

# Report to Cabinet

**16 November 2022**

<b>Subject:</b>	UK Shared Prosperity Fund
<b>Cabinet Member:</b>	Cabinet Member Regeneration & Growth, Cllr P Hughes Cabinet Member for Leisure and Tourism Councillor L Rollins.
<b>Director:</b>	Director Regeneration & Growth, Tony McGovern Director Borough Economy Alice Davey Director Children & Education Michael Jarrett
<b>Key Decision:</b>	Yes
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## 1 Recommendations

- 1.1 That Cabinet note the total funding allocation for Sandwell from the UK Shared Prosperity Fund of £6.99m from 2022/23 to 2024/25.



- 1.2 That the Directors of Regeneration & Growth; Borough Economy; and Children & Education in consultation with the Section 151 Officer and Cabinet Member Regeneration & Growth and Cabinet Member for Leisure & Tourism, be authorised to accept Sandwell's allocation of UKSPF funding, as a result of the Investment Plan submission to the Department of Levelling Up Housing & Communities (DLUHC) and enter into the necessary grant funding agreements.
- 1.3 That the Directors of Regeneration & Growth; Borough Economy; and Children & Education in consultation with the Section 151 Officer, be authorised to carry out commissioning of UKSPF funding, including any procurement activity as required.
- 1.4 That the Directors of Regeneration & Growth; Borough Economy; and Children & Education in consultation with the Section 151 Officer, be authorised to implement the final arrangements for the 4% administration allocation.
- 1.5 That delegated authority is given to the Director of Regeneration and Growth in consultation with the Director of Finance to adjust spend profiles between years subject to assurance from government that this is permitted.

## 2 Reasons for Recommendations

- 2.1 The funding period for UKSPF commenced financial year 22/23 and concludes financial year 24/25. Upon confirmation that the WMCA UKSPF Investment Plan has been approved, Local Authorities will need to mobilise quickly to achieve the UKSPF spend profiles.

## 3 How does this deliver objectives of the Corporate Plan?

	<b>Strong resilient communities</b> Funding to deliver activities in relation to People & Skills; Communities & Place; and Business Support, help to build resilience within Sandwell communities.
	<b>A strong and inclusive economy</b> Funding to deliver support to our Businesses and employment opportunities and skills attainment support Sandwell's economic recovery.



## 4 Context and Key Issues

- 4.1 UKSPF is a central pillar of the UK Government's Levelling Up agenda. Its primary goal is to build pride in place and increase life chances across the UK, with three key investment priorities:
- Community & Place
  - Supporting Local Business
  - People & Skills (including adult numeracy programme, Multiply).
- 4.2 The West Midlands Combined Authority (WMCA) is the lead authority and accountable body for UKSPF across the region, with responsibility for developing its investment plan, and for administering the funding. The WMCA have committed to lead a strategic and joined-up approach, working with local authorities to identify local and regional investment priorities that support 'Levelling Up' ambitions.
- 4.3 The total £88.4m UKSPF allocation for the region is set out in Figure 1 below, showing three financial year payments. Government has stressed that overall investment in UKSPF, including Multiply, is comparable at a national level with that previously available through European Structural Funds, for the CA area it is lower than previously available, particularly in years 1 and 2.

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

Figure 1

- 4.4 The WMCA have committed to continue to lobby government for additional investment in key areas, including through the Trailblazer Devolution process, and for maximum flexibility in the deployment of UKSPF. This is particularly pertinent given funding for 'people and skills' is not available until 2024/25, creating a potential 'cliff edge' with the end of current EU funds and the start of UKSPF that will impact on a number of projects, and presents risks to local partners, including Local Authorities, Universities and the Voluntary Community Sector, who have funded posts with this. The WMCA have committed to continue to lobby for an overall funding allocation for the Spending Review period, rather than three annual allocations, to provide more flexibility in meeting local need.



