

Agenda Item	18
Report No	ECI/15/2023

HIGHLAND COUNCIL

Committee: Economy and Infrastructure

Date: 2 February 2023

Report Title: UK Shared Prosperity Fund

Report By: Executive Chief Officer Infrastructure, Environment & Economy

1 Purpose/Executive Summary

- 1.1 This report provides background and an update on the UK Shared Prosperity Fund, the key challenges faced with delivery and sets out a Delivery Plan for Members consideration and approval.

2 Recommendations

- 2.1 Members are asked to:-
- i. **Note** the successful approval of the UKSPF Investment Plan submitted and formal allocation of funding from the UK Government for 2022/23 and indicative allocations for 2023/24 and 2024/25;
 - ii. **Agree** the UKSPF Delivery Plan as set out in Appendix 1, including the 2022/23 prioritised spend and decision-making structures; and
 - iii. **Agree** that the City Region Deal Member Monitoring Group remit be extended to include the UKSPF and that UKSPF Programme Delivery Reports be presented to Economy and Infrastructure Committee on six monthly basis.

3 Implications

- 3.1 **Resource** – Following an indicative allocation from the UK Govt. of £9,445,515 for Highland over a three-year period (1 April 2022 to 31 March 2025), the Council received on 6 December 2022 confirmation of £1,461,484 for 2022/23 and indicative allocations of £2,465,697 and £5,538,334 for financial years 2024/25 and 2024/25. The 2023/24 and 2024/25 indicative allocations will be reviewed on submission of reporting requirements detailing progress on spend and confirmed in annual Grant Determinations. The funding provided is a mix of revenue and capital funds. Across the Programme 4% will be applied and top sliced to support programme administration costs.

- 3.2 **Legal** – The Council is the accountable body for the management of the Fund and hence responsible to ensure that all funds are used solely in line with the UKSPF Prospectus and Additional Guidance issued. Funding is also subject to compliance with the terms of a Memorandum of Understanding. If the Council is managing the Fund but other organisations are delivering activity, appropriate agreements will also be entered into with each affected party.
- 3.3 **Community (Equality, Poverty, Rural and Island)** – The overarching objective of the UKSPF is to build pride in place and to increase life chances. In itself the Fund will not achieve this and therefore the challenge in utilising the Fund to best effect, is how it aligns with and brings value to other activity.
- 3.4 **Climate Change / Carbon Clever** – Across the Fund there are a range of interventions (activities) which support just transition and net zero. As above, the Fund will not achieve this on its own and therefore the challenge in utilising the Fund to best effect is how it aligns with and brings value to other activity.
- 3.5 **Risk** – A key risk is that the Fund will not be fully utilised within each of the financial year allocations and potentially be lost and repaid to the UK Govt. This will be particularly challenging in the current financial year, given the limited time available to initiate activity. To help mitigate against this, programme design and delivery is largely based around existing delivery mechanisms and added value to existing activity. Notwithstanding this, major effort is required across programme activities to ensure year 1 spend.
- 3.6 **Gaelic** – Gaelic will be included into all relevant projects and communications in line with Council policy.

4 Background

- 4.1 At Full Council on 30 June 2022, Members considered a paper on the emerging UK Shared Prosperity Fund and agreed the proposed approach and activities to be included in the required Investment Plan; the process underway and timelines associated with the finalisation and submission of the Investment Plan by 1 August 2022 deadline, and agreed that the draft Investment Plan be circulated to all Members for comment prior to final approval under delegated powers given to the Executive Chief Officer Infrastructure, Environment & Economy, in consultation with the Council Convener, the Council Leader and the Chair and Vice Chair of Economy and Infrastructure Committee. This was accordingly undertaken, and the Investment Plan submitted.
- 4.2 On 6 December 2022, the Council received a grant offer of £1,461,484 for 2022/23 and indicative allocations for 23/24 and 24/25.

