

# MEMORANDUM OF UNDERSTANDING

Between

The Secretary of State for Levelling Up, Housing and Communities

-and-

City of York Council

## 1. Purpose

- 1.1. This Memorandum of Understanding (MOU) sets out the terms that will apply to the relationship between the Secretary of State for Levelling Up, Housing and Communities (the Secretary of State) and City of York Council (the Lead Local Authority) regarding the administration and delivery of the UK Shared Prosperity Fund (UKSPF).
- 1.2. This MOU will be for the period April 2023 to March 2025. Changes will be made only where signatories deem it necessary.
- 1.3. The MOU sets out the universal fund wide conditions and expectations for appropriate spend of the UKSPF allocations, including the core allocations in England Scotland and Wales, Multiply allocations in Scotland and Wales, and REPF allocations in England.
- 1.4. This MOU is not intended to create legal or binding obligations. It describes the understanding between both parties for the use of funding specified in section 3 of this agreement.

## 2. Background

- 2.1. The UKSPF was launched on the 13 April 2022. The Secretary of State has signed-off the Lead Local Authority's investment plan. The Secretary of State for the Environment, Food and Rural Affairs has signed-off eligible Local Authorities' Rural England Prosperity Fund (REPF) addenda. References to the investment plan within this MOU mean the UKSPF investment plan, together with the Defra approved REPF addendum.
- 2.2. This MOU covers the funding commitments from the Secretary of State and the delivery, financial expenditure, agreed milestones, reporting and evaluation, communications and branding expectations between the Parties and the steps the Secretary of State could take in the event of underperformance if required.
- 2.3. The Secretary of State has published guidance on the delivery of the UKSPF, referred to in this document as the [UKSPF Additional Information](#). References to the UKSPF Additional Information includes

any updates that may be published from time to time. The Secretary of State will notify the Lead Local Authority of any changes to the Additional Information and, if necessary, provide guidance on how changes are to be managed.

### **3. Purpose of the Funding**

- 3.1. The core UKSPF allocation remains as set out in the published [UKSPF allocations](#) and is being provided to deliver the Fund's priorities, outputs and outcomes as set out in the investment plan and accompanying expenditure and deliverables spreadsheets agreed by the Secretary of State or subsequently agreed by the Secretary of State as per section 9.
- 3.2. The REPF allocation remains as set out in the published [REPF allocations](#) and is being provided to deliver the Fund's priorities, outputs and outcomes as set out in the investment plan addendum agreed by the Secretary of State for the Environment, Food and Rural Affairs.
- 3.3. Funding should be used to meet the costs of implementing your investment plan. The Lead Local Authority can make changes to the investment plan agreed by the Secretary of State. The scale, type and process for making changes is set out in published guidance.
- 3.4. Details of the annual funding allocation for both UKSPF and REPF, broken down into capital and revenue funding, will be confirmed in the annual grant determinations.

### **4. Reporting**

- 4.1 As part of the delegated delivery model, the Lead Local Authority will provide 'light touch' reporting on UKSPF and REPF funding, as set out in the [UKSPF Additional Information](#).
- 4.2 To comply with World Trade Organization (WTO) reporting obligations, local authorities must follow guidance on WTO rules and reporting requirements in respect of support for agricultural producers.

### **5. Financial Arrangements**

- 5.1. The agreed funds will be issued to the Lead Local Authority as grant payments under Section 50 of the United Kingdom Internal Markets Act 2020 ('UKIM').
- 5.2. Payment of the funding for 2023-2024 will be made after investment plans have been agreed and this MoU is signed.