4.5 The July WMCA Board approved the submission of an outline initial investment plan by 1 August 2022 to DLUHC, recognising the need for further work to be undertaken to determine priorities, local allocations, and administrative costs. This outline investment plan was based on the working assumption that:

- Up to 50% of UKSPF funds would be focused on ‘Supporting Local Business’ - to provide support to local businesses, including taking forward key recommendations from the West Midlands Business Support Review, agreed previously by WMCA Board. This will be developed with and by Local Authorities, to ensure a broadly consistent approach to supporting businesses across the region, whilst also ensuring support is locally targeted and embedded with local delivery arrangements (e.g. in local authorities), complementing other local support and services to businesses.
- 50% would be prioritised individually by local authorities, particularly in terms of directing local place and communities, and people and skills provision.

4.6 It was also agreed that a final detailed Investment Plan would be submitted to the 31 October 2022 WMCA Board for approval, and that there would need to be a clear rationale for any funds retained exclusively by the WMCA. Following feedback from Sandwell and the other Met Leaders, the Investment Plan was developed further:

- Provision for ‘communities and place’ and ‘people and skills’ should be directed by Local Authorities – the investment in local provision in these areas will be determined by each local authority, in line with the principles of double devolution. The Investment Plan provides a summary of overall priorities and expected outputs. Funding for this activity will be passed directly to Local Authorities through a back-to-back grant agreement. The WMCA will be responsible for overall monitoring and reporting to government on progress.
- Where possible, alternative sources of funding should be used to reduce the pressure on the UKSPF budget. The WMCA have worked with each local authority to identify alternative sources of funding for activities relating to people and skills. This will increase the overall amount of investment, reduce pressure on UKSPF, target funding on areas of need and support local skills priorities.



- The proposed investment in business support is to be co-designed with Local Authorities, taking forward the key recommendations of the WM Business Support Review, with a clear commitment to local delivery and alignment with other business support and services. While a working assumption was made that 50% of funds would be retained by the WMCA to support local business, this activity should be properly costed as the model is developed. The overall amount of funding for business support activities is £42.4m – which equates to 50% of UKSPF, but 37.5% of the overall investment pot.

- 4.7 Within this, £20.2m will be passported to local authorities to fund business advisers and provide direct support for businesses to improve competitiveness, growth and productivity. Of this, Sandwell is to receive circa £2.3m. The working assumption is that the advisors will work within an agreed regional framework or hub and spoke arrangement, which will be overseen by the CA Economic Growth Board. The intention is to have a consistent offer to businesses across the region, which will include signposting to other services, whilst maintaining maximum local flexibility and links to other local support. The detail of how the hub and spoke arrangement will work is being developed with local authorities. A working group has been established, and Sandwell is represented.
- 4.8 In addition, £22.2m of the regional business support funding will be for cross-regional specialist programmes. This includes supporting cluster leadership across the region linked to the Plan for Growth, commissioning support for foreign direct investment, support to decarbonise businesses and help secure additional growth capital. These programmes will be designed and commissioned with local authorities and activity will be signposted through local Small & Medium Enterprise (SME) business advisers and delivered locally. The Sandwell Business Growth Team will work to ensure alignment with Sandwell's local priorities, as captured within our Inclusive Recovery Plan.
- 4.9 The sums described in 4.7 & 4.8 equate to £42.4m being allocated to business support activity. The WMCA have committed that the majority of business support activity will be delivered locally – through the network of local SME advisors – and/or will be targeted at local businesses, as described in 4.7. The WMCA will likely retain £800k to operate a central hub helping the network of locally embedded SME advisors. Further detail about that model is being co-designed and will be brought to the CA Economic Growth Board for decision. See figure 2.





- 4.10 The WMCA have committed that the allocation of the 4% administration fee will be open and transparent, and expect to allocate funds to each Local Authority, as well as the Combined Authority, to support the management, monitoring and evaluation of UKSPF and additional legal costs, including guidance to local authorities on the management of subsidy control.