Allocation 2022/2023 (£)				Indicative allocation 2023/2024 (£)		Indicative allocation 2024/2025 (£)	
UKSPF Core Capital	UKSPF Core Revenue	Multiply	Capacity	UKSPF Core	Multiply	UKSPF Core	Multiply
£266,115	£682,230	£493,139	£20,000	£1,896,690	£569,007	£4,969,327	£569,007

The grant was conditional on agreement to and return of the Memorandum of Understanding and clarification of Indicative Deliverables included in the Investment Plan. This has been completed and it is expected that the 2022/2023 grant award will shortly be received.

- 4.3 As advised to Council in June 2022, the Investment Plan which needed to be prepared and submitted, was in effect a UK Govt. proforma document which needed to be completed. Within the Investment Priority Areas allowed for (Communities and Place; Local Business Investment; People and Skills, and Multiply), the Council needed to select from the pre-defined list of interventions (activities) to be progressed and then, based on budget allocations, select the associated outputs and outcomes that will be achieved.
- 4.4 Members will note from the Council Report that, due to the value of the UKSPF and its time limited nature, that the general approach adopted when selecting the interventions and ensure best use of the money, was to align with and bring 'added value' to existing activity. Allied to this, this then also allowed for existing decision and delivery mechanisms to be utilised.
- 4.5 The budget allocations afforded to each of the Priorities were, after the subtraction of the ring-fenced Multiply funds, split equally across the remaining three priorities. As each annual allocation has both revenue and capital funding provided, an assessment was undertaken, and the capital funds directed to those activities which would best incur capital spend.

5 Key Challenges and Actions Arising

- 5.1 The core challenge faced is the urgent and immediate need to utilise the 2022/23 allocation (ensure it is spent/formally committed) and that good progress is in place with delivery proposals for 2023/24. A failure to do so may result in some of the 2022/23 grant being recovered by UK Govt. and have possible adverse implications for the 2023/24 allocation.
- 5.2 **Appendix 1** sets out the Interventions which have 2022/23 spend allocated to them. As Members will note, some of the activities involved can immediately commence and/or be linked in with ongoing activity between now and end March 2023. Other activity, for example, the Multiply programme, requires detailed design and inevitably this will take time to get the resources in place to deliver and then to identify and engage clients, so the focus between now and end March 2023 will be to finalise, enter delivery agreement(s) and initiate the Multiply programme.
- 5.3 In parallel with these prioritised delivery actions, efforts will be made to put in place the required decision-making and programme governance arrangements, and the necessary 'back office' programme management systems and procedures. Members input to this process is twofold.
1. As UKSPF activity will bring 'added value' funds to existing activity, the intention is that whenever possible, existing decision-making structures will be used (be that at Strategic or Area Committee levels) to inform specific project spend (**see Appendix 1**).

2. Allied to this, there is an overall programme governance role to be established, and thus similar procedures as per the City Region Deal will be utilised, with detailed UKSPF scrutiny taking place via a Member Monitoring Group and six-monthly reports to the Economy and Infrastructure Committee.

5.4 Separate but parallel to the Council's decision-making and governance structures, the intent is that local partners remain involved (they were consulted when Investment Plan was being prepared) and asked to provide advice on strategic fit and deliverability. It is proposed that this ongoing involvement will be facilitated through the Highland Economic Recovery Partnership. There is also a need to continue to engage constructively with MPs during the delivery phase. Discussions will be initiated with the Highlands' three MPs to determine how best to achieve this.

6 Conclusion

6.1 The UKSPF, offering as it does an opportunity for local design and delivery, allows the Council to determine within the parameters set by the UK Govt, how best the Fund can be utilised locally. Only now that the Programme has commenced and real delivery issues will be encountered, be that in Highland or elsewhere in the UK, will the programme nuances, requirements and boundaries become more defined. The Investment Plan as written and approved is meant to offer flexibility but, at the current time, it is understood that the flexibility available at the local level may be limited and restricted to movement of funds and activities within the respective Priorities and interventions approved. Changes beyond that will require a formal change to be submitted to and approved by the UK Govt.

Designation: Executive Chief Officer Infrastructure, Environment & Economy

Date: 18 January 2023

Authors: Andy McCann, Service Lead - Economy and Regeneration

UKSPF Delivery Plan

The following table summarises by Priority the approved Interventions, associated budget and immediate actions to secure 2022/23 spend and actions during 2023/24 and 24/25, including decision-making structures.

