

Meeting:	Executive
Meeting date:	12 October 2023
Report of:	Director of Housing Economy and Regeneration
Portfolio of:	Cllr Kilbane

Decision Report: UK Shared Prosperity Fund

Subject of Report

1. The UK Shared Prosperity Fund (UKSPF) Investment Plan (April 2022 to March 2025) for York was agreed by the City of York Council Executive in November 2022. This report sets out the conclusions of a light touch officer review that has been undertaken, looking at progress/implementation of the investment. The report makes recommendations that a number of non-material changes be made to the investment plan to ensure the efficient and effective use of the remaining funds and to maximise alignment with current priorities.
2. Implementation of the 2022-25 investment plan is currently delegated to the Corporate Director of Place, in consultation with the Executive Member for Economy & Transport and taking advice from the York SPF Partnership Board. This report also reviews that arrangement.
3. Finally the report considers the fact that UKSPF will continue beyond March 2025 but will most likely be administered via the Mayoral Combined Authority (MCA) rather than local authorities. Local priorities will still guide the use of that funding, and it is important that the Council seek to proactively influence decision making and governance for future investment planning.

Benefits and Challenges

4. It is a prudent time to review the current UKSPF Investment Plan, given that we are now about half way through the initial three year funding period. Reviewing the Investment Plan allows a clear refocusing on how best to maximise spend and outputs by March 2025, and ensure that priorities of the city are reflected in the

remaining elements of the programme, which predominantly relate to skills.

5. If an authority wishes to make 'material changes' to a UKSPF Investment Plan there is a requirement to seek the agreement of central government. The definition of 'material change' is set out clearly in the [UKSPF additional information published by Government](#), as highlighted in UKSPF Memorandum of Understanding (MOU) that is in place between the Council and the Secretary of State for Levelling Up, Housing and Communities. The recommendations for minor re-focusing of some UKSPF budgets and priorities that are set out in this report do not constitute material changes and therefore only need to be notified to Government through normal monitoring processes rather than agreement being required.
6. The MOU also sets out clearly that *"No funding will be provided for activity after 31 March 2025. The Lead Local Authority must have spent all grant funding i.e. be able to include funding within the 2024-2025 accounts by the end of the funding period, 31 March 2025. Underspends in the final year of the programme will need to be repaid to the Secretary of State"*. The review and recommendations set out in this report for minor re-focusing of the investment plan seeks to minimise the challenges associated with this requirement by prioritising funding to support projects that can deliver and spend by 31 March 2025.
7. The current arrangements for implementation include delegated decision making by the Corporate Director of Place in consultation with the Executive Member for Economy & Transport and taking advice from the York SPF Partnership Board. This approach remains a pragmatic choice which enables decisions to be made more quickly while maintaining necessary oversight and governance. The option of taking all decisions either through Executive Member decision sessions or at Executive has been considered, however this would potentially reduce the time available for delivery by 20% for individual projects and would impact on the effectiveness of the programme.
8. Beyond March 2025, responsibility for SPF will move to the new Mayoral Combined Authority. This could create challenges in that the priorities identified and work started by our York programme could be at risk of displacement by a new set of priorities/projects designed to work across a much larger and predominantly rural area. It is essential that the Council seek to proactively influence

the content and governance of future UKSPF investment plans so that funding continues to be available to support York priorities and responds to that challenge in a manner that enables a combination of delivery of a unified offer to businesses and communities across York and North Yorkshire alongside a more distinctive York strand.

Policy Basis for Decision

9. The SPF Investment Plan is already aligned with York's adopted 10 year strategies, but the light touch review has concluded that it could benefit from more specific emphasis on health, affordability, environment and equalities. The proposed approach refocuses the emphasis of remaining funds to help support those priorities.
10. CoYC is the accountable body for SPF funding, and a MOU is in place with central government to implement the agreed Investment plan. Non-material changes to the agreed Investment Plan are permitted, with only material changes requiring DHLUC approval. Similarly the Local SPF Partnership Board is expected to be consulted on any material changes, although they do not have a formal decision making role. As stated above, the recommendations in this report do not constitute material changes.

Financial Strategy Implications

11. UK Shared Prosperity Fund is entirely funded by UK Government. Costs incurred by the Council as a consequence of management and delivery of York's SPF programme are included in the costs outlined in this report.
12. The funding was added to the Council's financial strategy in November 2022. As part of this review work, officers have developed a comprehensive assurance framework with support from Veritau, which is designed to ensure that the Council's responsibilities to Government are met, and that all the funding allocated to York through the Council will be spent in line with the Memorandum of Understanding with Government (Annex B). Development of the Assurance Framework has been discussed with the York UKSPF Partnership Board and it is proposed that a final version of the document is taken to the November Board meeting, prior to publication on the Council's website.

Recommendation and Reasons

13. That non-material changes are made to the York SPF Investment Plan as follows:
 - Skills funding is concentrated on inclusion and a new Construction Skills Initiative (Reason: to ensure maximum impact and deliverability by March 2025)
 - High street improvement funding on intervention E1 is allocated to Phase 2 improvements to Acomb Front Street, including further engagement with the local community to respond to the petitioners' concerns (Reason: to allow completion of the Acomb Front Street works and maximise impact and deliverability)
 - Unallocated capital funding from E22 (capital workspace) is re-focused to support other priorities in the Business Investment strand (revenue) and E1 (capital high street improvements), recognising the need to focus on project deliverability in the remaining 18 months of the plan.
 - Rural England Prosperity Fund (REPF) funding implementation plans are further refined in consultation with rural stakeholders, with recommendations to be brought back to the Executive Member early in 2024. (Reason: to ensure that remaining rural funding reflects the needs of rural communities and businesses)
14. That the revised investment plan is implemented by extending the current delegation to the Corporate Director of Place in consultation with the Executive Member for Economy and Transport and taking advice the York SPF Partnership Board. (Reason: to enable efficient and effective decision making and implementation of programme priorities)
15. That the Council seek to proactively influence the future governance and approach to the York and North Yorkshire investment plan for SPF from April 2025 onwards, including seeking devolved responsibility for specific elements of the programme to a local level where appropriate. (Reason: to ensure that MCA investment of SPF funds continues to reflect York place priorities)

16. That the York SPF Partnership Board is expanded to include rural representation and trade unions and that the minutes and papers of future Partnership Board meetings are published (Reason to ensure good, open governance of the programme.)

Background

17. The UKSPF is a central pillar of the UK government's Levelling Up agenda, and provides £2.6 billion of new funding for local investment by March 2025. All areas of the UK receive an allocation from the Fund via a formula. It is intended to help places across the country deliver enhanced outcomes whilst recognising that even the most affluent parts of the UK contain pockets of deprivation and need support.
18. The fund allows places to target funding where it is needed most, building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances. Local Authorities, working with stakeholders, have defined their own local priorities within the Government's published framework.
19. The UKSPF supports 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
20. Beneath the overarching aims set out above, there are three UKSPF investment priorities: Communities and Place; Supporting local business; and People and Skills. There are detailed objectives associated with each of these priorities which are aligned to the relevant Levelling Up missions. Places have discretion to allocate funding across these headings in response to local need. The

People and Skills priority is only available in 2024/25, the other two are present throughout the 3 years.

21. In September 2022 Government announced a further element of UKSPF funding to address the particular needs of rural communities and businesses. York has been awarded £400k of Rural England Prosperity Fund, which can only be spent in areas of the city designated as rural (see DEFRA’s [MagicMap](#)). A quarter of that funding was allocated in the October 2022 decisions to the Biorenewables Development Centre in support of the BioYorkshire initiative. Spending the remaining REPF funds wisely requires a better understanding of the needs and opportunities in those rural areas, and adding rural representation to the Partnership Board will support the use of these funds, which are not available until April 2024.

