

To Accept and Spend Any Approved UK Shared Prosperity Plan and Rural Prosperity Funds Approved by Government

Meeting: Cabinet

Meeting date: Thursday 15 December 2022

Report by: Cabinet member environment and economy

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To seek cabinet approval to accept and spend the £6,642,136 of UK Shared Prosperity Funding (UKSPF) allocated to Herefordshire following government's approval of the Investment Plan submitted in August 2022. To also seek cabinet approval to accept and spend the £1,705,669 of Rural Prosperity Funding (RPF) allocated to Herefordshire, subject to the government approval of the required UKSPF Investment Plan Addendum submitted on the 30 November 2022.

Recommendation(s)

That:

- a) Following government approval of the submitted Investment Plan, Cabinet approve the acceptance and expenditure of the £6,642,187 of UKSPF allocated to Herefordshire (£5,507,211 Revenue and £1,134,976 capital);
- b) Subject to government approval of the submitted Addendum to the UKSPF Investment Plan, Cabinet approve the acceptance and expenditure of the £1,705,669 (capital) of RPF allocated to Herefordshire;
- c) To delegate to the Corporate Director for Economy and Environment, in consultation with the Cabinet Member for Environment and Economy and the Section 151 Officer, all operational decisions in implementing the funding in accordance with the Herefordshire UKSPF Investment Plan and RPF Addendum.

Alternative options

1. Do nothing – The council could choose not to accept the funding and implement the Herefordshire UKSPF Investment Plan and RPF Addendum. However, this would result in the council being unable to access the up to £8.3m of funding allocated to the county, which is critical to supporting the economic growth of Herefordshire. This option is not recommended.

Key considerations

UK Shared Prosperity Fund

2. In April 2022 government launched the UK Shared Prosperity Fund (UKSPF), to replace the European Union funded structural funds. The guidance for UKSPF can be found here: [UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/107444/ukspf-prospectus.pdf).
3. Each 'Lead Local Authority' has been allocated a three year funding commitment, subject to the development, submission and approval of a suitable Investment Plan by the 1 August 2022. The council has been identified as the lead local authority for Herefordshire and the county has been allocated £7,545,330 between 2022/23 and 2024/25, of which £903,194 is for 'Multiply' adult numeracy support which is subject to a separate decision. The remaining £6,642,136 of UKSPF is the focus of this decision.
4. In July 2022 the cabinet took a decision to submit the required UKSPF Investment Plan to government [Decision - UK Shared Prosperity Plan Submission to Government - Herefordshire Council](#). Government announced approval of the Investment Plan on the 5 December 2022, we are now seeking Cabinet approval to accept and spend these fund as per the recommendations above in preparation for implementation of the Plan. In particular, the allocation requires £806K of expenditure (£725K revenue and £80K capital) in 2022/23 or these critical funds will be lost to the county.
5. The Investment Plan identifies priorities for implementation of the funding in Herefordshire, developed with partners and stakeholders and overseen by the Herefordshire Sustainable Growth Strategy Board.
6. The national UKSPF guidance states that Lead Local Authorities will be responsible for implementing the Investment Plan. *'In England, Scotland and Wales, local government is being given responsibility for developing an investment plan for approval by the UK government, and for delivery of the Fund thereafter. This recognises that pride in place and increasing life*

chances can be best achieved by delivery close to local people and businesses; by authorities that understand each place's unique local context and identity, and with established governance. Lead local authorities will receive an area's allocation to manage, including assessing and approving applications, processing payments and day-to-day monitoring'.

7. The guidance also states '*Lead local authorities for each area will have flexibility over how they deliver the Fund. They may wish to use a mix of competitions for grant funding (which is the default approach set out in Cabinet Office Grants Standards), procurement, commissioning or deliver some activity through in-house teams. For example, some community level interventions may require a commissioning or in-house approach, recognising that competitions for grant may create barriers to participation in left behind communities. Lead local authorities should also design their project selection and contracting processes so they have mechanisms to recover funding where beneficiaries do not comply with fund parameters, UK law or any local requirements'.*
8. Lead Local Authorities can utilise up to 4% of the UKSPF allocation to administer the funds.

