

UKSPF Local Partnership Sub-Group

Date issued: **18 July 2023**

Title of paper: **UKSPF in London: delivery report – June 2023**

Cleared by: **Phil Graham, Executive Director Good Growth**

Classification: **Public**

1 Summary

- 1.1 This is the first UK Shared Prosperity Fund (UKSPF) delivery report presented to the Sub-group. It sets out the background and story of implementing the UKSPF in 2022-23, and to date. As actual project delivery is in the initial stages, performance data itself is limited. The report sets out some of the challenges of managing UKSPF through to March 2025.

2 Recommendation

- 2.1 That the Sub-group notes the report at Appendix A and conveys any feedback to stuart.scott@london.gov.uk by 5pm on 1 August 2023.

3 Introduction and background

- 3.1 The UKSPF is a key feature of the government's Levelling Up agenda, investing £2.6 billion across the UK by March 2025. All areas of the UK are receiving UKSPF; and London has a three-year allocation of £144,444,970¹. This is split between three 'investment priorities': Communities and Place £41,287,139; Supporting Local Businesses £63,958,500; and People and Skills £39,199,331. The Department for Levelling Up, Housing and Communities (DLUHC) is responsible for the overall management of UKSPF.

- 3.2 DLUHC invited all 'lead authorities' including the GLA to establish a Local Partnership Group, comprising external representatives, to provide local insight and expertise for the UKSPF programme. London's Local Partnership Group is the London Partnership Board. The Sub-group will consider an annual UKSPF delivery report and is invited to provide any feedback, before the report is shared with the Board.

Issues for consideration

- 4 The Sub-group will consider annual delivery reports on the Communities and Place and Supporting Local Business investment priorities. The Skills for Londoners Board oversees the People and Skills investment priority. However, for this first report, an update on People and Skills is included for completeness.
- 4.1

¹ The £144 million is paid in three instalments of different amounts to the GLA. The first (paid in December 2022) on approval of the investment plan. The second and third are based on DLUHC's judgment of London's UKSPF performance.

4.2 The Sub-group’s Terms of Reference state that the annual report will be based on the latest management information report submitted to DLUHC, which was for progress up to 31 March 2023. This report also covers activity to the date of issue.

5 Equality comments

5.1 London’s UKSPF Investment Plan makes a commitment to ensuring equality, diversity and inclusion are embedded throughout the programme and in the activity that is delivered. This will be monitored by officers through until 2025.

6 Risks arising / mitigation

6.1 These are set out within the report at Appendix A.

7 Next steps

7.1 Next steps are as follows:

Activity	Date
Report shared with the UKSPF Local Partnership Sub-group	July 2023
Report issued to the London Partnership Board for information	August 2023

Appendices:

Appendix A: UKSPF in London: delivery report – June 2023

UKSPF in London: delivery report – June 2023

Introduction

1. The UK Shared Prosperity Fund (UKSPF) is a key feature of the government's Levelling Up agenda and will invest £2.6 billion across the UK by March 2025. All areas of the UK are receiving a UKSPF allocation. London's three-year allocation of £144,444,970.
2. The Department for Levelling Up, Housing and Communities (DLUHC) is responsible for managing UKSPF for the government. DLUHC invited all 'lead authorities', including the GLA, to establish a Local Partnership Group comprising external representatives which can provide local insight and expertise for the UKSPF programme. London's Local Partnership Group is the London Partnership Board. It's UKSPF Sub-group will consider certain matters, including annual delivery reports on some aspects of the programme, before they are presented to the Board.
3. This is the first of three delivery reports over the course of the programme. This report covers 2022-23 and describes set-up activities undertaken during the first year of the UKSPF, through to June 2023. Future reports will focus on delivery and achievements.

Background and timeline

4. The government first proposed the UKSPF as a replacement for EU Structural Funds in 2017. However, it was not launched until April 2022. In these intervening years there was limited information published setting out what UKSPF would cover, how much funding would be available, and which organisation(s) would manage it. During this period the GLA along with London Councils, boroughs and others lobbied government for a fair share of funding for London.
5. In April 2022 government published its UK-wide UKSPF prospectus and announced the financial allocations for the 256 lead authorities. Lead authorities were invited to submit an investment plan by August 2022, with London setting out how its £144m allocation would be used.
6. From the outset GLA collaborated with London Councils in the design and drafting of the investment plan, which itself was based on the shared priorities of the then London Recovery Board's Economic Recovery Framework.
7. While government had initially proposed to minimise the bureaucratic hurdles previously associated with EU funding, its UKSPF proposals were nevertheless quite prescriptive. It published in-year allocations (with years 2 and 3 payable on satisfactory performance of the previous year), and stated the level of capital funding that must be spent each year. It prescribed a list of 'interventions' against which activity would be delivered and listed their associated outputs and outcomes.
8. The UKSPF investment plan split the £144m across the three investment priorities: Communities and Place £41,287,139, Supporting Local Businesses £63,958,500 and People and Skills £39,199,331. It was agreed that the full Communities and Place allocation would be provided to boroughs and the City of London Corporation, alongside a share of the Supporting Local Business allocation.

