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# UK Shared Prosperity Fund (SPF) Years 2 and 3

Date: 21 June 2023

Report of: Director of City Development

Report to: Executive Board

Will the decision be open for call in? 

☐ Yes ☐ No

Does the report contain confidential or exempt information? ☐ Yes ☒ No

# **Brief summary**

In the October 2022 Executive Board endorsed the high-level UKSPF priorities for Leeds, delegated authority to the Director of City Development to accept UKSPF funding and authorised procurement and spend for year one delivery.

This paper provides an update on the development and progress of the UK Shared Prosperity Fund (UKSPF) including year two and three delivery in Leeds.

This paper outlines the delivery approach for years two and three of the UKSPF and seeks support for the projects that will be delivered. The projects that are funded through UKSPF cover activity across LCC directorates so this paper requests the delegation of authority to spend to directors with service delivery responsibility for specific projects. Director of City Development maintains overall responsibility for UKSPF programme delivery.

# **Progress Summary**

Since the October 2022 Executive Board report the following has taken place:

- December 2022 WYCA have received approval of the Local Investment Plan from the Government
- January 2023 LCC entered into a Funding agreement with WYCA to deliver until end of March 2025
- Year One return submitted to WYCA showing delivery of £1,286,916.71 and delivering outcomes including in local welfare support services; city centre improvements; innovation@leeds and arts@leeds grants.
- An operational lead and programme management office function now in place
- Governance processes are in development and will be confirmed in June 2023.

# **Years Two and Three Delivery**

Years two and three will deliver to the high-level priorities as endorsed by the Executive Board in October which are;

- a) Cost of living
- b) Community Infrastructure
- c) Culture, Heritage and Engagement
- d) Supporting Innovation, Business and Productivity

Activity in years two and three will be delivered through a mixture of Leeds City Council teams, procurement, commissioning and grant awards. Leeds priorities have been developed for UKSPF to enable investment in areas that are important to communities and to the future economy of Leeds over the next three years

#### **Operating Environment**

Since the October 2022 Executive Board paper there is now more clarity on the UKSPF offer for the region, however the programme has continued to operate in an uncertain environment which may continue to have an impact on the delivery and planning of the programme. Despite these challenges, the programme delivered £1,286,916.71 of activity which has made a difference to communities in Leeds.

Due to initial operating challenges, 33% of the year one allocation was not spent, LCC is awaiting confirmation from the government via WYCA to be informed if this has been approved.

## Recommendations

Executive Board is recommended to:

- a) Note the delivery progress and challenges of the UKSPF hyper local programme in Leeds in year one
- b) Support the Leeds City Council delivery plan for years two and three which form part of the West Yorkshire Local Investment Plan (LIP)
- c) Delegate authority to authorise expenditure for projects in years two and three to:
  - a. Director of City Development who also retains overall responsibility for UKSPF Programme delivery.
  - b. Director of Adults and Health in relation to those projects designated for delivery by Adults and Health in paragraph 24 below
  - c. Director of Communities Housing and Environment in relation to those projects designated for delivery by Communities Housing and Environment in paragraph 24 below
  - d. Director of Strategy and Resources in relation to those projects designated for delivery by Strategy and Resources in paragraph 24 below

## What is this report about?

- 1 UKSPF is the fund that has replaced EU Structural and Investment Funds in the UK. In October 2022 a paper was taken to Executive Board which provided an update on the progress of UKSPF outlining the national and regional picture and strategic priorities. West Yorkshire was allocated £68m UKSPF funding by UK Government, of this £9,393,538 was allocated to Leeds specifically for local delivery. Other UKSPF funding is also allocated for regional delivery including for business support and skills, a proportion of which will be delivered in Leeds. Information and opportunities for these funding opportunities will be published at <a href="https://www.westyorks-ca.gov.uk/growing-the-economy/uk-shared-prosperity-fund/">https://www.westyorks-ca.gov.uk/growing-the-economy/uk-shared-prosperity-fund/</a>
- In the October 2022 Executive Board endorsed the high-level UKSPF priorities for Leeds, delegated authority to the Director of City Development to accept UKSPF funding and authorised procurement and spend for year one delivery. The paper set out a commitment to return to Executive Board to update on year two (2023/24) and year three (2024/25) of the programme. The priorities and delivery plan for years two and three in this paper relate to funding of programmes that Leeds City Council are accountable for delivering and form part of the West Yorkshire Local Investment Plan.
- 3 This paper shares an update on year one progress and delivery and outlines our approach for years two and three of UKSPF Leeds programme. This report seeks endorsement for the activities for years two and three of the UKSPF Leeds programme and requests that Executive Board delegate the authority to authorise expenditure for years two and three to meet the outputs and outcomes set out in the funding agreement with WYCA.