Rural Prosperity Fund

9. On 5 September 2022, the Government launched the RPF as a rural 'top up' to the UKSPF, seen as a replacement for the previous 'LEADER' and national 'Growth Programme' grant schemes, delivered through the Rural Development Programme for England. Herefordshire has been allocated £1,705,669 capital funding to be spent between April 2023 and end of March 2025.
10. To access the funds the council submitted an Addendum to the UK Shared Prosperity Fund (UKSPF) Investment Plan by 30 November 2022. The previous cabinet decision to submit the UKSPF Investment Plan can be found here: [Issue details - Rural England Prosperity Fund - Herefordshire Council](#)
11. The Addendum identifies priorities for implementation of the funding in Herefordshire, developed with partners and stakeholders and overseen by the Herefordshire Sustainable Growth Strategy Board.
12. Subject to the government approval of the Addendum, alongside the UK Shared Prosperity Fund, the council will be the accountable body for the RPF. The council has significant experience of successfully delivering similar grant fund activity, such as two previous LEADER schemes offering small grants to rural businesses. The council will utilise this experience and previous tried and tested systems and processes for establishing calls for grant applications, establishing clear selection/ appraisal criteria, and for managing project contracts and claims processes. Whilst the council will remain the ultimate decision-maker related to grant awards, it is anticipated that a panel of relevant independent stakeholders will consider and advise on applications/ appraisals in a similar role that the LEADER Action Group performed for previous rural grant programmes.
13. Given the limited timeframe available to implement the RPF, and to ensure it is fully aligned to and adds value to the UKSPF, this decision seeks approval to accept and spend these funds subject to government approval of the Addendum.

Community impact

14. UKSPF and the RPF will support local people to improve their skills, to access new employment opportunities, to grow local businesses, and create a better place for people to live, work, study and visit.
15. Should the Investment Plan and RPF Addendum be approved, either through the availability of grant funding or the commissioning of local services, funding will be utilised to help local people in to employment (replacing some of the services provided currently through the European Social Fund) specifically targeted at assisting those Not in Education , Employment or Training (NEETs). Local colleges and businesses will work together to address local skills gaps, helping local people to gain the training they need to access new employment opportunities. For example, the investment plan has identified a critical need for people with the skills needed to support the retrofit of both residential and business premises, which will help address fuel poverty, address escalating energy cost, and support decarbonisation of the county.
16. The UKSPF Investment Plan and RPF Addendum will address the following County Plan 2020 to 2024 priorities;
 - a) Invest in education and the skills needed by employers
 - b) Protect and promote our heritage, culture and natural beauty to enhance quality of life and support tourism
 - c) Protect and improve the lives of vulnerable people
 - d) Build understanding and support for sustainable living Invest in low carbon projects
20. The UKSPF Investment Plan and RPF Addendum will support the implementation of the following council Delivery Plan actions;
 - a) Address the climate and ecological emergency in the county (supporting objectives EN3 EN4, EN6 & EN7)
 - b) Invest in creating affordable net zero carbon housing (supporting objective CO3)
 - c) Work to minimise inequalities in our communities (supporting objective CO4)
 - d) Support economic opportunity through business support (supporting objectives EC2 & EC6)
 - e) Work with partners to increase the Skills and Workforce in the county (supporting objective EC3)
 - f) Support Tourism and Cultural Sector in the county (supporting objective EC5)

Environmental Impact

17. A key priority of the UKSPF Investment Plan and RPF Addendum is to focus support at decarbonising the county, in terms of enabling the retrofit of residential and business premises through the development of appropriate local skills to meet the current gap in capacity, the provision of specialist business support advice and audits, as well as seeking to support the provision of grant funds to support energy efficiency.

18. As part of the RPF Addendum development, we are asked to consider how investments contribute to net zero and nature recovery objectives. These include:
- I. the UK's commitment to cut greenhouse gas emissions to net zero by 2050
 - II. wider environmental considerations, such as resilience to natural hazards
 - III. the [25 Year Environment Plan](#) commitment.