Funding allocation for York

22. York has been allocated £5,507,510 of UKSPF and REPF funding, which includes a fixed 4% of the allocation for CYC to administer the fund, covering legal, finance and staff costs. It is split thus:

	2022/23	2023/24	2024/25
Revenue	£555,379	£1,078,527	£2,572,980
Capital	£64,464	£261,160	£975,000
Total	£619,843	£1,339,687	£3,547,980

23. While there is no guarantee of future allocations as this is a consideration for Comprehensive Spending Review 2024, the 2024-25 allocation can be seen as the indicative annual figure for future iterations of the fund. On establishment of the York and North Yorkshire MCA, responsibility for UK SPF will pass to that body.
24. As part of the UKSPF process, lead authorities were asked to establish a local Partnership Board to provide input from public, private and community sector organisations and groups, local Members of Parliament, and other key stakeholders. A York Partnership Board was established in May 2022 and has met three times to inform the development of the Investment Plan. It will

continue to meet as the process for establishing the fund develops, and is consulted when allocations are made.

25. The York SPF Partnership Board comprises representatives from:

- Askham Bryan College
- Aviva (large local employer)
- Chamber of Commerce
- CYC Communities Team
- CYC Executive Members
- CYC Public Health
- DWP
- Federation of Small Businesses
- JobCentre Plus
- Make It York
- Police & Crime Commissioner
- University of York
- YNY LEP
- York BID
- York College
- York Cultural Leaders Group
- York CVS
- York Environment Forum
- York St John University
- York MPs

26. This Board is chaired by the Executive Member for Economy and Transport who is the portfolio holder for the programme. The Board has advised on the development of the investment plan and will be a reference group throughout the UKSPF process until March 2025. Beyond that period, responsibility is expected to pass to the Mayoral Combined Authority.

27. It was agreed at the June 2023 meeting that membership would be reviewed to ensure better representation from rural organisations and trade unions.

Investment Plan

28. The investment plan was submitted in September 2022 following detailed discussion with the Partnership Board and Executive and agreed by Government in December 2022. It is a high-level plan which allocates the available fund to pre-defined interventions which were set out in Government guidance, each with pre-set output and

outcome indicators. The Investment Plan as submitted was published [here](#).

29. Funding is split across 20 interventions which were selected by the Partnership Board to reflect their collective views on the challenges and opportunities that York faces, together with the range of relevant strategies and plans that the City has adopted in recent years.
30. In November 2022, Executive confirmed the proposed expenditure in accordance with the Investment Plan and delegated the arrangements and decisions to enable delivery to the Corporate Director of Place, in consultation with the Executive Member and taking advice from the Partnership Board.
31. Following the 2023 Council Elections, it was agreed that there should be a light-touch review of the investment plan and its implementation to enable a clear focus on project spend/deliverability in the remaining period of the 3-year SPF programme and to ensure that the priorities of the new administration are reflected in future allocations.

Decisions already made

32. In Year 1 of delivery – April 2022 to March 2023 – there was an allocation of £620k, with Government stating that any unspent funds at the end of the year would be lost to the Local Authority. This rule was changed in January 2023, but due to the lead in times for expenditure at scale, this made little difference in terms of work already scheduled/undertaken.
33. The Partnership Board agreed that CYC would prioritise Year 1 spend on city centre access work (including dropped kerbs and broader access studies), Phase 1 improvement works at Acomb Front Street, feasibility plan work for future years, energy advice to domestic properties, and projects to support business growth.
34. Phase 1 Delivery in Acomb was prioritised by the previous Administration, with a focus on improving the footways for pedestrians that had been damaged by vehicle access. This had to be delivered within the tight spending timeframes at the time. In order to stop history repeating itself bollards were installed. Whilst a number of positive improvements have been delivered in Phase 1, there has been some significant challenge from the local community in relation to installation of bollards on Front Street, which culminated in the presentation of a petition to Full Council in July 2023. This petition called on the Council to “remove the

bollards and create a new regeneration plan for Front Street”. The Executive have already committed to a strategic pause in the Front Street work to enable reengagement with local residents and businesses prior to implementation of Phase 2 works.