#### Background

4 In April 2022 the prospectus for UKSPF was released by UK Government setting out the UKSPF Programme. In July 2022 West Yorkshire Combined Authority (WYCA) submitted a Local Investment Plan (LIP) for UKSPF as the lead authority for the West Yorkshire region. The LIP included details of the LCC UKSPF programme which would be delivered over the duration of the programme. WYCA received approval of their Local Investment Plan in December 2022.

Following this, Leeds City Council entered into contract with West Yorkshire Combined Authority at the end of January 2023 to deliver UKSPF activity until the end of March 2025.

The primary goal of the UKSPF is to 'build pride in place and increase life chances across the UK'. Places will be empowered to identify and build on their own strengths and needs at a local level. The funding can complement other funding such as the Levelling Up Fund and WYCA's Single Investment Fund which aims to maximise devolution funding. The UKSPF Prospectus states that:

'The UKSPF will support the UK government's wider commitment to level up all parts of the UK by delivering on each of the Levelling Up objectives:

- Boost productivity, pay, jobs and living standards by growing the private sector, 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.'
- 6 UKSPF has three investment priorities: Local Communities and Place; Support for Business; and People and Skills (including Multiply, one of the first People and Skills programmes aimed at addressing low levels of adult numeracy).
- 7 At a regional level the Local Communities and Place investment priority is being coordinated and delivered by Local Authorities via funding agreements with WYCA and Support for Business and People and Skills coordinated by WYCA via open calls and competitions.
- Of the £68m UKSPF funding available regionally £9,393,538 was allocated to Leeds for local delivery. This includes a financial profile across three years which includes a capital/revenue split (as set by Government) which the activity must be delivered against. The table below provides the split across the three years of the programme. UK Government funding must be spent in year with any underspend lost, however due to the delayed start to the programme, we have been advised that upon approval of a credible plan, year one underspend can be rolled over into year two. A credible plan was provided by LCC to WYCA who have submitted a regional plan to Government in their role as Lead Authority. WYCA are still waiting for approval by the Government with no clear timescales provided on when a decision can be expected.

Year	Revenue	Capital	Total
One (2022/23)	£1,794,600	£130,500	£1,925,000
Two (2023/24)	£1,834,700	£336,000	£2,170,700
Three (2024/25)	£4,199,190	£1,098,548	£5,297,738
Total	£7,828,490	£1,565,048	£9,393,538

As described in the previous UKSPF Executive Board Paper, the Leeds Priorities for UKSPF were identified by aligning to strategic fit at a local (for Leeds the Best City Ambition and Inclusive Growth Strategy), regional (West Yorkshire Investment Strategy) and national (UKSPF prospectus) level and consultation with service areas across the council.

- 10 In developing priorities for Leeds, the focus was on targeting areas most in need across the city, with an emphasis on equality and diversity.
- 11 The funding agreement with WYCA sets out the interventions, outputs and outcomes LCC will deliver against these priorities which contributes to the LIP over three years.
- 12 Whilst the programme has the potential to make a measurable difference to communities across Leeds, to date the programme has operated in an environment with a high degree of uncertainty which has created a degree of risk which we monitor through the programme office. This includes uncertainty regarding shifting government guidance and the ability to transfer funding between years, which will be resolved when UK Government sign off the credible plan.
- 13 Due to the delay in the Government announcing the approval of LIPs, the impact on the programme has resulted in a high degree of uncertainty impacting both the delivery of year one LCC did not enter into contract with WYCA until the end of January 2023; and planning for future delivery years of the programme due to the level of detail required, for example for GDPR and evidence requirements for projects not then fully established. As a new programme these are areas which are still being addressed alongside developing and refining new processes between LCC and WYCA. Alongside this year one underspend being rolled over into year two and confirmation of year two funding from the Government to WYCA have added to the climate of uncertainty.
- 14 No Local Authorities in West Yorkshire have spent their full year one allocation. LCC have underspent our year one allocation by 33% and have requested that this is rolled into year two.