- 5.3. Grant Determination Letters (GDL) will be provided following confirmation of the annual payment for each year until 2025.
- 5.4. The Lead Local Authority will provide regular reporting using the process established by the Secretary of State and set out in the UKSPF Additional Information demonstrating expenditure and that outputs and outcomes are being met in line with the original investment plan, or investment plan amended under section 9. Or failing that, there is a realistic plan to address underperformance.
- 5.5. Funding for the years 2023-2024 and 2024-2025 will be paid annually provided that the information provided under paragraph 5.4 demonstrates delivery of forecast outputs, outcomes and spend for the previous financial year have been met, or failing that, there is a realistic plan to address underperformance.
- 5.6. UKSPF and REPF capital grant funding, as set out in grant determinations, may be used only for capital expenditure.
- 5.7. UKSPF revenue grant funding may be used for revenue or capital expenditure, in line with the Lead Local Authority's accounting practices
- 5.8. Release of payments for the financial year 2023-24 and 2024-2025 is dependent on the submission of a Statement of Grant Usage for 2022-23 and 2023-2024 spend and corresponding reporting and monitoring returns, signed by a S151 Officer (appointed under the Local Government Act 1972) or S95 Officer (appointed under the Local Government (Scotland) Act 1973)
- 5.9. This information will be taken into consideration by the Secretary of State before subsequent payments to the Lead Local Authority are finalised and paid. The Secretary of State reserves the right to reduce payments or withhold payments where there are concerns over delivery.
- 5.10. The Secretary of State retains the right to withhold annual instalments until receipt of credible plans demonstrating revised delivery to achieve expected targets. This might include requirements that set 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.
- 5.11. Further to this, if the Secretary of State has concerns around future spending plans based on the experience of local delivery to date, or wider financial issues or governance affecting delivery then the Secretary of State may pay in instalments or withhold future funding.

- 5.12. In the circumstance that the Lead Local Authority is a Combined Authority or is managing the distribution of UKSPF and REPF funding to a group of other local authorities, where a member of the Combined Authority or the local authority group becomes subject to a S114 Notice of the Local Government Finance Act 1988 or Statutory Commissioner Intervention of the Local Government Act 1999, the Lead Local Authority will be responsible for decisions on how funds aligned to such a member Authority are controlled and utilised.
- 5.13. 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.
- 5.14. In accordance with the declaration signed by the Lead Local Authority's Section 151 (appointed under the Local Government Act 1972) or S95 Officer (appointed under the Local Government (Scotland) Act 1973) as part of the investment plan, the Lead Local Authority accepts responsibility for meeting any costs over and above the Secretary of State's contribution, agreed in the annual grant determination. This includes potential cost overruns and the underwriting of any funding contributions expected from third parties.

## **6. Additional conditions and expectations for Rural England Prosperity Fund (REPF) allocations**

- 6.1 The REPF is a rural top-up to UKSPF allocations in eligible Local Authorities in England, for the period April 2023 to March 2025. REPF funds are to be treated in the same way as other UKSPF funding under this MOU, with the following additional conditions and expectations.
- 6.2 The REPF allocation will be included as capital funding in the Lead Local Authority's annual Grant Determination. As set out in paragraph 5.6 capital funding must be used only for capital expenditure. REPF funding cannot be spent on administration of the REPF. UKSPF revenue funding can be used to meet administration costs associated with REPF. The lead local authority will ensure that recipients of REPF funding utilise it for capital expenditure.
- 6.3 As set out in the REPF prospectus, the REPF allocation may be used only to fund projects in rural areas. To facilitate a consistent approach, Defra has provided information on boundaries via the [MAGIC maps](#) application. Lead Local Authorities should refer to MAGIC maps to determine which places are deemed a rural area for REPF purposes.

6.4 The Lead Local Authority is expected to maintain ongoing engagement with rural business and community stakeholders throughout the lifetime of the REPF to ensure the delivery of the Fund responds to local rural needs and opportunities.

6.5 UKSPF (including REPF) funding in rural areas must not duplicate funding from Defra schemes including, but not limited to:

- The Farming in Protected Landscapes Programme (FIPL)
- The Farming Investment Fund (FIF)
- The Platinum Jubilee Village Hall Improvement Grant Fund

## **7. Branding and Communication**

7.1. The Secretary of State has provided the Lead Local Authority with guidance on the Branding and Communication associated with UKSPF projects in the [UKSPF Additional Information](#).

7.2. The Parties agree to adhere to the guidance and any updates. subsequently released by the Secretary of State or HMG on communications linked to UKSPF or wider levelling up funding.

7.3. The Lead Local Authority should publish information regarding the delivery of the UKSPF in its area e.g. by publishing a summary of the investment plan, including the investment proposed in the REPF addendum, and activities being funded in the area.

## **8. Evaluation**

8.1. Monitoring and Evaluation will be carried out as set out in [UKSPF Additional Information](#).

8.2. The Lead Local Authority will support evaluation through capturing and providing relevant data and engaging with place and intervention level evaluations as stated within the [UKSPF Additional Information](#).