35. Funding was awarded to York Community Energy in January 2023 to undertake domestic energy advice across York under intervention E13. This project will involve advising 1,000 households across the city over the life of the programme, and is supported with further work in the CYC Housing service to coordinate that work with other energy efficiency and retrofit programmes and bids.
36. For two strands of feasibility study work, York CVS were awarded £14,400 to work with third sector applicants to SPF and give them technical support under intervention E14, while the Council’s Regeneration team undertook similar work with applicants for capital funding under E31.
37. In December 2022, an open call was made for Expressions of Interest to implement various interventions from the programme. This led to over 100 such EOIs, with a total value of more than ten times the available funding. Detailed applications were then invited from those meeting the required gateway criteria, with two rounds of applications closing in February 2023 and May 2023. Seventy applications were received, each requiring detailed appraisal against published criteria for impact, deliverability, value for money and strategic fit. In total, it is estimated that over 1,200 hours of work went into submitting, processing and appraising these applications, with over 1,000 of those hours relating to unsuccessful applications.
38. Following appraisal and consultation, decisions have been taken to establish 9 new projects under the following interventions:
 - E6 – Arts, culture and events
 - E9 – Support for city-wide volunteering
 - E24 – Support for businesses to start and grow
 - E26 – Support for social enterprises
 - E29 – Decarbonisation of businesses

The programme as it stands is summarised in Annex A, and comprises 18 projects across 10 interventions. With management costs capped at 4%, the programme is already proving a challenge to implement and run. There are a further 10 interventions that were included in the investment plan but yet to be commissioned.

Consultation Analysis

39. The York SPF Partnership Board discussed the review of the programme at its meeting in June 2023, and were fully involved in developing the Investment Plan.
40. Previous applicants to the programme were consulted on their experience of seeking funding, with a focus on the process implemented, to ensure that lessons are learnt as the programme develops.
41. The Skills element of the programme is guided by the York Ten-Year Skills Plan, which was developed with broad consultation as discussed in the report which accompanied it at Executive in March 2022 [Agenda for Executive on Thursday, 17 March 2022, 5.30 pm \(york.gov.uk\)](#).

Options Analysis and Evidential Basis

Light touch Review

42. As agreed with the Executive Member and the Partnership Board, a light touch review of the programme has been undertaken. This has included:
 - Assessment of the effectiveness of commissioning and implementation, and of current membership and scope of the Partnership Board
 - Review of the Investment Plan in relation to deliverability and the objectives of the new Executive in terms of Equalities, Climate Change, Health and Wellbeing and Affordability
 - Consideration of the remaining elements of the Investment Plan in the light of the above
 - Development of an Assurance Framework with input from Veritau, the Council's Internal Auditors, to support governance and implementation of the programme and ensure that the Council is making best use of resources and discharging its duties to Government

43. Under the **Communities and Place** strand, there are 14 separate projects commissioned with the bulk of investment being allocated to intervention E1 - (physical improvements in the city centre and high streets). This work has a focus on increasing accessibility and improving the public realm, with the aim of building pride of place. In order to maximise deliverability and impact within the E1 intervention over the remaining 18 months of the investment plan, it is recommended that the remaining capital funding is prioritised to support development and implementation of Phase 2 works at Acomb Front Street, including engagement with local residents and businesses.
44. On the sub-theme of culture and events (E6), there are four projects covering a range of activity from the York Unlocked Festival through to working with young people not in education or work as volunteers to build their confidence and skills run by Volunteer it Yourself. Diversity and inclusion are strong themes running through these projects. For E9, our funding will support the continued growth of volunteering across the city through the York CVS Volunteer Centre, which was previously reliant on Covid-specific funding.
45. Also in the Communities and Place strand, the community energy project outlined above responds to intervention E13, and work on broader third-sector development is supported through E11 and E14, also run by York CVS.
46. On the **Local Business Investment** strand, there are nine commissioned or completed projects with three yet to be finalised. The bulk of the funding is under E24 and relates to help for businesses to start and grow. Together with E29 decarbonisation support and a specialist package for social enterprises under E26, these projects comprise the York element of the YNY Growth Hub.
47. There is also capital funding to support the development of workspace under E22, and then two specialist strands on E16 retail and outdoor markets and an as yet not defined project to support business networks on E23. These parts of the programme have not yet been commissioned. Two proposals were received for E16 and six for E22, however none of these applications met the minimum appraisal score threshold of 70/100, and the applications have thus all been declined.
48. In order to maximise project delivery and impact over the remainder of the investment plan, it is therefore recommended that the E22 capital allocation is transferred to the E1 intervention, with the unallocated revenue in both E22 and E16 being utilised to support

other priorities in the Business Investment strand of the programme. These changes are all non-material in the DHLUC definition, and thus do not require Government approval.