## **Governance and Operations**

- 15 Governance processes are in development and will be confirmed in June 2023 and will ensure transparency, accountability, adherence to the contract and deliver maximum value for the programme. A Programme Board is being established and the role of the Board will be to maintain delivery oversight of all UKSPF activity in Leeds. Stakeholder forums for each investment priority are being set up to enable stakeholders to contribute to, influence and shape UKSPF activity.
- 16 An operational lead for the programme has been appointed and a Project Management Office (PMO) established to co-ordinate and ensure delivery and to lead contact with WYCA.
- 17 To support the delivery of the programme an operational group has been established which includes all services delivering the programme. This group is coordinated by the PMO and will ensure successful delivery of the programme, achievement of outputs and outcomes and adherence to the funding agreement. The PMO sits within the Culture and Economy Service with the Head of Economic Policy as the senior officer and the Director of City Development maintaining overall responsibility for the delivery of the programme.
- 18 LCC continues to work with WYCA as the Lead Authority for UKSPF. As further details of the programme become available from the government we will ensure any further appropriate processes and governance will be in place at a local level.

#### Year One Delivery

19 As explained in paragraph 13, year one delivery has involved a high degree of uncertainty which impacted the initial delivery of the programme. Alongside this, due to the short window to deliver year one activity, the full impact of these projects measured through the outputs and outcomes will not be realised until the end of the first half of year two.

- 20 Despite a challenging operating context significant delivery has been achieved in year one including:
  - a) Local Welfare Support Services a project that supported vulnerable families who are impacted by poverty/cost of living who present to LCC in an emergency or crisis. £500k supported over 4,000 households with emergency food, fuel, white goods, furniture, carpets, or where appropriate cash grants.
  - b) Inspired@Leeds Grants An increase to the grant allocation to enable cultural activities to take place across the city.
  - c) Asset Based Community Development (ABCD) Pathfinder establishment of a new site in Belle Isle to build on the existing offer. Pathfinder sites are based within existing local organisations who employ a Community Builder to engage the local community, groups, and associations.
  - d) Hey Neighbour supporting and nurturing neighbourliness and focusses on enabling human, rather than digital, connections and addressing inequalities by prioritising areas of high deprivation. Funding has enabled a micro grants scheme to be developed which will be launching in June 2023 where small community groups and individuals can apply for and access small grants to delivery activities which are aimed at increasing neighbourliness, improving community cohesion and improving mental health.
  - e) City Centre Improvements Activity has included employing 2 full time on-street City Centre Support Officers to address quality of place issues. There is now new public seating in various locations across the city centre including green spaces outside Leeds Arena and in St John's greenspace. Leeds Kirkgate Market is now operating with new market stalls and boards, and the city centre cleansing team are benefitting from additional hand carts and a hydrostatic barrow which has improved the efficiency of bin collections in the city centre and a greener solution through removing the need for a vehicle.
  - f) Destination Marketing activity has enabled Leeds to promote itself as a city to host conferences and increase dwell time in the city. Examples of this are activity which supported LCCs contribution to the UK Retail Estate investment and infrastructure Forum (UKREiiF) through hosting 5 fringe events. A PR agency was also commissioned to support Conference Leeds with media and public relations activity, positioning Leeds as a leading UK conference destination to national and international conference organisers. Short films were also produced to support Visit Leeds and Conference Leeds marketing and communication channels to increase visitor numbers and increase dwell time in the city. UKREIIF saw over 7000 delegates visit Leeds for the conference and the event will return next year. Hosting UKREiiF has a positive economic impact for the city, in 2022 the economic value of hosting UKREiiF was £5.5m. Analysis will be undertaken for 2023 to calculate the economic impact.
  - g) Innovation@Leeds revenue grants project which funded 12 organisations to deliver activity aimed at supporting the innovation ecosystem across a number of sectors in Leeds and contribution to the city's innovation vision. An example of this is Super Squad delivered by Start-up Sherpas in partnership with Leeds City Council. This was an entrepreneurship programme that helped develop start-ups and drive growth in young people starting their own business through developing solutions to addressing complex civic and business challenges. This was achieved through running a six-week bootcamp that encouraged the development of ideas, exploring their creativity and collaboration on project-based challenges to solve these complex challenges.
- 21 In late March 2023 it was announced that People and Skills interventions which the UKSPF prospectus set out could only be delivered from April 2024 could be brought forward for delivery

