



REPORT TO: MORAY COUNCIL ON 29 JUNE 2022

SUBJECT: UK SHARED PROSPERITY FUND

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To inform the Council of UK Shared Prosperity Fund (UKSPF) details and seek approval for submitting an Investment Plan.
- 1.2 This report is submitted to Council in terms of Section III A (2) of the Scheme of Administration relating to long-term financial plans.

2. RECOMMENDATION

2.1 It is recommended that Council:-

- (i) consider and note the criteria and timescales for delivery of projects under UKSPF as well as the high level approach currently proposed for the Moray Shared Prosperity Fund (SPF) Investment Plan currently under development; and**
- (ii) agree delegated authority to the Chief Executive in consultation with Group Leaders to submit the final draft Moray SPF Investment Plan**

3. BACKGROUND

- 3.1 In April 2022 the UK Government published the [full prospectus](#) of the UKSPF, a successor to the EU structural funds. The overarching aim of the UKSPF is to build pride in place and increase life chances across the UK. This encompasses four levelling up objectives and three investment priorities. The levelling up objectives are:
- 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; and

- Empower local leaders and communities, especially in those places lacking local agency.

The Investment Priorities are:

- Communities and place;
- Supporting local business; and
- People and skills.

For the Investment Priorities the interventions list can be found [here](#) and the objectives, outcomes and outputs can be found [here](#).

- 3.2 The UK Government has published individual Council allocations of both core UKSPF funding and Multiply* for delivery over three financial years, specifically the final five/six months of 2022-23 and the next two financial years, 2023-24 and 2024-25. In addition, the UK Government has also published regional totals setting out how much is available across Regional Economic Partnership geographies, as outlined in the table below but it excludes North Ayrshire Council.

Area	Core UKSPF	Multiply	Total
Highlands and Islands Regional Economic Partnership (H&IREP)	£19,967,429	£4,167,958	£24,135,387 (Broken down as follows)
Argyll & Bute	£3,719,068	£776,310	£4,495,379
Na h-Eileanan Siar	£1,857,693	£387,771	£2,245,463
Highland	£7,814,362	£1,631,153	£9,445,515
Moray	£3,570,112	£745,217	£4,315,329
Orkney	£1,467,768	£306,379	£1,774,147
Shetland	£1,538,426	£321,128	£1,859,554

* Multiply is an adult numeracy programme, which will support people with no or low-level maths skills get back into work. The scheme will offer free personal tutoring, digital training and flexible courses to improve adults' confidence and numeracy skills. Full details on Multiply can be found [here](#).

- 3.3 For each year, there is a minimum amount of capital that must be spent. The split between capital and revenue is as outlined in the table below.

Year	Core UKSPF: revenue	Core UKSPF: capital	Local multiply: revenue
2022-23	89.6%	10.4%	100%
2023-24	87.5%	12.5%	100%

2024-25	82.1%	17.9%	100%
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- 3.4 Lead local authorities will be asked to return any underspends at the end of each financial year.
- 3.5 To gain access to the allocated funds Investment Plans have to be created, which take account of the wider funding landscape, existing programmes, other new funding opportunities and complementary interventions from other national or local schemes and strategies. Local authorities are responsible for the development and preparation of these investment plans, in conjunction with local partners/stakeholders and engagement with MPs and MSPs, for approval by the lead local authority and by the UK Government to unlock the funding allocations.
- 3.6 Whilst UKSPF investment plans must be prepared through local partnership working, but taking a regional approach is not a required prerequisite. The timescale for submission of these investment plans is extremely tight; the submission window is from 30 June to 1 August 2022, subject to being in receipt of additional guidance, yet to be published and the work required to complete investment plans prior to the Scottish / local government July recess period.
- 3.7 As the H&I REP is still in its infancy as a partnership group, it is anticipated that more time would be required than available to pull together a regional investment plan, complete with an agreed lead local authority responsible for its collation and the required political approval process. In May 2022 local authorities covering the H&I REP area agreed that the preferred position is to submit local investment plans for the first tranche of monies, through liaison with other H&I REP partners / stakeholders at a local level, with scope to amend investment plans if regional opportunities arise during this funding period.
- 3.8 Each lead local authority will receive its annual allocation in advance. In 2022-23, funding will be paid once the local Investment Plan has been signed off. For 2023-24 and 2024-25 payment will be at the start of the financial year. It should be noted that allocations per annum are:
- 15% for 2022-23;
 - 27% for 2023-24;
 - 58% for 2024-25.
- 3.9 Match funding is not a pre-requisite and will not form part of the investment plan assessment criteria. However, lead local authorities are strongly encouraged to consider match funding from the private, public and third sectors and leverage options when selecting communities and place and supporting local business interventions to fund in order to maximise the value for money and impact of the Fund.
- 3.10 A separate report on Strategic Priorities and Funding Opportunities is on the agenda at this meeting highlighting match funding opportunities set against agreed investment priorities from Council and partners.
- 3.11 The Fund can be used flexibly to support interventions via:
- Grant to public or private organisations