1 - Communities and Places (C&P)				
Intervention	Summary/ approach	Budget		Actions
C&P S1: Place Based Investments, regeneration, and town centre improvements	Funds will be used to support place-based projects. UKSPF will therefore sit alongside and be managed together with other area-based funds to support projects identified in Area Place Plans.	2022 - 23	£83,057 (100% capital)	<u>22/23 spend</u> The £83k allocation to be utilised alongside current IEE Service, Community Regeneration Fund grant programme and specifically used to support project(s) not otherwise funded via other sources. <u>23/24 and 24/25</u> As above, will be incorporated into 23/24 and 24/25 Community Regeneration Fund programme, be informed by Area Place Plans prepared and by strategic and area decision-making structures on project(s) spend. Given the definitive end March 25 spend deadline for UKSPF, consideration will be given to awarding/prioritising spend for projects that deliver early in 2024/25
		2023 - 24	£125,000 (£75k capital, £50k revenue)	
		2024 - 25	£600,000 (£450K capital, £150k revenue)	
C&P S2: Support and improvement of community assets and infrastructure projects	Funds will be used to support place-based projects. UKSPF will therefore sit alongside and be managed together with	2022 - 23	nil	22/23 spend None 23/24 and 24/25 As above and will be linked to IEE Service Community Regeneration Fund grants programme/and Area Place Places prepared.
		2023 - 24	£125,000 (100% capital)	
		2024 - 25	£356,442 (100% capital)	

	other area-based funds to support projects identified in Area Place Plans.			Given the definitive end March 25 spend deadline for UKSPF, consideration will be given to awarding/prioritising spend for projects that deliver early in 2024/25
C&P S6: Active travel enhancements and small-scale transport projects	Masterplans / Audits have been produced for 10 settlements across Highland with wide range of active travel and sustainable transport projects identified.	2022 - 23	£83,058 (100% capital)	22/23 spend £83k will be utilised on existing agreed active travel projects underway/planned to commence by IEE Service. 23/24 and 24/25 Project identification and selection will be linked Active Travel/and Masterplans prepared and approved decision-making structures (as per E&I Committee Feb/May 2023). Given the definitive end March 25 spend deadline for UKSPF, consideration will be given to awarding/prioritising spend for projects that deliver early in 2024/25
		2023 - 24	£247,230 (£110k capital, £137K revenue)	
		2024 - 25	£530,000 (£290k capital, £240k revenue)	

C&P S8: Impactful volunteering and/or social projects	Funds used to encourage place-based initiatives to encourage and support volunteering measures.	2022 - 23	nil	22/23 None 23/24 and 24/25 Small value funds to be considered alongside C&P S9 and S10 below. To be progressed by Communities and Place Service linked to their other work with communities. Project identification and selection will mirror current arrangements for small grant schemes as overseen by the Communities and Place Committee, for example, Cost of Living Grant Scheme.
		2023 - 24	£20,000 (100% revenue)	
		2024 - 25	£25,000 (100% revenue)	
C&P S9: Investment in capacity building and resilience for local groups	Funds used to encourage place-based initiatives to promote energy efficiency etc measures.	2022 - 23	nil	22/23 None 23/24 and 24/25 Small value funds to be considered alongside C&P S8 above and S10 below. To be progressed by Communities and Place Service linked to their other work with communities. Project identification and selection will mirror current arrangements for small grant schemes as overseen by the Communities and Place Committee, for example, Cost of Living Grant Scheme.
		2023 - 24	£20,000 (100% revenue)	
		2024 - 25	£20,000 (100% revenue)	