to start from April 2023. Due to the short timescales of this announcement it was not feasible for the Council to bring forward any People and Skills interventions.

## Year Two and Three Delivery

22 Years two and three will deliver to the high-level priorities as endorsed by the Executive Board in October which are;

## a) Cost of living

i. Measures to support residents which will include advice, signposting and financial support to minimise the number of residents in poverty, increase digital inclusion, increase energy efficiency and enable the development of local food strategies and exploring concepts such as community supermarkets.

Examples of activity include delivering digital inclusion activity to support residents with the cost of living and the provision of debt advice for residents experiencing financial challenges.

# b) Community Infrastructure

 Programmes to support pride of place and develop the social fabric of communities, including small capital investment and support for resident-led activity through increased engagement.

Examples of this include Capable Guardian Programme, community safety and antisocial behaviour initiatives, the delivery of social action projects in communities, volunteering support and high street and district centre improvements.

# c) Culture, Heritage and Engagement

 Expanding our inclusive cultural and creative offer across the city to engage a wider and more diverse audience focusing on equality and diversity, social cohesion, celebrating difference and culture for health and wellbeing.

Leeds Museums & Galleries' programme of work builds on the service's award-winning learning and community work. It will offer volunteering opportunities, events and participatory programmes and work closely with community partners on these. The service aims to give a warm welcome to more visitors and make improvements to at least two of its venues. Through funding for the Learning & Access Officer facilitating the Careers for All programme, the service will create a range of engagement opportunities for young people with SEND (special educational need and disabilities). The value of grants funding available to cultural groups to support the legacy of Leeds 2023 will also increase.

## d) Supporting Innovation, Businesses and Productivity

i. Measures to support local businesses adopt and develop innovative practices and maximise the value of the Innovation Arc, leading to increased productivity and business growth. Measures also to support new and existing SMEs to support growth and viability, skills programmes and the city's talent pipeline. This includes the development of angel investor networks to increase investment, targeted SME start up support and growing the social economy.

Activity which will take place will include taking business information and other enterprise activity out to communities via the libraries network. The Be Your Own Boss project will support prospective entrepreneurs explore self-employment as a viable employment option. Innovation@Leeds will be delivered through commissioned activity which builds on the insight and knowledge gained in year one, gaps in the ecosystem and opportunities to align and enhance other innovation initiatives and funding for instance if Leeds were to be successful in securing funding for an Investment Zone.

- 23 Activity in years two and three will be delivered through a mixture of Leeds City Council teams, procurement, commissioning and grant awards. There will be a mixture of activity focused in particular neighbourhoods, for example, areas such as debt advice activity and community engagement, and provision which is city-wide such as the Innovation@Leeds revenue grant scheme.
- 24 As the programme is externally funded, a requirement was for activity to align with the interventions, outputs and outcomes set out in the UKSPF prospectus. Whilst the timescales set by UK Government were extremely short, projects were identified firstly through working with Council services to identify activity which could deliver to these requirements within a limited funding period, with Lead members briefed on UKSPF projects and ward members in priority wards were also briefed about community focused activity. In addition, ward members in the priority wards attended local workshops where they were advised of UKSPF funded services and projects. It was also important to ensure strategic alignment with the local (Best City Ambition Health and Wellbeing Strategy, Inclusive Growth Strategy and the Council's ambitions to tackle climate change), regional (West Yorkshire Investment Strategy), and national strategies (Levelling up and UKSPF prospectus).