49. On the **People and Skills** strand, funding allocations and activity will primarily be in the 2024-25 financial year, with the exception of the RISE project which supports people from diverse backgrounds who are out of work or inactive. There are seven interventions which are yet to be implemented, with the scope left deliberately wide when the Investment Plan was submitted to reflect the scope of the York Skills Plan and allow a narrowing of priorities as the programme developed. In order to focus on deliverability and impact, it is now recommended that two themes of targeted work be prioritised under People and Skills in 2024-25 as set out below:

(1) **Construction Skills Initiative:** As the Local Plan moves closer to adoption, it is recognised that there will then be a pipeline of construction work for the strategic housing sites. Consultation with the development community has highlighted a desire to maximise the benefits for local people in the employment opportunities that these sites will provide. Preparing people with the right mix of skills that will be required for these sites, and for the retrofit work needed to bring social housing up to required standards, highlights the need for a Construction Skills Initiative across the city. We will combine a short term focus on developing training and work experience opportunities over the remaining period of SPF funding with a longer term approach of working with developers to link such opportunities to the pipeline of developments across the city and region.

(2) **Inclusion:** There are specific challenges emerging on the inclusion agenda for skills. Government has withdrawn much of its funding for digital skills in the community, which is a key element of our digital inclusion strategy. York has seen a rapid rise in asylum seekers and refugees with a wide range of skills and experience that need to be better linked to opportunities in the local economy. There are also growing challenges for young people who are at risk of dropping out from education post-16, with a lack of targeted support to help them with the transition to work, particularly in sectors such as construction, creative and digital and the green economy. We would like to develop specialist support to address these issues, and also expand the work that has begun on practical social prescribing through the Archaeology on Prescription project which is recognised as ground-breaking work in the heritage world and was supported by the Government's Community Renewal Fund.

50. Focussing the current broad Investment Plan on skills onto the two themes of Construction Skills and Inclusion would make the most of the remaining funds.
51. The conclusions of this light touch review can be summarised as follows:
- Rapid implementation of E1 improvements in Acomb Front Street in Year 1 was guided by expediency to ensure UKSPF spend and political guidance on the measures to undertake, but unfortunately resulted in delivery of a Phase 1 scheme that does not fully meet the expectations of the local community. UKSPF Capital funding should be prioritised to support development and implementation of Phase 2 of Acomb Front Street, including engagement with residents and businesses – thus allowing the improvement works to be completed in a collaborative way with the local community.
 - The current investment plan is broad in its scope and there is an opportunity to focus more on those communities and businesses that most need support. The final phase of commissioning should be more tightly focussed on the Skills Plan and on supporting businesses, individuals and communities that do not already have significant help.
 - In the Skills strand of work, the current 7 interventions should focus instead on two main areas of delivery – inclusion and Construction Skills initiative.
 - The Partnership Board should be expanded to include rural representation that can steer REPF implementation and trade union representation to better inform skills and in-work progression activities. The Terms of Reference of the Partnership Board should be kept under review.
 - As the programme moves towards the establishment of the MCA, York should proactively seek to influence arrangements for future UKSPF investment planning and governance, and aim to retain local control and decision making over significant elements of the local programme which respond uniquely to the urban issues of York. This should include seeking devolved responsibility for specific elements of the programme to a local level where appropriate.
52. With Executive and the Partnership Board continuing their role in steering the Investment Plan, the current delegation to the

Corporate Director of Place for implementing the plan is working well and has enabled decisions to be taken as quickly as possible. It is therefore recommended that this arrangement be continued. Delays have been due to the wide scope of the investment plan and high numbers of applications. The final stage in decision making is working well.