- Commissioning third party organisations
- Procurement of service provision
- In-house provision

- 3.12 **Moray details** - For Moray the total funding allocation over the 2½ financial year's is £2,429,104 revenue and £1,141,008 capital budgets with £745,217 for Multiply programme. The financial years details are set out in para 4 (c). From the total budget, 4% can be used for administration of the funds, which equates to £172,613. In addition a one off payment of £20,000 is being made available for creating an Investment Plan.
- 3.13 For the Investment Plan it is planned to work with Hub North Scotland, which is the strategic development partner of choice for the planning, procurement and delivery of community-based infrastructure projects across the north of Scotland. It comprises of 16 public sector organisations, the Scottish Futures Trust and private sector partners.
- 3.14 Whilst Council is responsible for the fund administration such as project assessment, contracting, monitoring and evaluation with ongoing stakeholder engagement, it is expected that a local partnership will be convened by the local authority. Where a place already has a group that could be used, then the group can be designated for this Fund's purposes. It is expected that local MP and MSP's are involved and Scottish Government representative attending in the development of the investment plans.
- 3.15 The Moray Economic Partnership would be ideally placed to be the overarching local partnership with the required additional representatives and 3 themed subgroups for the investment priorities areas as outlined in para 3.1. For people & skills it is planned to use the existing Employability Partnership set up. For business and community and places it is envisaged to invite relevant stakeholders to participate, similar to what has been carried out under the former EU Fisheries Fund and / or Conservation Area Regeneration Schemes. This approach has been highly successful in delivering large funding schemes in partnership with representatives across all sectors.
- 3.16 The remit of these subgroups is to be part of the ongoing relevant stakeholder engagement for the delivery of the investment plans. They will regularly report to the Moray Economic Partnership and Transforming the Economy Board, with reports to council as required. It will also inform the required regular reporting to the UKSPF on progress and any matters arising. The proposed set up has been discussed with the UK Government team, who are happy with these arrangements.
- 3.17 As the UKSPF is a replacement fund for the European Structural Investment Funds (ESIF) and considering the content of the separate report on Strategic Priorities and Funding Opportunities, the present ESIF Poverty & Social inclusion, Employability and Active Travel programmes will be likely to be part of the investment plan although the activities funded may differ.
- 3.18 **Poverty & Social inclusion** - The part ESIF funded scheme is delivered by Council staff and through a challenge fund delivered by third sector partners, Revolution 4 Good (Aberlour) and Children First. The main aim of these

projects are to help and advise people who are experiencing financial difficulties in Moray. This includes help with budgeting and applying for benefits.

