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**Meeting of the Cabinet - 27<sup>th</sup> October 2022**

**Report of the Director of Regeneration and Enterprise**

**UK Shared Prosperity Fund**

**Purpose**

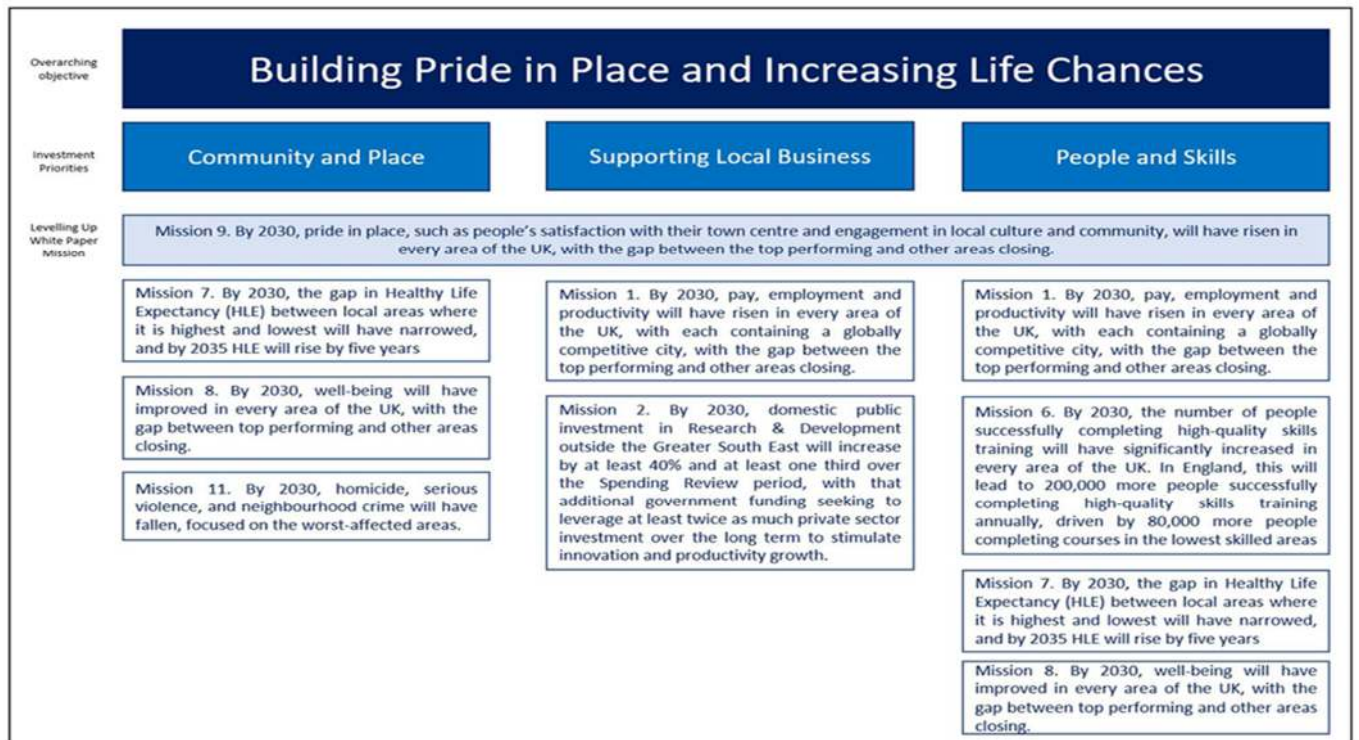
1. This report is to update Cabinet on discussions to date with West Midlands Combined Authority (WMCA) regarding UK Shared Prosperity Fund (UKSPF) and the priorities for Dudley and to seek approval to enter into any subsequent funding agreement with the WMCA.

**Recommendations**

2. It is recommended :-
  - That Cabinet acknowledge the positive progress being made with WMCA regarding the prioritisation of UKSPF activity within Dudley and the wider West Midlands including the notional funding allocations being proposed at both a West Midlands level and local authority level.
  - Cabinet approves the proposed high-level priorities and interventions for UKSPF activity in Dudley for the three-year period April 2022/23 to 31<sup>st</sup> March 2024/25.
  - Delegated authority is granted to the Director of Regeneration and Enterprise to accept any UKSPF funding allocated to the Council by the WMCA and to enter into any subsequent funding agreements with the WMCA.