	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	
Birmingham	36,375,301	17,460,144	5,670,266	2,600,000	7,223,891	9,014,599	41,968,900
Dudley	9,367,406	4,496,355	2,299,220	1,800,000	2,233,830	2,303,731	13,133,136
Sandwell	9,817,228	4,712,269	1,886,555	2,600,000	2,279,633	2,504,055	13,982,512
Walsall	8,374,365	4,019,695	1,785,434	1,200,000	2,132,714	2,103,406	11,241,249
Wolverhampton	7,831,883	3,759,304	1,434,078	2,600,000	2,077,476	2,103,406	11,974,264
Solihull	5,310,432	2,549,007	1,126,312	1,200,000	1,660,731	1,402,271	7,938,321
Coventry	11,331,741	5,439,236	2,565,268	2,125,000	2,591,726	2,804,542	15,525,772
<b>Total</b>	<b>88,408,356</b>	<b>42,436,010</b>	<b>16,767,133</b>	<b>14,125,000</b>	<b>20,200,001</b>	<b>22,236,010</b>	<b>115,764,154</b>

Figure 2

- 4.11 The WMCA allocation is based on a national approach that adopted a 70:30 methodology, of population and 'need/economic resilience'. The WMCA Portfolio Lead for Economy requested WMCA officers consider how a more equitable split of UKSPF funds across the region could be achieved, if for example the methodology was weighted in favour of need as opposed to population size.
- 4.12 Sandwell raised concerns in writing, regarding the UKSPF funding allocation methodology, in that deprivation is not the material factor in the methodology. Sandwell's position is that the UKSPF goal to build pride in place and increase life chances across the UK can only be delivered if funding is allocated in a way that more fully reflects the deprivation status of the different Local Authorities across the West Midlands. Sandwell's concerns were not supported by the other met Leaders who were clear they do not expect to see a decrease in UKSPF investment their areas. This means that Sandwell will receive a local allocation of £4.7m in UKSPF across three financial years – 22/23; 23/24; and 24/25. Further detail on this allocation is provided in 4.18 of this report.
- 4.13 The WMCA have therefore looked at ways of maintaining overall levels of investment by moving to a methodology that is more weighted to local need, by ensuring a minimum level of investment in business support services in all areas. Maximising the use of other funds and ensuring these are targeted on areas of most need, including focusing Multiply investment



in areas with poor numeracy and with low levels of existing spend on adult numeracy. It should be noted however, that these are notional allocations, with actual spend determined by learner demand. The WMCA will work with Local Authorities and providers to stimulate demand across the area. The WMCA will also utilise alternative funding streams, such as the Adult Education Budget, to support local skills priorities.

- 4.14 Following approval from Sandwell's Leadership Team, Sandwell submitted a proposal to the WMCA on the 21 October 2022, for a local UKSPF allocation of £4.7m. The Investment Plan was approved by the WMCA Board on the 31 October 2022 and will now be submitted to Government.
- 4.15 The WMCA have committed to continue working with key stakeholders including DLUHC to identify options to amend funding profiles to best meet the needs of the region, particularly in relation to business support activity. The Directors of Economic Development have therefore requested that UKSPF funding for business support should be focused on financial years 2023/24 and 2024/25 to the value of c.£21m per year. However, the nature of the indicative allocations from April 2023 onwards means this approach introduces significant financial risk and as such, the amendment of delivery profiles is not recommended without the risk being fully negated or accepted by the relevant Authority.
- 4.16 Recognising the challenges associated with maximising spend in year 1 (22/23) and avoiding any clawback, the WMCA are keen to progress mobilisation of delivery activity as a priority.
- 4.17 DLUHC recognise that the Investment Plan has been produced quickly and will be subject to change as projects are further developed and agreed, and investment responds to changing local priorities. Negotiations for the Trailblazer Devolution Deal (TDD) are also ongoing, which includes asks around additional flexibility within / between funds. If relevant additional sources of funding are secured through the TDD process, the WMCA have committed to reassess priorities and re-deploy UKSPF funds in light of this. DLUHC have confirmed that there will be opportunities for review throughout the funding period.
- 4.18 The financial profile of the £4.7m is captured within Appendix A of this report. In summary the £4.7m will be allocated to Sandwell across three financial years – 22/23; 23/24; 24/25 to support the following investment



pillars of UKSPF. In addition, Sandwell will receive £2.3m of funding for Business Support. This is summarised in the table below:

Funding Priority	2022/23	2023/24	2024/25	Total (£m)
Community & Place	481,877	749,678	890,000	2.12
Supporting Local Business	90,000	394,077	514,077	1
People and Skills	0	0	1,592,560	1.59
Business Support	0	1,139,816	1,139,816	2.28
<b>Total</b>				<b>6.99</b>

#### 4.19 Community and Place

The investment proposals under the Communities and Place priority will build on the regional offer by investing in education and outreach infrastructure for green spaces and nature reserves at Sandwell Valley and Forge Mill as well as the transformation of The Railer/The Cracker in Princes End, Tipton. These projects have huge potential to benefit disadvantaged communities in Sandwell by providing opportunities to act as a bridge back into employment but also to combat loneliness and isolation. This also includes a significant investment in early years help to promote the best start in life through a range of enhanced family support.

