



REPORT FROM: PLANNING, ECONOMIC DEVELOPMENT AND REGULATORY SERVICES MANAGER

TO: POLICY AND RESOURCES COMMITTEE

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UK SHARED PROSPERITY FUND (UKSPF)

PURPOSE OF REPORT

To update members on the progress towards allocation of funds of the UK Shared Prosperity Fund (UKSPF).

RECOMMENDATIONS

1. That the Chief Executive be given delegated authority to agree the projects to be funded, in consultation with the Leader of the Council.
2. To approve the recruitment of a Regeneration Officer.

REASONS

1. The timetable for allocation of Year 1 funds continues to be extremely tight, with Year 2 also fast approaching. Delegation to project selection would therefore help to meet these timescales.
2. To provide resource to manage the ongoing programme.

Introduction

1. The UK Shared Prosperity Fund (UKSPF) was formally launched by central government on 13th April 2022, with the requirement for an Investment Plan to be submitted by 1st August.
2. Year 1 of the programme began in April 2022 and its funding allocation is to be spent before the end of March 2023. The announcement has not yet been made and it is highly

likely we will need to seek extensions to the year 1 programme because of the unrealistic tight timescales. Therefore we are already most of the way through Year 1 before delivery of projects can be agreed.

3. There is an allocation of £440,065 for Pendle Borough Council within the fund for Year 1.

Background

4. Pendle is to provisionally receive a total allocation from government of £3,626,135 over the life of the programme to March 2025. Split as following
Year 1, £440,065; Year 2, £880,130; Year 3, £2,305,940
5. An Investment Plan has now been submitted to government which sets out measurable outcomes that reflect local needs and opportunities and which align with interventions for the programme, over three thematic areas. The UKSPF Prospectus states that October 2022 onwards is the anticipated date for the first investment plans to be approved.

Preparatory work for selection of projects

6. In anticipation of the approved plan, Officers are currently undertaking preparatory work including a verification exercise to determine how proposals submitted at Investment Plan stage meet the requirements of the Investment Plan itself. Results will then be taken back to the Local Partnership Group for their agreement and following this projects will need to be confirmed and grant funding agreements drawn up. This could take to the end of the year and possibly into early 2023.
7. Government guidance states that If funds are underspent in-year then government will consider withholding the next annual instalment until it has received credible plans setting out how the lead local authority will utilise underspends in the next year and/or appropriate milestones and spend have been achieved for the previous year.
8. It is therefore imperative that projects which include an element of delivery in Year 1 of the programme are selected and commence at the earliest opportunity. Whilst the guidance mentioned in Section 5 gives some manoeuvrability for carry-over, this is subject to government approval and the council should, where it can, attempt to deliver in-year, in order to minimise risk of these funds.
9. Lead local authorities will receive their first annual allocation of UKSPF funds (Year 1 allocation) upfront on approval of area's investment plan. Subsequently payments for Years 2 and 3 will be made early in the financial year. This will be subject to lead local authorities demonstrating in their investment plans and subsequent performance reports that a full annual payment will be spent and accounted for in-year.
10. Several projects have already been agreed in principle as part of the submission of the Investment Plan and have subsequently been agreed by the LPG. . These are now subject to the verification process mentioned. They are:

Supporting Local Business theme		
E23: Strengthening local entrepreneurial ecosystems		
Organisation	Project	Descriptive summary
Advanced Manufacturing Research Centre North West	The Supply Chain Digital Demonstrator	Innovation support to businesses
East Lancashire Chamber of Commerce	International Trade Support	Supporting Pendle businesses to reach new markets
Lancashire County Council	Boost Business Lancashire Growth Hub service	Continuation of growth support and advice services to new and existing businesses
E29: Supporting decarbonisation whilst growing the local economy		
Organisation	Project	Descriptive summary
East Lancashire Chamber of Commerce (with AMRC and UCLan)	Business decarbonisation and net zero support	Support for businesses to reduce carbon emissions
East Lancashire Chamber of Commerce (with AMRC)	New Low Carbon Technology Product Development, Manufacturing and Commercialisation Pathway for businesses	Innovation support to businesses focussing on development of low emissions technology

11. In addition. Intervention E1 Improvements to town centres & high streets has an output requirement for public realm to be created or improved. It is deemed that only a council is in the position to deliver public realm schemes. Schemes have been provisionally pre-selected for Earby and Barnoldswick for the Year 1 and 2 allocation of funds.
12. Further public realm schemes will need to be identified for Year 3, under the E1 Intervention.
13. There needs to be a process for agreeing the final project list and to formally agree to spending. The LPG will consider all matters and grants and will make recommendations on which projects should proceed. As the accountable body Pendle needs to formally agree those projects. The most efficient way is for this to be delegated to the Chief executive to formally agree.

Recruitment of Shared Prosperity Fund Manager

14. UKSPF allows for up to 4% of the available allocation to be used for administration and management of the fund. This 4% has been built into the individual allocations within the investment plan. This is what government wanted.
15. A job description has been created and evaluated for the post of UKSPF Programme Manager, to be funded from the programme.

16. The post holder would be responsible for the day to day management and administration of the fund.
17. Recruitment would provide additional resource to manage this work. At present this work is being done by existing members of the Economic Development team and taking their time away from other duties and priorities.
18. Subject to the provisions of the grant approval being acceptable approval is sought to recruit this post.

IMPLICATIONS

Policy: None arising directly from this report

Financial: Due to the uneven split in the annual funding (see section 4) the post and any subsequent additional administration costs, may be more than the allocation available in the first two years of the programme. However, with the majority of the fund set to be released in Year 3, available funding in the final year will make up for the initial deficit.

Government acknowledge in the programme FAQs that setting up the Fund may need a larger administration budget in the first year than in later years. This is acceptable so long as the percentage is not exceeded overall. Our calculations show 4% would not be exceeded from the total programme allocation.

Legal: None arising directly from this report

Risk Management: The risks of delaying project selection and commencement are that funds are at risk or being returned to government and the following years allocations potentially also withheld.

There could be a risk if recruitment takes place before the Investment Plan is approved, if government ultimately does not approve the Investment Plan or withdraws UKSPF altogether on a national basis prior to the granting of Offer Letters. There is no indication at the present time that this would be the case.

Health and Safety: None arising directly from this report

Sustainability: None arising directly from this report

Community Safety: None arising directly from this report

Equality and Diversity: None arising directly from this report

LIST OF BACKGROUND PAPERS: