

UKSPF Allocation 2025/2026

Cabinet Member – Economy and Growth

Decision date: 8 March 2025

Report by: Economic Development Manager

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.

Wards affected

(All Wards);

Purpose

To seek cabinet member approval to accept and spend up to £2,172,966 of UK Shared Prosperity Funding (UKSPF), allocated by government to Herefordshire for 2025/26, made up of £401,198 capital and £1,771,768 revenue. To also seek cabinet member approval to accept and spend any Rural England Prosperity Fund (REPF) allocation to Herefordshire, when the Department for Environment, Food and Rural Affairs (DEFRA) makes the announcement in the coming months.

Recommendations

That:

- a) the Cabinet Member for Economy and Growth approves the acceptance and expenditure of up to £2,172,966 of UKSPF allocated to Herefordshire, made up of £401,198 capital and £1,771,768 revenue; and**
- b) Subject to DEFRA announcing a 2025/26 REPF budget, Cabinet Member for Economy and Growth approves the acceptance and expenditure of any subsequent allocation of REPF to Herefordshire; and**
- c) To delegate to the Director for Growth, in consultation with the Cabinet Member for Economy and Growth, all operational decisions in implementing the funding, in accordance with conditions imposed by Ministry of Housing, Communities and Local**

Government (MHCLG) and the Department for Environment, Food and Rural Affairs (DEFRA).

Alternative options

1. Do nothing – The council could choose not to accept the funding and implement the programme of projects in Herefordshire, funded by UKSPF and REPF, however, this would result in the council being unable to access upwards of £2,172,966, allocated to the county, which is critical to supporting the economic growth of Herefordshire. This option is not recommended.

Key considerations

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) [UKSPF Prospectus](#)
3. Each 'Lead Local Authority' was allocated a three-year funding commitment, subject to the development, submission and approval of a suitable Investment Plan and subsequently, Herefordshire was allocated £7,545,330 between 2022/23 and 2024/25, of which £903,194 was for 'Multiply' adult numeracy support. Herefordshire was also awarded £1,705,669 REPF funding from DEFRA. These programmes are nearing the deadline of 31 March 2025, and the Government has announced that no funds can be rolled into next year.
4. An overview of the UKSPF programme of projects, funded and delivered between 1 April 2022 and 31 March 2025, can be found in Appendix 2.
5. On 13 December 2024, Herefordshire Council received correspondence from the Parliamentary Under-Secretary of State for Local Growth and Building Safety, detailing 2025/26 national UKSPF allocations, of which Herefordshire has been allocated £2,172,966, made up of £401,198 capital and £1,771,768 revenue. The letter further confirmed that by *'extending the Fund for a transition year, this government is providing certainty of funding to places in advance of wider local growth funding reforms. The government intends to adopt these wider reforms to local growth funding across the country from the spring, introducing a simplified and long-term approach. The government will also set out more detail on the Regional Growth Strategy alongside, and integrated with, plans for infrastructure, investment and the industrial strategy.'*
6. Key themes for the 2025/26 allocation are:
 - a. UKSPF will remain a highly flexible fund that local authorities can attune to local need and opportunity
 - b. 2025/26 UKSPF provides transition funding in advance of wider local growth funding reforms
 - c. Any UKSPF 2022-25 funding allocations that have not been spent on activities that take place by 31 March 2025 must be returned to MHCLG
 - d. The multiply allocation will not continue as a specific, ring-fenced programme. Adult numeracy can be funded where it is a local priority, as part of the UKSPF allocation, alongside the wider suite of people and skills related activities