This will include but is not exclusive to the following main evaluation requirements:

8.2.1 Continuous monitoring and evaluation of progress aligned to the deliverables stated within the UKSPF Investment Plan submitted by the Lead Local Authority and approved by the Secretary of State;

8.2.2 Engaging with our evaluation partners to collect and provide additional quantitative data as required to support, where relevant, intervention and place-specific evaluations

- 8.3 As set out in the [UKSPF Additional Information](#) the Lead Local Authority is encouraged to undertake its own place-based evaluations of how the UKSPF has worked in their area, particularly process evaluation on individual projects, alongside any place-based case studies commissioned by DLUHC. For those Lead Local Authorities with large allocations, DLUHC requires a robust evaluation to support the centrally coordinated evaluation.
- 8.4 The Lead Local Authority agrees to undertake these activities using the administration costs for the Fund.

## 9. Assurance

- 9.1. The Secretary of State has set out the approach to assurance for the UKSPF in the [UKSPF Additional Information](#).
- 9.2. The Lead Local Authority is expected to have the necessary governance and assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to. The Lead Local Authority will provide the Secretary of State with the following via UKSPF reporting:
- 9.2.1. Details of the checks that the Chief Finance Officer has taken to assure themselves that the Lead Local Authority has in place the processes that ensure proper administration of financial affairs relating to their UKSPF allocation.
- 9.2.2. Confirmation that the Lead Local Authority has applied management controls that:
- mitigate the risk of fraud;
  - ensure funding has been used in accordance with UK subsidy control legislation;
  - ensure funding has been used in accordance with World Trade Organization rules in respect of support for agricultural producers
  - ensure that any procurement undertaken by a Contracting Authority using UKSPF and REPF funds has complied with public procurement rules;
  - ensure compliance with its statutory obligations under the Public Sector Equality Duty; and
  - ensure that any personal data obtained in connection with UKSPF activities is handled in compliance with the Data Protection Act 2018.
- 9.3 As part of the first monitoring return (provided in May 2023) the Lead Local Authority will provide a summary statement of how it is:

- mitigating the risk of fraud;
- ensuring funding has been used in accordance with UK subsidy control legislation; and
- ensuring that any procurement undertaken by a Contracting Authority using UKSPF funds has complied with public procurement rules.

The Lead Local Authority will respond directly to questions addressing the local delivery of UKSPF and REPF and cooperate with the Secretary of State in any inquiries regarding the delivery of the UKSPF.

- 9.4 On an annual basis the Lead Local Authority will complete and return the templated Statement of Grant Usage letter.

## **10 Changes to agreed Investment Plan**

- 10.1. The Lead Local Authority will notify the Secretary of State of any proposed non-material changes to the investment plan through the regular monitoring returns.
- 10.2. The Lead Local Authority will submit a change request if a change constitutes “A Material Change” as set out in the [UKSPF Additional Information](#).
- 10.3. Requests for material changes can be made to the Secretary of State as and when required. A template will be provided for the Lead Local Authority to use.
- 10.4. The Secretary of State recognises that not all change will meet the materiality threshold for a change request. However, the Lead Local Authority should report any change affecting the delivery of the funding as part of the usual reporting cycle. If the Lead Local Authority is not sure whether a change meets the materiality threshold they should consult with the Secretary of State for guidance.
- 10.5. All change requests must be signed off by the Lead Local Authority’s Section 151 (appointed under the Local Government Act 1972) or S95 Officer (appointed under the Local Government (Scotland) Act 1973) to testify that they are necessary and deliverable.

## **11. Compliance with the MOU**

- 11.1 The Parties to this MOU are responsible for ensuring that they have the necessary systems and appropriate resources in place within their respective organisations to comply fully with the requirements of this MOU.

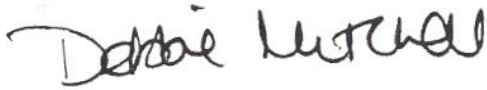
## 12. Changes to the MOU

12.1 The arrangements under this MOU will be kept under review.  
Amendments to this MOU may only be made upon written agreement between the Parties.

## 13. Resolution of Disputes

13.1 Any dispute that may arise as to the interpretation or application of this MOU will be settled by consultation between the parties

**Signed on Behalf of the Lead Local Authority (by Chief Executive / Section 151 Officer):**



**Name: Debbie Mitchell**

**Job Title: Chief Finance Officer**

**Date: 02 June 2023**

**Signed on Behalf of Secretary of State:**



**Name: Jessica Blakely/Carmen Suarez Garcia**

**Job Title: Directors: Levelling Up: Major Programmes**

**Date: 23 May 2023**