C&P S10: Community measures to reduce the cost of living, linked to energy efficiency, fuel poverty	Funds used to encourage place-based initiatives to promote energy efficiency etc measures	2022 - 23	nil	22/23 None 23/24 and 24/25 Small value funds to be considered alongside C&P S8 and S9 above. To be progressed by Communities and Place Service linked to their other work with communities. Project identification and selection will mirror current arrangements for small grant schemes as overseen by the Communities and Place Committee, for example, Cost of Living Grant Scheme.
		2023 - 24	£20,000 (100% revenue)	
		2024 - 25	£25,000 (100% revenue)	
C&P S11: Relevant feasibility studies	Development of Area Place Plans to set out the vision, ambition and priorities for people and place in a particular area. Will assist with the identification priority projects and ensure community-based funds are utilised to best use when developing/delivering projects.	2022 - 23	£150,000 (100% revenue)	22/23 The £150k will be used to complement Council resources, to accelerate the delivery of Area Place Plan coverage across all of Highland. Joint programme between IEE and C&P Services 23/24 and 24/25 £50k in 23/24 required to support completion of Area Place Plan coverage. Any residual and 2024/25 allocation, to be used alongside existing IEE Service, Community Regeneration Fund grant programme providing funds for early-stage project feasibility studies.
		2023 - 24	£50,000 (100% revenue)	
		2024 - 25	£50,000 (100% revenue)	

C&P S12: Digital infrastructure for local community facilities	Funds used to encourage place-based initiatives to put in place/improve digital infrastructure in community assets.	2022 - 23	nil	22/23 None 23/24 and 24/25 Small value grants for specified purpose to be incorporated into wider IEE Service, Community Regeneration Fund programme.
		2023 - 24	£25,000 (100% capital)	
		2024 - 25	£50,000 (100% capital)	

2 - Supporting Local Business				
Intervention	Summary/ approach	Budgetary & Outcomes		
SLB S14: Development and promotion of the visitor economy	Agreement secured from UK Govt to enable support for major international events to be included in this Intervention as well as support for investment in tourism infrastructure.	2022 - 23	£200,000 (£100k capital, £100k revenue)	<p>22/23 Funds to be used as Council's contribution towards Fort William hosting the Mountain Bike event as part of the UCI World Championships to be held in Scotland in 2023.</p> <p>23/24 and 24/25 To be linked to and contribute towards priority projects identified in Council's approved Strategic Tourism Infrastructure Development Plan.</p> <p>Revenue option in 24/25 allows for event of international status to be supported.</p> <p>IEE Service led.</p>
		2023 - 24	£50,000 (100% capital)	
		2024 - 25	£200,000 (£100k capital, £100k revenue)	
SLB S15 SME development grants and support	A suite of start-up and growth grants linked to expert advice.	2022 – 23	Nil	<p>22/23 None</p> <p>23/24 and 24/25 Will be used to extend for two years the Council's economic recovery Business Start-up and Growth grant programme (which otherwise was to end 31 March 2023)</p> <p>Linked to SLB S20 below – and extension of expert start-up and growth specialist advisory support.</p> <p>IEE Service led.</p>
		2023 - 24	£190,000 (£25k capital, £165k revenue)	
		2024 - 25	£461,000 (£211k capital, £250k revenue)	

SLB S18: Investing in enterprise infrastructure, site development projects	Support business infrastructure / business units.	2022 – 23	Nil	22/23 and 23/24 None 24/25 While spend is 24/25, work will commence in 23/24 to identify project(s) and progress. IEE Service led project with decision-making as per E&I Committee procedures for property matters.
		2023 - 24	Nil	
		2024 - 25	£200,000 (100% capital)	
SLB S19: Strengthening local entrepreneurial ecosystems	Bring the many private, third and public sector organisations who are active in the Highlands supporting businesses together to determine whether new innovative opportunities exist to align and co-ordinate effort	2022 - 23	£25,000 (100% revenue)	22/23 Feasibility study to be initiated by IEE Service to review the breath of public, third and private investors active in Highland – to determine whether options exist to better align and co-ordinate investment in businesses. 23/24, 24/25 If demand exists, then unique report will be presented to E&I Committee, to review options for delivery and action accordingly.
		2023 - 24	£50,000 (100% revenue)	
		2024 - 25	£200,000 (100% revenue)	
SLB S20: Expert business advice and support programmes, local and regional	Provide access to specialist advisors to provide additional targeted support – linked and aligned with business development grant support.	2022 - 23	£75,000 (100% revenue)	22/23, 23/24 and 24/25 Will be used to extend the provision of expert start-up and growth specialist advisers and support staff which currently deliver the Council's economic recovery Business Start-up and Growth grant programme (which otherwise was to end 31 March 2023)
		2023 - 24	£150,000 (100% revenue)	
		2024 - 25	£150,000 (£100% revenue)	