- e. In line with the light-touch approach to the fund, there is no requirement for a revised Investment Plan and lead local authorities should update on plans for 2025/26 at the beginning of the next financial year, through routine reporting
 - f. The published technical note [25-26 UKSPF Technical Note](#) on GOV.UK sets out updated delivery guidance, local allocations and an updated allocation methodology for 2025/26. The technical note must be used in conjunction with the UKSP Prospectus as, unless specified otherwise, the guidance remains unchanged
7. For 2025/26, existing interventions have been mapped into Mission-led themes across the three priority areas: Communities and Place; Support for Local Business; and People and Skills.
 8. There are now five UK-wide themes and twelve sub-themes that are focused explicitly on delivering the government's Missions, making the fund easier to manage, with less reporting required (see Appendix 1).
 9. Funding can be used from 1 April 2025 to 31 March 2026, including continuations of existing activity, where appropriate.
 10. To ensure the UKSPF delivers across the widest range of intervention areas, and acknowledging that the Council is inviting Expressions of Interest for a share of £2 million Community Spaces Grants, and is exploring a small micro Community Revenue Grants Programme, the indicative split of budget is 20% Communities and Place, 40% Supporting Local Business and 40% People and Skills.
 11. Each lead local authority will retain the ability to use up to 4% of their allocation by default to undertake necessary Fund administration.
 12. Lead local authorities are strongly encouraged to engage with and seek support from local partners to deliver this Fund. Consultation has been held with the Herefordshire Business Growth Board and Herefordshire Skills Board. The Herefordshire Business Growth Board will also oversee the implementation of the funding, to ensure outcomes are achieved in meeting the county's strategic needs.
 13. Subject to the DEFRA announcement of a 2025/26 Herefordshire allocation, alongside the UK Shared Prosperity Fund, the council will be the accountable body for the REPF. The council has significant experience of successfully delivering similar grant fund activity, such as two previous LEADER schemes and the 2023-2025 £1.7m REPF. 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 to previous UKSPF/REPF delivery.

Community Impact

14. Through the availability of grant funding, or the commissioning of local services, funding will be utilised to deliver the five themes and twelve sub themes to overcome local challenges and maximise opportunities.
15. In order to have the greatest community impact, the 2025/26 UKSPF allocation will ensure projects continue to support the community by meeting a number of the community related sub-themes, including, but not limited to:

- a. Reduce crime and the fear of crime
- b. Bringing communities together, tackling homelessness
- c. Improve health and well being
- d. Improve high streets and town centres
- e. Provide advice and support to businesses, individuals and organisations
- f. Support people to progress towards employment and, where needed, provide support to help with essential skills
- g. Invest in education and workforce planning, supporting employees to upskill and secure higher paid jobs
- h. Protect and improve the lives of vulnerable people
- i. Develop the visitor economy
- j. Support the creative and cultural sectors, improving the cultural and creative offer within the county

Environmental Impact

16. In line with the 2022-2025 UKSPF and REPF Programmes, the 2025/26 UKSPF allocation will deliver projects that have a positive environmental impact and will support projects that enhance, and certainly do not harm the environment, by:
- a. Ensuring grant schemes encourage and support decarbonisation and investment in energy efficient machinery and practices, reducing the impact on the environment
 - b. Build sustainability and environmental impact into all grant applications and commissions, encouraging grant recipients to embrace low carbon practices and protect the environment
 - c. Fund energy efficiency programmes and practices
 - d. Support community groups, through grants and advice programmes, to deliver schemes that protect and enhance their communities natural environments
 - e. Encourage sustainable tourism
 - f. Ensure all contracts meet the council's sustainability and low carbon goals

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.
17. The core goal of the UKSPF is to level up opportunity and 'share prosperity' and overcome geographical inequalities. It is also, fundamentally, about levelling up people's pride in the

places they love and seeing that reflected back in empowered local leaders and communities, a stronger social fabric and better life chances.

18. The 2025/26 allocation specifically targets deprivation and allocations have been adjusted to prioritise areas with the highest levels of deprivation (highest scoring on the Index of Multiple Deprivation), whilst ensuring funding in all lead local authorities is high enough to remain viable and not negatively impact on their equality duty.
19. 2025/26 allocation will also ensure that projects focus on areas that help to overcome local challenges and target inequality, including, but not limited to:
 - a. Support for young people who are at risk of being NEET
 - b. Supporting those who are furthest removed from employment
 - c. Providing advice, support and funding to those most vulnerable in our communities
 - d. Increase the capacity of the voluntary sector to provide advice and support to those who need it most
 - e. Support the Youth Employment Hub to provide critical services to those young people reaching out for help, or who are referred through partnership agencies
 - f. Ensure that all council contracts and commissions, that are funded through 2025/26 UKSPF/REPF, make provision for those who are rurally isolated and ensure they receive the same level of access to services as those in more accessible locations, either through the provision of services in the rural localities themselves, or providing transport, or online provision, to ensure they have equal access to services