Organisational Impact and Implications

53. **Financial.** The Government has provided £5,508k to cover the York Shared Prosperity Fund and Rural England Prosperity Fund and the costs of administration are entirely covered by the management fees element. Whilst this report suggests minor reallocations it is within the funding allocation provided and the changes recommended are not material in the Government's definition.
54. **Human Resources (HR):** From March 2025, the responsibility for SPF will move to the Mayoral Combined Authority (MCA), assessments are likely to be required whether staff either before or after March 2025 should transfer to the MCA. Should this be a consideration, HR policies and procedures will be followed. CYC staff will have a close working relationship with MCA staff (once established) working on UKSPF projects to ensure smooth delivery of key projects.
55. **Legal:** The Assurance Framework discussed in this report is designed to ensure that the Legal responsibilities of the Council in relation to delivering the Shared Prosperity Fund are entirely met. In particular, that Assurance Framework addresses the need for the local authority to consider whether the UK Shared Prosperity Fund (UKSPF) investment will be used to provide a subsidy and if so whether that subsidy will contravene the UK's obligations on subsidy control. Relevant subsidy assessments have consequently been completed.
56. **Procurement, contact: Head of Procurement** The Assurance Framework discussed in this report is designed to ensure that the Procurement responsibilities of the Council in relation to delivering the Shared Prosperity Fund are entirely met.
57. **Health and Wellbeing:** The UKSPF offers York an opportunity to reduce health inequalities and create the conditions for health as outlined in the Health and Wellbeing strategy 2022-32, through good jobs, healthy housing, and healthy-generating communities. Public

health colleagues are involved in the Partnership Board, and as the fund evolves, it will have the maximal chance of contributing to our city's public health goals by prioritising work with those from lower socio-economic backgrounds and those who experience worse health outcomes, for example those with a learning disability, a severe mental illness, those who experience racial disparities in health, or those who are marginalised from society e.g. living with addiction.

58. **Environment and Climate action:** The York Climate Change Strategy and Local Area Energy Plan set out the scale of the challenge and priority areas for achieving net zero carbon in York by 2030. Non-domestic buildings and commercial/industrial activity accounts for 36% of local emissions, with domestic buildings accounting for a further 32%. The activity delivered under UKSPF, particularly decarbonisation support for businesses in York and the construction skills initiative, will contribute to the outcomes of the Strategy.

The construction skills initiative should focus on both new-build and retrofit to address a shortfall of providers able to meet the ambitions within the Local Area Energy Plan and Local Plan.

Wider activity delivered under UKSPF should also consider potential contributions to the city's climate change ambition, with sustainability being a consideration when awarding contracts and selecting providers.

59. **Affordability:** There are positive affordability implications relating to skills development and business growth, as both lead to an increase in employability and better employment opportunities.
60. **Equalities and Human Rights:** EIAs have been completed for each funding decision taken as part of the SPF Programme to ensure full consideration of the impacts, and are published with the relevant decision paper. A separate EIA is thus not provided with this paper.
61. **Data Protection and Privacy:** A privacy notice for the York SPF programme has been published prior to the first call for expressions of interest in December 2022. The decisions in this paper do not have any further data protection and privacy implications and a separate DPIA is therefore not included with this report.
62. **Communications:** A dedicated Communications Officer is funded through the York SPF programme and a communications strategy

has been developed with the Communications Team to ensure that communities and businesses across the city are well informed as the programme is implemented.

63. **Economy:** Impacts are already covered in this report.

Risks and Mitigations

64. A detailed risk assessment, prepared as part of the work on the Assurance Framework, is presented at Annex C.

Wards Impacted

65. The Shared Prosperity Fund applies to all wards in York.

Contact details

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Background papers

- Background paper: [York Shared Prosperity Fund](#) Executive Member for Finance and Performance Decision Session, 17 Oct 2022

Annexes

Annex A: York SPF Programme Budget

Annex B: Memorandum of Understanding with DHLUC

Annex C: York SPF Risk Assessment