## Background

3. In March 2022 the Government launched the Levelling Up White paper, which included as a central pillar, £2.6 billion of funding via the UK Shared Prosperity Fund (UKSPF) for local investment to March 2025 with the primary aim being 'to build pride in place and increase life chances across the UK aligning with the Levelling Up White paper missions.
4. To achieve the overarching aim, UKSPF will focus investment priorities on
  - Communities & Place
  - Supporting local business and
  - People and skills



5. UKSPF investment priorities and alignment with 12 Levelling Up White Paper missions.
6. The Levelling Up White Paper made clear that where Mayoral Combined Authorities (MCA's) exist, MCA's will have responsibility for the development and delivery of a UKSPF investment plan, meaning in the case of the West Midlands the lead body is WMCA. Over the last 6 months WMCA have been working with the 7 metropolitan authorities to develop a high level investment plan which was submitted to Government by 1<sup>st</sup> August 2022 deadline, with a more detailed plan

including spend profiles and interventions currently being finalised for agreement at the WMCA Board scheduled for 28th October 2022 ahead of submission to Government.

## UKSPF Funding allocation

7. WMCA have been awarded £88.4 million of core UKSPF funding over the 3 year period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2025. In addition, £16.7 million of Multiply funding has been allocated to the region to support improvement in adult numeracy skills in the West Midlands. The table below indicates the notional in year UKSPF allocations for the West Midlands.

2022-2023	2023-2024	2024-25	Total
£10,729,170	£21,458,339	£56,220,848	£88,408,357

8. While government has stressed that overall investment in UKSPF, including Multiply, is comparable at a national level with that previously available through European Structural Funds, directly available funding through UKSPF for the WMCA area is lower than previously available via ESF and ERDF, particularly in years 1 and 2.
9. Based on the national system that adopts a 70:30 methodology, where 70% of funding is based on 'local population size' and 30% using a needs based index which was piloted for the Community Renewal Fund. Using this methodology notional funding allocations for the 7 metropolitan authorities have been calculated which would see Dudley as a borough receive circa £9.3 million over the 3-year period as indicated in the table below. The table also includes additional employment and skills related funding devolved to WMCA and notionally allocated to local authority areas.

	Notional UKSPF allocations: HMG methodology <sup>1</sup>	UKSPF: local allocations	Multiply <sup>2</sup>	AEB investment on local skills priorities <sup>3</sup>	UKSPF: Business Support		Total spend
					Spend through Local Authorities	Specialist programmes delivered across the WM	
<b>Birmingham</b>	36,375,301	17,460,144	5,670,266	tbd	2,880,000	12,700,000	38,710,410
<b>Dudley</b>	9,367,406	4,496,355	2,299,220	1,800,000	1,120,000	3,600,000	13,315,575
<b>Sandwell</b>	9,817,228	4,712,269	1,886,555	2,600,000	1,120,000	3,700,000	14,018,824
<b>Walsall</b>	8,374,365	4,019,695	1,785,434	1,200,000	1,120,000	3,200,000	11,325,129
<b>Wolverhampton</b>	7,831,883	3,759,304	1,434,078	2,600,000	1,120,000	3,000,000	11,913,382
<b>Solihull</b>	5,310,432	2,549,007	1,126,312	1,200,000	960,000	2,400,000	8,235,319
<b>Coventry</b>	11,331,741	5,439,236	2,565,268	2,125,000	1,280,000	4,200,000	15,609,504

<sup>1</sup> 4% top slice for administration has been removed prior to the budget being allocated across investment priorities or geographical areas.

<sup>2</sup> Notional Multiply allocations for adult numeracy training spend in each area have been calculated using a model based on need, existing provision, and our assessment of likely take-up based on previous procurement. Figures include training funds granted to LAs as well as funds to be procured. Multiply investment is focused on adults in work. LAs are also able to use AEB investment to support unemployed or inactive adults.

<sup>3</sup> These figures for AEB spend on training in local areas are based on proposals for local skills priorities put forward by each LA. We will continue to work together to identify further opportunities to use AEB funds to relieve pressure on UKSPF.