Resource implications

20. Herefordshire has been identified as the Lead Local Authority for UKSPF and the county has been allocated £2,172,966 of UKSPF, made up of £401,198 capital and £1,771,768 revenue.
21. Funding can be spent from 1 April 2025 to 31 March 2026, including continuations of existing activity, where appropriate.
22. Each lead local authority will retain the ability to use up to 4% of their allocation, by default, to undertake necessary Fund administration, this is funded from the revenue grant allocation.

Revenue or Capital cost of project (indicate R or C)	2025/26	Total
UKSPF (R)	£1,771,768	£1,771,768
UKSPF (C)	£401,198	£401,198
TOTAL	£2,172,966	£2,172,966

Revenue budget implications	2025/26	Total
Positive impact on revenue budget as 4% the overall allocation, by default, can be used to undertake necessary Fund administration	£86,918.64	£86,918.64
TOTAL	£86,918.64	£86,918.64

23. There are existing staff, within the council, who can be utilised to administer the grant schemes and manage 2025/26 contracts, whether these be delivered by partners, or administered directly.

Legal implications

24. Funding awarded to the Council will be provided by way of a Section 31 ring-fenced grant (Local Government Act 2003). A Memorandum of Understanding will be required to be entered into, setting out the fund requirements and obligations. The requirements and obligations will be included in any onward grant agreements.

Risk management

25. The following are considered to be the key risks:

Risk / opportunity	Mitigation
The council fails to implement the UKSPF 26/26 allocation (and any subsequent REPF allocation), including a lack of take up of the grant funds by businesses and partners.	The council has significant experience of successful delivering similar schemes across the county where there has been a high take up, including the current UKSPF and REPF programmes.
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 £22.4million of Stronger Towns Fund and £7.54million and £1.7million REPF funding. The council has also successfully delivered numerous ERDF, ESF and DEFRA grant programmes.
All UKSPF (and any subsequent REPF allocation) needs to be delivered between 1 April 2025 and 31 March 2026.	The council is able to use 4% to administer the fund and is able to utilise existing staff resources. Furthermore, the council has the ability to continue existing programmes which have already been fully worked up and are ready to relaunch, as required.
Opportunity	
Herefordshire Council can address some local challenges and maximise opportunities through delivery of the funds.	Work with partners to fund schemes that reduce inequality, e.g. help those furthest removed from employment, upskill the workforce to secure higher paid jobs and ensure that provision of projects is made available in all areas, including hard to reach areas.

26. The projects will be delivered at both the Service, Directorate and cross Directorate level, as well as through the commissioning of contracts to external third parties, as well through working in partnership with key partners.
27. The risks identified in this report have been appropriately recorded on the relevant risk register and escalated in line with the council's risk management strategy. Governance and Monitoring arrangements are in place to ensure these risks are actively managed throughout the delivery period.

Consultees

28. The Cabinet Member for Economy and Growth has been consulted on an early draft, including the streamlining of interventions and new focus on themes and sub themes for 2025/26.
29. The Cabinet Member for Economy and Growth will consult Cabinet and the newly formed Herefordshire Business Growth Board and Herefordshire Skills Board in line with government recommendations, to consult with local stakeholders.
30. A Political Group Consultation was carried out on 10 March 2025.

Appendices

Appendix 1 – New key themes and sub themes for 2025/26.

Appendix 2 – 2022-2025 overview of UKSPF projects delivered and funded.

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 26/02/2025
Finance	Karen Morris	Date 02/03/2025
	Wendy Pickering	Date 17/03/2025
Legal	Emma-Jane Brewerton	Date 03/03/2025
Communications	Luenne Featherstone	Date 24/02/2025
Equality Duty	Harriet Yellin	Date 24/02/2025
Procurement	Claire Powell	Date 24/02/2025
Risk	Paige McInerney	Date 05/03/2025

Approved by	Click or tap here to enter text.	Date	Click or tap to enter a date.
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Please include a glossary of terms, abbreviations and acronyms used in this report.