##### A. Sandwell Valley – Education & Community Engagement Outreach Programme.

Sandwell Valley Country Park is c.700 hectares of nature reserves, country park, parks, farming and agricultural land, and sub-regional destination sites (Sandwell Valley Visitor Centre and Forge Mill Farm. The UKSPF proposals are consistent with the priorities in the Council's Green Spaces Strategy 22-25, specifically:

- Providing education and classroom facilities at Sandwell Valley and Forge Mill Farm to deliver an education and outreach programme that develops knowledge and community building capacity around green space development and ownership, animal welfare and conservation, and horticulture and land-based education.





- Provide a pilot education and outreach programme on the above targeting community groups, volunteers, schools, colleges, early years, and adult education (particularly NEETS). In addition, this programme will be focussed on delivering outcomes that:
  - Develop knowledge and skills that can empower communities to improve green spaces, and the associated health and wellbeing, biodiversity, and community engagement in their areas.
  - Target those who are not currently engaged in employment because of a disability or health issue, unemployed, or seeking new pathways to return to work (through green careers, animal welfare careers, conservation career, urban forestry careers etc).
  - Build a self-sustained model through partnership working with education providers, public health, and others to continue the education offering post UKSPF.

## **B. Transformation of the Railer / Cracker Green Corridor, Tipton**

The Railer/Cracker is a large Green Corridor that spans two of the most deprived wards in the borough with low skills and qualifications, and is close to a number of schools, shopping precincts, and leisure facilities. The surrounding residential areas have low levels of community engagement, and the community ownership and use of this potentially valuable green corridor is therefore not maximised. The UKSPF investment will:

- Deliver major opportunities for green careers (grounds maintenance, horticulture, green spaces) and skills and community capacity building.
- Develop this important green corridor to improve walking, running, and cycling links between residential areas and community places.
- Develop community spaces (green space) for community empowerment and engagement initiatives (community events and activities, local sporting, community allotments).
- Develop community based built facilities for the development of a green careers programme (thereby sustaining the development and maintenance of the land, whilst also providing pathways to green



careers for all ages), with community engagement activities at the heart of this approach.

- Deliver a Green Careers Programme and Community Place Capacity Building programme through the innovative use of this green space and improved infrastructure.

#### 4.20 Supporting Local Business

Sandwell Council formally approved its 'Inclusive Recovery Plan for Business' in March 2022 which includes 7 priorities for Sandwell to action over the next 5 years. We anticipated securing UKSPF to support delivery across these priorities:

1. Start in Sandwell (Entrepreneurs & Start-Ups)
2. Grow in Sandwell (SME Growth)
3. Climate Resilient in Sandwell (De-carbonisation)
4. Invest in Sandwell (Inward & Foreign Direct Investment)
5. Innovate in Sandwell (Export, New Markets and Supply Chains)
6. Good jobs in Sandwell (Employment & Skills)
7. Spend in Sandwell (Local Spend and Procurement Practice)

The significant reduction in Sandwell's UKSPF allocation, and the need to balance this across People & Skills and Communities & Place has led to the Business Support Investment Pillar having to prioritise Start in Sandwell (Entrepreneurs & Start-Ups). The Business Growth Team will work collaboratively with the WMCA across the region to support the remaining Sandwell priorities.

The £998,154.00 of UKSPF for Business Support will establish 'Sandwell Home of the Successful Start Up' Programme. Commencing later this year, the programme will deliver 'Business Schools' across three financial years. Targeting pre-start-ups, the pop-up business schools will help Sandwell businesses to start and grow; and giving the skills needed to make this happen. The first school is hoping to have a cohort of between 20-30 participants to enable more focused engagement. To build-in peer-to-peer support, participants will be invited to support future business school cohorts, creating a Sandwell network of start-up businesses. The



intelligence and feedback received from the business schools will inform a capital and revenue grant programme to provide financial support to eligible participants.