## Focus on Business Support

10. The 'Supporting Local Business' theme of the UKSPF Investment Plan has been developed following the West Midlands Business Support Review, led by LEPs, WMCA and partner authorities in 2021.
11. The Business Support Review highlighted that business support must be agile to stay relevant to economic and business conditions in West Midlands. In doing so it is recognised that support will need to react to immediate needs whilst positioning for long-term sustainability and growth. This means:
  - Providing immediate help and advice to help SMEs weather the spike in costs of doing business, covering energy, raw materials, finance and wage increases.
  - Proactively targeting firms and supply chains to shift to higher value added and more resilient activities like decarbonising business processes or adapting to new Rules of Origin requirements.
12. Following discussions with the West Midlands Directors of Economic Development and WMCA Economic Growth Board it is proposed that at least 50% (£42.3m) of the West Midlands UKSPF allocation is directed at supporting local businesses recognising that with the ending of EU funding and the reduction in funding for Growth Hubs in 23/24 and 24/25, UKSPF provides the primary funding mechanism for local business support.
13. The new delivery model proposes to create additional capacity via a co-ordinated network of SME Advisers who will work across the region but be locally embedded in a way that works. For Dudley we anticipate the SME Advisers will be embedded in the existing Dudley Business First Team. In addition, specialist programmes will be co-designed by WMCA and local authorities with a focus on the strategic priorities of net zero transition, investment readiness and business competitiveness. It should be noted however that with limited UKSPF resources, this means there will be significantly fewer specialist commissioned programmes (including grant support programmes) than are currently funded through ERDF.

## Local funding allocations

14. Following approval by the WMCA Board in July 2022 for the high-level investment plan, it was agreed that provision for 'Communities and Place' and 'People and Skills' activity should be directed by Local Authorities, in line with the principles of double devolution. Using the 70:30 funding methodology to allocate the remaining



50% UKSPF, Dudley is set to benefit from £4,496,355 UKSPF funding over the three year period.

15. The 50% local allocation could cover:
- Locally determined investment in 'communities and place'
  - Locally determined investment in 'people and skills', noting that funds cannot be spent on this priority until 2024/25.
  - Flexibility for VCS organisations in a local area deemed to be at risk.
  - Any additional local business support activity beyond that outlined above

### **Dudley priority interventions**

16. The ending of EU funding in 2023, specifically for employment and skills related activity, has the potential to create a void in the delivery of key services to Dudley residents. At present circa 18 members of staff in Dudley (104 across the Black Country) are 100% funded via the £65 million Black Country Impact programme which at present is scheduled to end in Summer 2023.
17. UKSPF was seen as an opportunity to build on the excellent work of the programme with the added benefit of being able to deliver employment support activity to a wider cohort than the current 16-29 years age restriction allows. Unfortunately, UKSPF guidelines mean that the majority 'People and Skills' related activity cannot be funded until 2024/25. In addition, changes to eligibility criteria mean that UKSPF can no longer support activity for 16 – 18-year-olds.
18. Against this backdrop officers are working with WMCA to look at enhanced flexibilities within the 'Communities & Place' priority to fund employment support activity as well as seeking to utilise greater flexibilities within the devolved adult education budget.
19. Following internal workshops and discussions with key stakeholders, including the Dudley Business Champions and Dudley Economic Growth Board, there is also a desire to focus UKSPF activity on town centre interventions (public realm enhancements, events, capacity building), support for culture and heritage activity as well as enhanced support for the continued promotion of Dudley as a tourism destination.
20. The ending of EU funding is also set to affect voluntary and community sector (VCS) organisations across Dudley and the Black Country who are either in direct receipt or delivery partners for EU funded employment and skills projects. As a result, it is proposed to ring fence funding within 'Communities and Place' priority to support VCS organisations where there is a risk to the continuation of





employment and skills related activity in Dudley due to reductions in funding. It should be noted however, that it is likely the funding available will be significantly less than demand leading to potential complaints from VCS organisations.

21. Officers are currently working with internal and external stakeholders to develop outline projects across the three priority interventions which are fully costed and identify clear outputs / outcomes aligned to UKSPF priorities. At this stage however, the focus is on agreeing any year 1 spend activity as Government have been clear with WMCA that there is limited flexibility to adjust agreed annual budget profiles, meaning there is a risk to the region that any year 1 underspend will result in claw back of funding.
22. Based on these initial discussions the table below identifies proposed high level UKSPF priorities for Dudley across the 3 investment priorities.