Directorate	Project	Description	Delivery Method
Strategy & Resources	100% Digital  Focus: cost of living	Help vulnerable residents develop digital skills to support with the cost-of-living crisis	LCC     Grant
Communities, Housing and Environment	Cost of living advice	Offer additional debt advice service in Leeds. This will enhance the current Leeds advice contract, which is a more generic advice offer.	Grant
Communities, Housing and Environment	Food pantry	To support third sector organisations with capital needs for pantries to widen their offer to the community	Grant
Adults and Health	Hey Neighbour	Raise the profile of neighbourliness through small and micro grants to individuals and small community groups that are aligned to wider asset-based activity stimulating community building.	Grant
Adults and Health	ABCD Pathfinder	Increasing engagement of the local community, groups, and associations through developing an equal partnership between residents, groups and social networks	Grant
Adults and Health	Neighbourhood matching scheme	Mobilise social capital and strengthen local communities and community-based organisations by using funding to match volunteer time in developing community plans.	Grant
Communities, Housing and Environment	Capable Guardian Programme	To deliver a targeted programme of community reassurance and community safety advice across the city's most deprived neighbourhoods.	• LCC
Communities, Housing and Environment	Community Engagement	Community activity focused in 12 priority neighbourhoods to include digital connectivity	• TBC
City Development	Volunteering and capacity building in communities	Activity to increase the number of volunteering opportunities and volunteers in the city	• TBC
City Development	City Centre Improvements	A number of activities/projects to increase safety, footfall and access.	LCC     Procurement
City Development	Destination marketing	Activities to increase number and dwell time of visitors in Leeds	LCC     Procurement
Communities, Housing and Environment	Small Scale Place Based improvements	Small scale capital grants programme to support improvements to buildings	LCC     Grants

City Development	Innovation@Leeds	Supporting the development of the innovation ecosystem in Leeds through grants/contracts and development work	•	LCC Grants Procurement
City Development	Business Information & Patent Centre	Support for entrepreneurs to start, grow or run a business through access to resources and events.	•	LCC
City Development	Be Your Own Boss	Activity to support prospective entrepreneurs explore self-employment as a viable employment option	•	Grant
City Development	Business support	Additional activity to complement the regional business support offer	•	TBC
Communities	Carbon measurement	Support to local businesses to support them to measure their carbon footprint	•	Grants
City Development	Cultural Investment Programme	Additionality in grants funding to support the legacy of Leeds 2023 in the city	•	Grants
City Development	Museums and galleries	Activity to increase engagement in underrepresented groups	•	LCC
City Development	Young people engagement activities	Young people engagement with culture, heritage, arts and wider activities	•	LCC
City Development	People and Skills	Activity to support local skills and employability challenges	•	TBC

## What impact will this proposal have?

- 25 The proposal sets out year two and three activity for the programme in Leeds which contributes to the West Yorkshire LIP submitted by WYCA to the government. Leeds priorities have been developed for UKSPF to enable investment in areas that are important to communities and to the future economy of Leeds over the next three years. Endorsing the activity set out in this report will enable Leeds to contribute to the interventions, outputs and outcomes in the WY LIP.
- 26 An Equality, Diversity, Cohesion and Integration (EDCI) screening has been undertaken and is attached as an appendix to this report.

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27 This proposal is in line with the Best City Ambition and its mission to tackle poverty and inequality and improve quality of life; focusing on an economy that works for everyone; improving the health of the poorest the fastest and improving standards of living in all the city's communities. We work through our Team Leeds approach, working together with our partners to deliver on the UKSPF.

# What consultation and engagement has taken place?

Wards affected:		
Have ward members been consulted?	⊠ Yes	□ No

28 The UKSPF programme covers a breadth of activity with several council areas deliver a number of the projects. Lead Executive Members have been updated on projects relevant to their lead role. The projects are a mixture of geography focused and city-wide initiatives. Where activity has a direct impact on wards, members have been consulted on the plans by the service area leads delivering the activity.

29 Service areas have worked and continue to work closely with stakeholders including the third sector on the delivery of their activity. At a programme level the Project Management Office (PMO) is working closely with Third Sector Leeds to ensure strategic involvement in the programme. As the funder the Council is also working closely with WYCA to ensure adherence to funding agreement, alignment with regional activity and share best practice.