				Linked to SLB S15 above and provision of business Start-up and Growth Grants IEE Service led.
SLB S27: Support relevant feasibility studies	Targeted research initiatives will be undertaken to provide robust intelligence as required.	2022 - 23	£16,115 (100% revenue)	22/23, 23/24, 24/25 Small funds to allow IEE Service to undertake business related feasibility studies to progress projects, for example, SLB S18 and site investigation works linked to business premises investment.
		2023 - 24	£22,230 (100% revenue)	
		2024 - 25	£50,443 (100% revenue)	
SLB S29: Business support aligned with local, regional, and Scottish policy	Support for businesses and organisations to target net-zero, decarbonisation, transition.	2022 - 23	Nil	22/23 None 23/24, 24/25 Joint working with Business Energy Scotland/Energy Savings Trust to add value to current over-subscribed advisory services supporting business to transition to net-zero. Unique report will be presented to IEE Committee, to review options for delivery and action accordingly. IEE Service led.

3 - People & Skills				
Intervention	Summary/ approach	Budgetary & Outcomes		
P&S S31: Employment support for economically inactive people	Intensive and wrap around personalised support to move people closer to mainstream employability support and into employment.	2022 - 23	£66,115 (100% revenue)	<p>22/23 £66k spend linked to existing work programme of Council's Employment team/working in partnership with Highland Employability Partnership (HEP) – as approved by Committee in Aug 22</p> <p>23/24, 24/25 Activity and spend linked to Annual Employment Delivery Plan (to be presented/approved by E&I Committee and HEP) – thereby ensuring that UKSPF aligns with and adds value to other funds secured via Scot Govt</p> <p>IEE Service led.</p>
		2023 - 24	£350,000 (£50k capital, £300k revenue)	
		2024 - 25	£636,278 (100k capital, £536k revenue)	
P&S S32: Courses including basic skills for those not economically inactive	Courses/skills provision that is otherwise not available to individuals	2022 - 23	Nil	<p>22/23 None</p> <p>23/24, 24/25 Activity and spend linked to Annual Employment Delivery Plan (to be presented/approved by E&I Committee and HEP) – thereby ensuring that UKSPF aligns with and adds value to other funds secured via Scot Govt</p> <p>IEE Service led.</p>
		2023 - 24	£50,000 (100% revenue)	
		2024 - 25	£100,000 (100% revenue)	

P&S S35: Employability Programmes and advice – No One Left behind agenda etc	Activity which aligns with and adds value to other activity supported via Scot Govt. No One Left Behind programme	2022 - 23	Nil	22/23 None 23/24, 24/25 Activity and spend linked to Annual Employment Delivery Plan (to be presented/approved by E&I Committee and HEP) – thereby ensuring that UKSPF aligns with and adds value to other funds secured via Scot Govt IEE Service led.
		2023 - 24	Nil	
		2024 - 25	£100,000 (100% revenue)	
P&S S36 Local skills needs	Agreement secured from UK Govt to enable support for Science Skills Academy to be included in this Intervention. Support for technical and vocational qualifications and courses that not available via mainstream funding.	2022 - 23	£200,000 (100% revenue)	22/23 £200k to be used (with additional HIE funds) to extend the City Region Deal Science Skills Academy until end 2023 – to enable SSA to demonstrate impact and investigate alternative and sustainable funding. 23/24, 24/25 £20k contribution to above SSA project extension. A number of skills projects currently being scoped out with the intend to make best use of UKSPF. Given eligibility of funds (i.e., when other mainstream funds not available), it may not always be possible forward programme decisions and hence a combination of delegated decision making (ECO IEE Service in consultation with E&I Committee Chair/Vice Chair) and formal E&I Committee decisions when timing allows for will be necessary. Close alignment with P&S S37 below and focus on skills to support transition to net-zero, SLB S15 business growth grants and SLB S29 net-zero advisory services.
		2023 - 24	£182,230 (£50k capital, £132k revenue)	
		2024 - 25	£650,000 (£600k revenue, £50k capital)	