Dudley UKSPF proposed focus of activity	UKSPF Interventions and definitions
<p><b>Communities &amp; Place</b></p> <p><b>1. Building Pride in Place</b></p> <p><b>Vibrancy in Town Centres</b>            Improve vibrancy in town centres and high streets including pilot project to develop a town centre partnership for Dudley Town Centre. Identify challenges and deliver targeted support to retail and leisure businesses. Support to increase diversity of use (vacant premises). Encourage alternative uses within public spaces to increase vibrancy.</p> <p><b>Places</b>            Public Realm activity and enhancements to include; wayfinding, improvement of local green spaces, new open public spaces / events spaces and parks.</p> <p><b>2. Visit</b></p> <p><b>Discover Dudley</b>            Refreshed promotion and marketing campaign for Dudley's local areas of historic interest, visitor attractions, and experiences to increase visitors and pride in place. Investment in additional in-house communications to enable additional place marketing</p> <p><b>Culture &amp; Heritage</b>            Cultural strategy - write and deliver a strategy for the borough. Enable cultural activity and events via promotion of spaces where events can be held and piloting a cultural calendar of events.</p> <p><b>3. Strengthening Social Fabric</b></p> <p><b>Community Capacity Building</b>            Development of locality-based community capacity and wealth building. Enable pilot approaches to empower people to take local</p>	<p>E1 - Funding for improvements to town centres and high streets, including better accessibility for disabled people, including capital spend and running costs</p> <p>E3 - Creation of and improvements to local green spaces, community gardens, watercourses and embankments, along with incorporating natural features into wider public spaces</p> <p>E8 - Funding for the development and promotion of wider campaigns which encourage people to visit and explore the local area</p> <p>E6 - Support for local arts, cultural, heritage and creative activities</p>

<p>action. Community grant funding to deliver activity to meet localised needs identified such as food poverty, fuel poverty etc</p> <p><b>Dudley Focussed Feasibility Funding</b> To support implementation of priorities identified in the community capacity building programme and to include small grant funding to support these ideas.</p> <p><b>4. Building Resilient &amp; Safe Neighbourhoods</b></p> <p><b>Engagement</b> To pilot a consistent and community led participatory structure / structure for engagement and local democracy</p> <p><b>Increasing levels of Digital Inclusion</b> Improved Digital provision to be provided within Community Centres</p> <p><b>Targeted interventions aligned to Employment, Training &amp; Skills</b> Targeted employment, training and skills support focussing on most deprived wards</p> <p><b>In-work Employment Support</b> Targeted wrap around support for residents and businesses to sustain employment</p> <p><b>Support for Voluntary &amp; Community Sector Organisations</b></p>	<p>E11 - Investment in capacity building and infrastructure support for local civil society and community groups</p> <p>E9 - Funding for impactful volunteering and/or social action projects to develop social and human capital in local places</p> <p>E14 - Funding to support relevant feasibility studies</p> <p>E12: Investment in community engagement schemes to support community involvement in decision making in local regeneration.</p> <p>E15: Investment support for digital infrastructure for local community facilities</p> <p>E9 - Funding for impactful volunteering and/or social action projects to develop social and human capital in local places.</p>
<p><b>Local Business Support</b></p> <p><b>Strategic Business Engagement</b> Additional capacity to develop key account management function for Dudley strategic businesses.</p> <p><b>Pre and Post Business Start-up Support</b> Enhanced pre and post start up support for individuals looking to start a business in Dudley.</p>	<p>E30 - Business support measures to drive employment growth, particularly in areas of higher unemployment</p> <p>E23 - Strengthening local entrepreneurial ecosystems and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks</p>
<p><b>People &amp; Skills</b></p> <p><b>Dudley Impact Programme</b> Building on the strengths of the successful BC Impact Programme, developing a Dudley specific programme which will include widening eligibility of participants to all ages 18+</p>	<p>E33 - Employment support for economically inactive people: Intensive and wrap-around one-to-one support to move people closer towards mainstream provision and employment, supplemented by additional and/or specialist life and basic skills (digital, English, maths* and ESOL) support where there are local provision gaps.</p>

## **Finance**

23. As indicated previously it is currently anticipated that £4,496,355 of UKSPF will be devolved to Dudley to develop a programme of activity which aligns with the priorities of UKSPF. This will include entering into a 'back-to-back' funding agreement with WMCA for which delegated authority to the Director of Regeneration & Enterprise is being sought as part of this report.