- 3.19 **Employability** - The part ESIF funded scheme is delivered by Council staff and through a challenge fund delivered by five third sector partners - Social Enterprise Academy, Forres Area Community Trust, Parker Linden Theatre, Enable, Elgin Youth Development Group and Moray College UHI. These Employability projects are aimed at helping people who are out-of-work and facing barriers, to move closer to and into work.
- 3.20 For the above mentioned part EU funded schemes, which would come under the UKSPF Multiply, People and Skills Investment Priorities for people with additional identified needs, an in-house officer working group across departments has been set up to establish details, which will inform the Investment Plan. Details will be finalised end of June / beginning of July 2022. The supported activities may differ from the current programme under the EU in order to fit with the criteria for UKSPF and will include proposals specific to the multiply programme which will be detailed within the investment plan.
- 3.21 **Active Travel** – The current part ESIF grants are for two Speyside Way projects with the Active Travel strategy consultation process being completed later on this year, which will inform further capital investments from the UKSPF.
- 3.22 As outlined in para 3.5, the Investment Plan will be developed in conjunction with local partners / stakeholder, MP & MSP and details will be subject to consultation with Group Leaders before its being submitted. The information in this report is as much as it is available at present given the need to develop three separate funding plans/bids for the UFSPF, Levelling Up & Just Transition Fund a in short space of time.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The UKSPF will contribute to achieving the corporate plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy.

(b) Policy and Legal

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan. Any funding agreements will be undertaken in consultation with Legal.

(c) Financial implications

As outlined in para 3.2 and 3.12 the total UKSPF allocation is £4,315,329 split over 2 ½ financial year's. It includes 4% at £172,613 for administration of the fund.

Year	Core UKSPF: revenue	Core UKSPF: capital	Local multiply: revenue
2022-23	89.6% = £479,823	10.4% = £55,694	100% £111,783
2023-24	87.5% = £517,666	12.5% = £446,264	100% £201,208
2024-25	82.1% = £1,431,615	17.9% = £639,050	100% £432,226

The £20,000 allocation for creating the Investment plan is in addition to the above allocation.

(d) Risk Implications

The key risk is the timing of the preparation of the Investment Plan with a very short timeline with further guidance still to be published and the requirement to involve all relevant stakeholders, MP, MSP and Scottish Government over the summer month of July. Once signed off by the UK Government there is the financial risk of spending the funds in the allocated financial years and clarification is being thought from the UK Government, if it refers to legally committed or defrayed expenditure. Similar to the European Structural Funds, Council will be responsible for administration, management and performance monitoring of the funds. Whilst the UK Government has indicated that it is committed to less bureaucracy than was associated with EU funds, however until further guidance is published it is difficult to fully assess the risks at this point.

(e) Staffing Implications

The work around the UKSPF has been assigned to the Economic Growth & Regeneration section. The services remain under significant workload pressures associated with business support, COVID 19 grants, Town Centre Fund Capital Grant, Economic Recovery Plan and funding. The UK Government management and administration fee could contribute to allow for further staff resources and / or safeguard dedicated staff presently administering EU funding programmes until its closure in 2023.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

The fund will bring economic investment into Moray's areas of which some are characterised by low wages, low rates of full-time employment, wealth deprivation and child poverty.

(h) Climate Change and Biodiversity Impacts

None arising from this report.

(i) Consultations

The Depute Chief Executive: Economy, Environment and Finance, Depute Chief Executive Education, Communities and Organisational Development, the Head of Economic Growth and Development, the Head of Governance Strategy, the Head of Financial Services, the Equal Opportunities Officer and Tracey Sutherland (Committee Services Officer) have been consulted and their comments incorporated.

5. CONCLUSION

- 5.1 The UK Shared Prosperity Fund replaces the EU Structural Funds with the overarching aim to build pride in place and increase life chances in the UK with a wide range of investment opportunities under 3 funding priorities.**
- 5.2 It will enable continuation of work supported by the present EU funded programmes, whilst also providing an opportunity for other strategic priorities to potentially access these funds. Based on government assurances, it should reduce the levels of bureaucracy hitherto associated with EU funds, enable local decision making and better targeting of local priorities.**

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Background Papers: Documents on file in Economic Growth & Regeneration
section.

Ref: