

Mayoral Combined Authority Board

12 March 2024

UKSPF Delivery Update

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Update on UKSPF delivery in South Yorkshire
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report:

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Executive Summary

This paper updates Board Members on the delivery of the UK Shared Prosperity Fund (UKSPF) in South Yorkshire. Local and regional projects are underway supporting people with the cost-of-living crisis, improving the regional cultural and visitor offer, supporting businesses, as well as becoming more productive and greener. The majority of Year 1 and 2 funding has been defrayed, and the MCA is on track to exceed the 80% spend threshold that will unlock its full Year 3 payment at the start of 2024-25 financial year.

What does this mean for businesses, people and places in South Yorkshire?

The UKSPF has three strands: Communities & Place, Supporting Local Business, and People & Skills, so how the programme is delivered has wide ranging impacts for South Yorkshire's businesses, people, and places. The areas of focus in South Yorkshire are cost-of-living support; cultural events and improving the visitor economy; business support; low carbon and productivity grant schemes; and helping people into employment and with in-work progression.

Recommendations

Board members are asked to:

1. Note the progress update on delivery and the approach to securing 2024-25 funding.
2. Prioritise submitting remaining 2023-24 UKSPF funding claims to MCA as quickly as possible.

Consideration by any other Board, Committee, Assurance or Advisory Panel

n/a

1. Background

- 1.1 The UKSPF is a three-year programme which aims to boost productivity, tackle geographical inequalities, and improve life chances. It is the replacement for EU Structural and Investment Funds, and the MCA is the Accountable Body for its delivery. South Yorkshire was allocated £38.9m for 2022-25 with annual allocations: £4.7m in 2022-23, £9.4m in 2023-24, and £24.7m in 2024-25. There was an additional £1.4m of rural funding announced for 2023-25 for Barnsley, Doncaster, and Rotherham.

At the MCA meeting on 14 November 2022, Members agreed to delegate operational authority to the MCA Chief Executive and s73 officer to work with Local Authority Chief Executives to develop and agree a framework and delivery model for Years 2 and 3. It was agreed at the Chief Executives' meeting on 10 May 2023 to mitigate the risk of Year 3 funding by all five partners sharing the risk, including the MCA underwriting some capital funding if Year 3 funding was reduced by Government.

2. Key Issues

2.1 **Approach to delivery**

The UKSPF programme has been designed and implemented collaboratively. The MCA and the Local Authorities are working in partnership to ensure maximum benefit for the residents of South Yorkshire. An ethos of five equal partners working together has facilitated the unlocking of significant economies of scale where regional programmes have been commissioned. Schemes for the Communities & Place have been locally led in acknowledgment of the unique nature of each individual place. Whether schemes have been locally delivered or through regional schemes, the collaborative approach between partners has underpinned delivery.

2.2 **Delivery update**

In line with Government guidance Year 1 investment was focused mainly on Communities & Place with a small element of Supporting Local Business. Projects included cost-of-living support across the region as well as investment for cultural events. The MCA disbursed 86% of its Year 1 allocation, which compares favourably with other areas.

Government announced that lead authorities could roll over unallocated Year 1 funding into Year 2. With partners, the MCA agreed to roll over the capital element of Year 1 into Year 2 and a small amount of revenue funding also rolled over.

Year 2 has seen a combination of regional schemes and local projects move into delivery. Projects include a continuation of the cost-of-living support and projects to enhance the visitor and cultural offer in the region and three regional business programmes.

Supporting Local Business has three regional programmes:

- **Launchpad** - support for individuals wanting to start a business, and those in the initial stages of their enterprise journey.
- **The Business Productivity grant scheme** - supports firms in South Yorkshire to improve their productivity through grants to improve how they capture and measure productivity gains.
- **The Low Carbon grant scheme** - supports businesses to identify, fund, and implement low carbon improvements.

These three regional schemes have been contracted and are in delivery. All the regional schemes and most local projects are two-year contracts. Government committed to annual allocations therefore these contain break clauses after 2023-24. This created an element of risk for delivery partners, especially for regional business grant programmes that take time to work with businesses and then initiate delivery. SYMCA and the Local Authorities have worked together to minimise this risk, including agreeing to underwrite schemes, utilising Gainshare funding.

People and Skills funding was sequenced to commence in the latter half of the UKSPF programme. The Skills leads from MCA and the four Local Authorities have worked closely to develop regional schemes providing a single front door approach. The programme is split into:

- **Strand 1 'Ambition'** - preparation for employment activity designed to engage target participants and provide employability and holistic support.
- **Strand 2 'Into Employment'** - help to access the labour market, through employer-focused recruitment support and sector-specific training.
- **Strand 3 'Advance'** - provides a continuity of support once in Employment for those participants that have moved through strands 1 and strands 2.

Strands 1 and 2 are in delivery, and Strand 3 is on track to commence April 2024.

SYMCA has contracted 100% of the Rural SPF and delivery has started. These are mainly grants for businesses located in rural areas.

2.3

Announcement from Government and SYMCA's response

The Department for Levelling Up, Housing & Communities (DLUHC) changed their approach to Year 3 funding. They announced a threshold-based approach and confirmed that 100% of underspends from Year 2 can be retained by lead Local Authorities for spend on local priorities. The announcement that there would be no clawback of funds is welcome. It also serves to reduce the risk for delivery partners regarding the uncertainty of Year 3 funding.

Under this threshold-based approach, SYMCA will be able to access the full Year 3 allocation. The initial payment for Year 3 will be determined by previous spend over the first two years of UKSPF. The target for all partners is to achieve 80% of total spend for 2022-24. This would trigger the full £24.7m upfront payment for Year 3.

In response to this update, and to manage risk affecting the deliverability of regional schemes, SYMCA agreed to capitalise the 2023-24 regional schemes. Taking the approach to offer two-year contracts with break clauses has enabled MCA to respond effectively to DLUHC's revised approach.

So far, 91% of the UKSPF three-year programme has been committed. 63% of Year 1 and Year 2 has been paid. If an additional 17% is defrayed before 31 March 2024, the MCA will receive its full 2024-25 allocation from DLUHC up front. The MCA and the Local Authorities are working closely to ensure this happens.

The DLUHC announcement also confirmed that where any underspends remain at the end of 2024/25, DLUHC will expect these to be repaid.

3. Consultation on Proposal

- 3.1 There has been extensive consultation throughout UKSPF in South Yorkshire. Webinars were held to help develop the Investment Plan and provide updates on delivery, and the Local Partnership Group is a key vehicle in determining funding decisions. After MCA members delegated responsibility to Chief Executives, they have been kept up to date on progress. The approach outlined here was agreed between the MCA and all Local Authority partners.

4. Timetable and Accountability for Implementing this Decision

- 4.1 SYMCA will be paid its 2024-25 allocation depending on the amount of 2022-24 spend is paid by 31 March 2024. If the 80% threshold is not met, the remaining balance – decided on a sliding scale of performance based on 2022-24 spend - will be paid at the end of financial year 2024-25.

5. Financial and Procurement Implications and Advice

- 5.1 If the 80% of 2022-24 spend threshold is met, SYMCA will be paid £24.7m at the start of financial year 2024-25. If not, this initial payment would reduce depending on how much is paid for 2022-24, with the remaining balance to be paid at the end of financial year 2024-25.

6. Legal Implications and Advice

- 6.1 The Assurance Framework sets out for Government how the MCA adheres to the requirements and is used as the basis of governance, assurance, and compliance.

7. Human Resources Implications and Advice

7.1 SYMCA has been utilising its management fee from UKSPF to ensure that the capability and capacity is in place to deliver the fund and maximise the impact and uptake of fund.

8. Equality and Diversity Implications and Advice

8.1 Inclusion was a key part of South Yorkshire's UKSPF Investment Plan. The focus of the Community & Place strand has been helping the most in need with cost-of-living support.

9. Climate Change Implications and Advice

9.1 Adapting to climate change was a key objective of South Yorkshire's UKSPF Investment Plan. There is a grants programme for businesses to apply for to help them identify, fund, and implement low carbon improvements.

10. Information and Communication Technology Implications and Advice

10.1 The functions of the Lead Authority can be contained within the current technology available to the MCA; for example, the utilisation of VERTO for programme and project management. This is live and is working effectively.

11. Communications and Marketing Implications and Advice

11.1 Communications guidelines have been adhered to, and the MCA is working with delivery partners on implementing regional marketing support to promote the schemes to businesses and residents.

List of Appendices Included

A UKSPF Case Studies