To deliver wrap-around support, the 'Sandwell Home of the Successful Start Up' programme will then develop into providing a Sandwell Start-up Hub to provide the 'ideal' conditions for entrepreneurs to quickly grow their young businesses, by removing some of the risk and uncertainty involved in launching a business. This proposal is in development by the Business Growth Team, but conventionally Start-Up Hubs may offer subsidised office space, networking opportunities, practical support and access to investors, talent and mentors.

In addition, eligible Sandwell Businesses will benefit from receiving a free annual membership to a specialist Business Support provider who can advise businesses on matters such as Legal; HR; and Finance. This free specialist advice will support eligible Sandwell Businesses through this particularly challenging economic climate.

#### 4.21 People & Skills

Funding for this investment pillar is only eligible to be spent in year 3 of UKSPF (24/25), therefore the final year's allocation will have a strong emphasis on this priority. A local community-based employment support provision which will respond to the needs of Sandwell residents both unemployed and economically inactive.

The saturation model will target communities/wards and areas of deprivation in a partnership approach between the Council, our stakeholders and local voluntary community organisations. Evidence from previous programmes and Sandwell's age demographic profile of jobseekers and economically inactive residents, suggests an all age service to be the preferred model with targeting of specific cohorts such as 50 plus. Alongside, targeted provision towards youth engagement (18 Plus) responding to NEET and youth unemployment priorities.

The Employment support provision aims to complement the Adult Education Budget offer, allowing twin track delivery approaches and



streamlined progression pathways to and from training and upskilling opportunities. An alignment to the Employment Support framework approach will ensure provision is equipped to meet residents needs from the point of engagement to post employment support, providing a service in employment which aims to improve sustainability.

An allocation of £350k for Voluntary organisations to deliver Employment support provision has been included within the proposal. £50k in year 1 and £300k in Year 2. This is captured within the Communities and Place priority, as per the UKSPF guidance to provide funding for organisations at risk following the end of the European Social Fund (ESF).

Voluntary organisations have submitted business cases to the Local Authority for consideration. An internal panel has been established to evaluate the business cases. To date, the value of the business cases submitted are in the order of £1.4 million. The funding should not be viewed as a replacement of the investment provided by the ESF programme due to the significantly smaller allocation available. However, it is crucial voluntary organisations are supported to continue to provide a basic level of employment support in our communities particularly during the first 2 years of this funding excludes Employment support funding by non-third sector organisations.

## 5 Alternative Options

- 5.1 Failure to mobilise to accept and proceed with UKSPF activities will open the council up to financial risk of losing the 22/23 funding allocation and reputational risk with that of our partners and Government.



## 6 Implications

<b>Resources:</b>	The UKSPF fund will need to be included within council budget setting, noting particularly that there is a requirement to spend financial year 22/23. There will be a requirement for resources to administer and deliver the UKSPF, which will need to be funded from the 4% allocation. The total funding that SMBC will receive from UKSPF is £6.99m across 2022/23, 2023/24 and 2024/25.
<b>Legal and Governance:</b>	The council will be required to enter into a funding agreement and other necessary documentation in order to receive the UKSPF allocation from the WMCA.
<b>Risk:</b>	The critical risk is ensuring that the council is able to eligibly spend it's UKSPF funding allocations each financial year. Each Investment Theme will be responsible for risk management and programme delivery, through existing governance arrangements.
<b>Equality:</b>	All UKSPF proposals are inclusive, to be accessed by eligible applicants as defined by the terms and conditions of the UKSPF.
<b>Health and Wellbeing:</b>	Supporting residents to obtain new skills and employment opportunities has a positive impact on the health and wellbeing of Sandwell residents.
<b>Social Value:</b>	Procurement Activities will include the consideration of Social Value.
<b>Climate Change:</b>	De-carbonisation is a potential UKSPF programme to be delivered at the regional level.

## 7. Appendices

Appendix A – Sandwell UKSPF Local Allocation Funding Profile.

## 8. Background Papers

n/a