Equality duty

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
19. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes.
20. The UKSPF Investment Plan will ensure that support is made available to help those not currently in employment, education and training to develop the skills they need to access employment opportunities.
21. As the accountable body for the funds, the council will ensure that any available grant funding or commissioning of services is open to any and all who wish to be considered for support, that the criteria and selection process are transparent and fair. Equality Impact Assessments will be required by anyone who seeks UKSPF and RPF funds from the council, and will be a key consideration in the assessment of grant funding applications.

Resource implications

22. The council has been identified as the Lead Local Authority for UKSPF and RPF and the county has been allocated a total of £8.3m funding.
23. The following profile is based on the national UKSPF guidance, which identifies a minimum capital allocation of 10.4% in 2022/23, rising to 17.9% in 2024/25. The national guidance also identifies an increasing profile of allocation over the three years, with the majority of skills activity commencing in 2024/25 as existing European Social Fund activities come to an end.
24. The national guidance states the council can utilise up to 4% of the UKSPF revenue allocation to administer the funds.

Revenue or Capital cost of project (indicate R or C)	2022/23	2023/24	2024/25	Total
UKSPF (R)	£725,482	£1,402,597	£3,379,132	£5,507,211
UKSPF (C)	£80,609	£209,584	£844,783	£1,134,976
Rural Prosperity Fund (c)		£850,000	£855,669	£1,705,669
TOTAL	£806,091	£2,462,180	£5,079,585	£8,347,856

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2022/23	2023/24	2024/25	Total
UKSPF (R)	£725,482	£1,402,597	£3,379,132	£5,507,211
UKSPF (C)	£80,609	£209,584	£844,783	£1,134,976
Rural Prosperity Fund (c)		£850,000	£855,669	£1,705,669
TOTAL	£806,091	£2,462,180	£5,079,585	£8,347,856

Legal implications

25. The council has the power to act as the Accountable Body for the UKSPF and RPF under s 1 - 4 of the Localism Act 2011 and although there is no statutory requirement for the council to act as Accountable Body the UK Shared Prosperity Fund prospectus makes it clear that it is anticipated that the council will fulfil this role.
26. Any funding awarded to the council following the submission of the Investment Plan will be provided by way of a Section 31 ring-fenced grant under the Local Government Act 2003. The grant determination letter will be accompanied by a Memorandum of Understanding which will set out the fund requirements and obligations. These requirements and obligations will be included in any onward grant agreements with those delivering the interventions to mitigate any risk to the council.

Risk Management

27. The following are considered to be the key risks;

Risk / opportunity	Mitigation
The council fails to impliment the UKSPF Investment Plan and RPF Addendum, including a lack of take up of the grant funds by businesses and partners.	<p>The council has commisioned Metro Dymanics with the skills and experience required to develop the Investment Plan against the national government guidance.</p> <p>The UKSPF Investment Plan and RPF Addendum have been developed with partners and stakeholders, and represents the needs of the county. The council has significant experience of successful delivering similar schemes across the county where there has been a high take up.</p>
The council fails to deliver its role as accountable body.	The council has significant experience of being the accountable body for a wide range of similar grant funds. For example the council is currently the accountable body for the £22.4m of Stronger Towns funding allocated to Hereford. The council has also successfully operated rural grant funds programmes on behalf of government such as Leader.

Consultees

28. Political Groups have been consulted on the decision paper. Cllrs recognised the need to make the USKPF and RPF funds available to support businesses and communities as soon as possible. Energy costs in particular are an issue for businesses and village halls. The funds will provide access to advice, and possibility capital grants to implement related measures.

Appendices

Background papers

None

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 16/11/2022
Finance	Louise Devlin	Date 17/11/2022
Legal	Sarah Halliwell	Date 28/11/2022

Communications	Luenne Featherstone	Date 21/11/2022
Equality Duty	Harriet Yellin	Date 16/11/2022
Procurement	Lee Robertson	Date 16/11/2022
Risk	Kevin Lloyd	Date 20/11/2022

Approved by	Ross Cook	Date 29/11/2022
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[Note: Please remember to overwrite or delete the guidance highlighted in grey]

Please include a glossary of terms, abbreviations and acronyms used in this report.

See comment above for objectives to be included.