## What are the resource implications?

- 30 The UKSPF is to fund new activities and provide additionality and must demonstrate the impact it will have in communities to add value to the local offer alongside meeting the outputs and outcomes stipulated in the funding agreement.
- 31 As part of the funding received from WYCA a management fee has been included which is in line with the UKSPF prospectus. This will support the formulation of a Project Management Office (PMO). The PMO will be 100% funded through the UKSPF fund and will have overall responsibility for the programme being delivered. Functions of the PMO will include monitoring performance, managing risk, managing communications with stakeholders, managing the assurance process and providing monitoring returns to WYCA. To date an operational lead has been appointed and remaining PMO roles are expected to be in post during June 2023.

## What are the key risks and how are they being managed?

- 32 As reported above in year spend for year one has presented a risk due to delays and a small delivery window. To mitigate this proactive engagement has taken place with service leads across the council who will be delivering UKSPF activity to keep them updated and informed of developments and news as they become available. Despite the best endeavours of all services involved in the delivery of UKSPF activity there was an underspend in the year one allocation (33% of year one allocation) due to the challenges highlighted in the report. This challenge is not specific to Leeds and has been recognised by the Government who announced on 8<sup>th</sup> March 2023 that on the approval of a credible plan to address underspend at the end of the financial year, year one could be moved into year two. LCC has developed a credible plan and submitted to WYCA who have subsequently submitted to the Government in their role as lead authority. We are awaiting a response from government with no clear timescale provided.
- 33 Although a three-year programme and the LIP being based on three years of delivery funding is only allocated from the government on an annual basis which presents a risk to the delivery of the programme. LCC has a funding agreement with WYCA until March 2025 however this is contingent on the funding being made available by Government. Like the underspend risk this is not specific to Leeds as this is the approach being taken by the government with all Lead Authorities across the country and as such is deemed a low risk.
- 34 A further risk is the coordination of the programme of activities across the organisation. The proposed UKSPF activities will take place across several directorates and to maximise the value being delivered throughout the programme it is important that where possible activities are aligned, complement one another, and continue to meet the needs of the organisation. This will be managed through the programme having processes which build in sessions/workshops to focus on collaboration.
- 35 Some projects will take place via commissioned activity which will be delivered by external providers. This presents a risk in terms of delivery, quality, and consistency of activity. To mitigate this the PMO will support to ensure a consistent approach will be taken with commissioned activity.

- 36 The Council has the power under the Localism Act 2011 to do anything an individual can do provided that it is not otherwise prohibited from doing so. Compliance with any restrictions that the Council is subject to in relation to the proposals outlined in this report will be monitored as matters progress.
- 37 The Council has a Funding agreement in place with WYCA setting out the conditions within which the programme must be delivered. As such LCC must ensure compliance with the funding agreement to be in a position to claim the money.
- 38 In administering grants as part of the UKSPF programme the Council has an obligation to ensure that any support provided is compliant with the Subsidy Control Act 2022.

# Options, timescales and measuring success

# What other options were considered?

- 39 The UKSPF is a UK Government Fund meaning there is no alternative option.
- 40 We considered other possible priorities for the UKSPF, however the need for activities to fit with the West Yorkshire Investment Strategy and UK government priorities and delivery timescales means that the high-level priorities in this paper are the more viable.

#### How will success be measured?

- 41 The funding agreement outlines the outputs and outcomes which will be delivered as part of Leeds UKSPF activity
- 42 All projects funded through UKSPF will be subject to appropriate performance reporting.
- 43 The PMO will be responsible for the collation of service areas outputs and outcomes

#### What is the timetable and who will be responsible for implementation?

- 44 The overall responsibility for management of the UKSPF for Leeds sits with Director of City Development. Responsibility for implementation of the programme sits with the Project Management Office within Culture and Economy. Responsibility of the delivery of individual projects sits with relevant Directors and service areas.
- 45 Responsibility for the management and delivery of UKSPF in West Yorkshire is with WYCA.

#### **Appendices**

• Equality, Diversity, Cohesion and Integration (EDCI) impact assessment

# **Background papers**

None.