In addition, local authorities are in discussions with WMCA to determine what if any share of the 4% UKSPF administration fee will be provided to local authorities to support with financial and performance monitoring of projects.

## **Law**

24. Section 111 of the Local Government Act 1972 empowers the Council to do anything calculated to facilitate the discharge of any of its functions. Pursuant to Section 1 of the Localism Act 2011, a Local Authority has the power of competence to do anything that individuals generally may do. Further advice will be required on the terms of any funding that is provided. However, the Council should expect to be required to confirm that all funded projects will comply with procurement and public sector subsidy requirements.

## **Risk Management**

25. Risks, and their management, will need to be considered for all future UKSPF funded projects whether delivery is by the council or via commissioned activity. In addition, a programme level risk register will need to be developed to manage any risks to the council as accountable body for the locally devolved element of UKSPF funding.

## **Equality Impact**

26. It is envisaged that projects funded via UKSPF will have positive impact on people with different protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion, or belief, sex, and sexual orientation) by improving the access to employment and training opportunities as well as enhancing community infrastructure across the borough.



27. In addition, the Council's Equality and Diversity policies will be applied throughout the delivery of any subsequent UKSPF projects.

### **Human Resources/Organisational Development**

28. There are no immediate direct Human Resources or Organisational Development implications for the council as a result of this report. At this point we are working on the basis that the SME Business Advisors would be employed by the WMCA, however should this not be the case, or as projects are developed, there may be a need to directly employ staff and/or to appoint consultants to deliver the projects. The costs of these appointments will be included in the project costing and once it is known if resources are required and the details of what this requirement would be, then the appropriate approvals and processes would be followed to implement these
29. In addition, and as indicated previously, officers are actively looking at how UKSPF can be used to sustain the existing Dudley delivery team / Programme Management team of the BC Impact Programme where posts are currently 100% funded via EU funding which is due to end in 2023. Where existing roles cannot be extended or realigned to other service/council requirements there maybe HR implications which will need to be considered as discussions progress.

### **Commercial/Procurement**

30. All contractual agreements associated with the future delivery of UKSPF projects will be let in accordance with the requirements of the Contract Standing Orders. There are no direct commercial implications associated with this report.

### **Environment/Climate Change**

31. UKSPF will positively support local businesses, residents and community groups to address issues relating to climate change and net zero targets by providing advice, support and funding to make buildings and homes more energy efficient as and to support with issues relating to fuel poverty.

In addition, UKSPF will support the following United Nations Sustainable Development Goals:

Goal 3: Good Health & Wellbeing

Goal 7: Affordable and clean energy

Goal 8: Decent Work and Economic Growth

Goal 9: Industry, Innovation and Infrastructure

Goal 10: Reduced Inequalities



Goal 11: Sustainable Cites and Communities

Goal 13: Climate Action

## **Council Priorities and Projects**

32. The UKSPF investment priorities of 'Communities & Place', 'Supporting Local Business' and 'People & Skills' and the proposed priorities for Dudley align fully with the Council priorities to be the 'Borough of Opportunity', the 'Borough of Ambition & Enterprise', a 'Safe and Healthy' borough and the 'Destination of Choice'.
33. in addition, the proposed interventions will support the aspirations of the Dudley Borough Vision 2030 through
- Full of vibrant towns and neighbourhoods - improving the vibrancy in town centres and high streets access
  - A place to visit and enjoy that drives opportunity – continued promotion of Dudley as a tourist destination with improvements to the visitor experience
  - A place where everybody has the education and skills they need – proving employment and training support for local residents
  - Renowned as home to a host of innovative and prosperous business – dedicated support for businesses
  - A place of healthy, resilient and safe communities - supporting community capacity building and resilience
  - An affordable and attractive place to live with a green network of high quality parks, waterways and nature reserves – improvements to local green spaces and new open public spaces.



**Helen Martin**

**Director of Regeneration & Enterprise**

Report Author: Paul Mountford, Head of Economic Growth & Skills

Telephone: 01384 814186

Email: [paul.mountford@dudley.gov.uk](mailto:paul.mountford@dudley.gov.uk)

## **List of Background Documents**

UK Shared Prosperity Fund Prospectus

<https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus>

