of activity to be achieved in the first year

are stretching. This may be exacerbated if delays are experienced in central government approving plans for UKSPF as a result in a change in leadership.

Interventions delivered with Multiply funding need to be additional and differentiated from that which is already fully funded through the AEB legal entitlement and should not displace that provision. Avoidance of this kind of duplication or confusion is proving challenging particularly as technical guidance for Multiply is not yet available. The dearth of available maths teachers to fulfil the Multiply adult numeracy objectives has been identified and some welcome provision will be put in place to promote adult maths teaching as a career, but this is a widely recognised skills shortage area which is likely to act as a brake on swift delivery.

Together with resource for additional maths provision under Multiply, Local Authorities will also be invited to operate a fund to support grassroots promotion of numeracy in voluntary and community organisations and referrals to adult learning providers. This commissioning would need to be clearly isolated from the substantive provision of adult learning so as to ensure smaller organisations are not in scope for potential inspection, as they will be unlikely to have all the relevant systems in place.

6. Supporting Local Business

The proposed annual breakdown of business support funding is as follows:

	Year 1	Year 2	Year 3	Total
Supporting Local Business	£2.149m	£5.436m	£10.304m	£17.890m

The routes to this funding will be a mix of:

- **Commission** – working with Local Authorities and local stakeholders, we will identify a lead body to deliver on projects with activity, expenditure and deliverables monitored at a Local Authority level: this will be underpinned by a contract and effectively managed; and
- **Call** – working with Local Authorities and Local Partnership Group, the LCRCA will agree a specification for the required projects and operate a competitive process to identify the most suitable provider(s), with input on strategic fit on plans: they will be required to with report activity, expenditure and deliverables at a Local Authority level as well as city region level.

Funding allocations have been designed bearing in mind the cessation of European and other Government funding in March and June 2023. Clearly, the amount of UKSPF available is significantly less than existing European Structural Investment Funding allocations and the LCRCA has prioritised support for the city-region's wider delivery infrastructure, town centres and innovation.

The wider business support delivery infrastructure includes local growth hubs in each of the six LA areas. Sefton's growth hub is delivered by InvestSefton and the LCRCA has

indicated that each LA will received (amount to be confirmed) direct grant funding to ensure a smooth transition when European funding ends in June 2023.

All commissions and calls will be overseen by Growth Directors and approved by LCR Chief Executives, Leaders, and Mayors. Additional support is provided by the LA Operational group who are working closely with the LCRCA on several business support initiatives including:

- LCR Business Support and Inward Investment delivery review-This review is currently out to tender with a view to 1 September start. The City Region has a need to map, review and enhance the business support and inward investment infrastructure in the Liverpool City Region. The objective is to deliver workable proposals and solutions, based on current good practice, evidence base and the business support policy framework, rooted in business needs and demand.
- Sites and Premises review to support inward investment delivery-This will look at current supply, demand and commercial rents/costs to help understand what is required to develop new employment opportunities to attract investment.

7. Communities and Place Issues for Sefton

Identifying areas of land that provide ASB hotspots and areas where knives have been found following a knife sweep, can result in the area being tidied up, trees planted and lighting improved giving communities' greater confidence and subsequent resilience. Linking this with local community groups, artists and schools to commission the production of pieces of art (mosaics, sculptures etc) that reflect local heritage and history will reflect Sefton's approach on community development and place shaping. Alternatively, areas of land can also be identified as possible allotments or areas where Community Groups, volunteers can grow vegetables which can contribute to the local foodbank and food pantry network.

By designing out crime such as street lighting improvements and the CCTV infrastructure in key areas of the borough will improve our communities' confidence, resilience and reduce the fear of crime. This will also contribute to other strategic priorities such as reducing ASB, Serious Acquisitive Crime and reducing Violence Against Women and Girls.

The VCSF sector in Sefton is integral to all of this work and further support for their network of community buildings, either their current estate or bringing former buildings back into use to provide key community hubs, is key. Carrying out improvement works to the infrastructure so they can ensure each building can provide full wrap around support to households in their communities. It is essential that these buildings are future proofed with regards to digital connectivity to enable households to become less digitally excluded. Support for our key VCSF partners to submit quality, competitive bids to access UKSPF may need to be resourced.

Background Papers:

Members may find the Prospectus for the UK Shared Prosperity Fund of further interest. This is published by government and is available at the following site:

[UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/441212/UK_Shared_Prosperty_Fund_prospectus.pdf)