				<p>Also, close alignment if/as required for Annual Employment Delivery Plan (to be presented/approved by Committee and HEP) – see interventions above.</p> <p>Given the definitive end March 25 spend deadline, consideration will be given to awarding/prioritising spend for projects that deliver early in 2024/25</p> <p>IEE Service led.</p>
P&S S37: Green Skills courses	Support for courses to secure skilled workforce to support Just Transition to a net zero economy and climate resilience.	2022 - 23	£50,000 (100% revenue)	<p>22/23 Early stage works underway to design and launch small scale skills grant scheme for Highland businesses. Close alignment with P&S S36, SLB S15 business growth grants and SLB S29 net-zero advisory services.</p> <p>23/24, 24/25 Grant scheme continuation and expansion in 24/25. Given the definitive end March 25 spend deadline for UKSPF, consideration will be given to awarding/prioritising spend for projects that deliver early in 2024/25</p> <p>IEE Service led.</p>
		2023 - 24	£50,000 (100% revenue)	
		2024 - 25	£170,164 (100% revenue)	

3a - Multiply Sub theme of People & Skills				
Intervention	Summary/ approach	Budgetary & Outcomes		
M S42: Courses designed to increase confidence in numbers	Whole population opportunities to reach out, identify and aid participate in numeracy skills courses	2022 - 23	£211,063 (100% revenue)	22/23, 23/24, 24/25 Work is underway to develop and deliver a partnership programme to deliver Multiply. In 22/23 the main activity will be linked to detailed programme design and initiation and entering delivery agreements/contracts with provider(s). Given spend profile this programme, a key challenge will be to get it initiated and to quickly achieve traction and progress. Accordingly, it will be ragged RED for close scrutiny over the coming months.
		2023 - 24	£243,535 (100% revenue)	
		2024 - 25	£243,535 (100% revenue)	
M S43: Courses for parents wanting to increase numeracy skills	Encourage parental and family numeracy skills to aid educational support and financial management.	2022 - 23	£141,038 (100% revenue)	As above
		2023 - 24	£162,736 (100% revenue)	
		2024 - 25	£162,736 (100% revenue)	

M S44: Courses for prisoners, those recently released or on temporary licence	Targeted activity to ensure wider programmes reach this particular client cohort.	2022 - 23	£14,301 (100% revenue)	As above
		2023 - 24	£16,501 (100% revenue)	
		2024 - 25	£16,501 (100% revenue)	
M S45: Courses aimed at encouraging people to upskill to access jobs/careers	Targeted activity linking numeracy programme to specific job opportunities and to those in employment, who need upskilling to progress.	2022 - 23	£28,109 (100% revenue)	As above
		2023 - 24	£32,433 (100% revenue)	
		2024 - 25	£32,433 (100% revenue)	
M S47: Innovative programmes delivered with employers	Targeted activity, working with partners and employers to identify, engage and support staff with improved numeracy skills linked to workplace.	2022 - 23	£42,410 (100% revenue)	As above
		2023 - 24	£48,935 (100% revenue)	
		2024 - 25	£48,935 (100% revenue)	

M S49: Courses designed to help people use numeracy to manage money	Targeted support to assist people manage debt. Close links to be developed with Advisory Services.	2022 - 23	£28,109 (100% revenue)	As above
		2023 - 24	£32,433 (100% revenue)	
		2024 - 25	£32,434 (100% revenue)	
M S51: Provision developed in partnership with community organisations	Targeted support to encouraging community organisations to establish local and innovative approaches to reach out, engage and support those with least numeracy skills.	2022 - 23	£28,109 (100% revenue)	As above
		2023 - 24	£32,433 (100% revenue)	
		2024 - 25	£32,434 (100% revenue)	