9. In June and July 2022 the London Recovery Board and GLA's Corporate Investment Board (CIB) endorsed London's investment plan. London Councils' Leaders' Committee agreed the methodology which enabled London Councils' officers to calculate the allocations for each borough.
10. The investment plan was submitted to DLUHC in July 2022. Approval had been promised by October 2022, but was not provided until December 2022. This allowed the GLA to formally launch its activities, but the GLA did not receive its first payment from DLUHC of £17.5m for 2022-3 until 30 December, three-quarters of the way through the financial year.
11. It was therefore immediately apparent that to spend £17.5m by March 2023 would be a challenge. The GLA ramped up its implementation preparation, although final 'how to' guidance from DLUHC was not received until March 2023.
12. The next section explains the steps taken for the three investment priorities.

Communities and Place (C&P)

13. Since early summer 2022, the GLA and London Councils coordinated with the boroughs to define how the C&P allocation would be used. Since boroughs were in the driving seat for the full £40m allocation, the GLA was not prescriptive in its asks but, instead, sought proposals from each borough to which it could agree.
14. Individual expenditure and output/outcome profiles were agreed. Grant funding agreements are being issued to boroughs. Twenty-two have been signed to date, nine await signing and two will shortly be issued by the GLA. £24.3m has been contractually committed to boroughs.
15. Many boroughs have commenced activity, although it is too early to report achievements. This will follow in future reports. However, one of the soft successes, from the GLA's perspective, has been establishing good working relationships with the thirty-three boroughs.

Supporting Local Business (SLB)

Boroughs

16. £13m of the SLB allocation is ring-fenced for the boroughs. The process described for C&P above applies here, so is not repeated. Of the twenty-two funding agreements signed, £7.8m has been contractually committed.

£30m open call

17. On 15 December, ten days after receiving DLUHC's approval for the investment plan, the GLA launched a prospectus inviting any eligible applicants to apply for funding against a series of SLB programmes:
 - Innovation
 - Supplier-readiness
 - Supporting SMEs to bridge the digital divide
 - Growing the local, social economy
 - Property advice service for SMEs

- Low carbon
- Support for fast-growing diverse founders
- Investment-readiness support for diverse founders/SMEs

18. £30.15m was available. Equality, diversity and inclusion (EDI) and environmental sustainability were embedded in the prospectus. Each applicant was required to submit an organisation-level action plan with their application, or ahead of GLA issuing a funding agreement to the successful applicants.
19. Once the call was launched, support was made available to applicants via a webinar in January 2023 (with upwards of 400 people attending), 52 individual advice surgeries and online FAQs.
20. Ninety-nine applications were submitted by the 13 February 2023 deadline, at the higher end of GLA's expectations. All applications were assessed against published gateway criteria (stage 1 of the assessment process) where two applications did not pass. The remaining ninety-seven underwent full scoring and assessment (stage 2). Once complete, a moderation of the scores and applications took place (stage 3). The UKSPF Local Partnership Sub-group met at City Hall on 18 April 2023 to consider the applications (stage 4). Thereafter the GLA took a decision that twenty-nine applications would be supported for £30.2m, reflecting the Sub-group's views, including some over-programming due to inevitable underspends by applicants by 2025. A reserve list of five applications, for £4.8m, was established.
21. At the 18 April meeting, headline data was presented on the applicant organisations. This included noting that of the ninety unique applicant organisations which applied, 19% self-declared as Black, Asian and Minority Ethnic-led, 31% women-led and 0% disabled-led. Of the twenty-nine applications going forward, the same self-declared percentages applied. Although it is unlikely that GLA will launch further UKSPF calls, this data can be used to inform future engagement including how other calls are publicised. This was a point raised at the London Partnership Board meeting on 13 June 2023.
22. At the time of writing, contracting with the twenty-nine applicants is underway, with discussions proceeding at different rates depending on applicants' circumstances and responses. Due to a minor administrative oversight, GLA has increased the amount ring-fenced for applicants to £30.9m. This amount could change if not all applications proceed and/or reserve projects are contracted.
23. The Sub-group discussed how pan-London projects can be inclusive, ensuring that applicants from across London can apply for support. This has been discussed with the applicant organisations, as has requesting they re-visit their approach to EDI, both in terms of stretching their self-determined EDI targets, but in their outreach to communities.
24. The immediate task is to get the applications into contract so activity can start, and funds spent. Many projects have a retrospective start date of 1 April 2023 so expenditure can be backdated. It is anticipated that grant funding agreements will be signed with each of the applicants by the end of August 2023. Written feedback was made available to the fifty-five unsuccessful applicant organisations that requested it.
25. A future challenge will be monitoring the performance of projects, and acting where there is under-performance. With a drop-dead programme closure date of March 2025, funding

could require reallocating elsewhere to better performing projects. Or indeed, to other strands of SLB, or to C&P/P&S. By the time of the second delivery report to the LPSG this position is expected to be clearer.

London and Partners (L&P)

26. The investment plan notes that funding will be allocated to L&P to support businesses. £19m UKSPF has been allocated for this, with £7m for 'everyday' small businesses (with support to be offered through the Wayfinder navigator service and London Business Hub), £9m to support international trade and £3m to support high-growth businesses. This aligns with L&P's evolving role to support the Mayoral manifesto commitment to provide a single front door for SMEs to access the right business support. The sums above are subject to L&P's submission of grant funding applications, and GLA's assessment and due diligence.
27. To achieve the above L&P has changed its organisational structure. It has appointed a new Managing Director for Small Business with a new team being established to deliver the SME support. This includes:
 - In collaboration with London boroughs, expanding the London Business Hub's Wayfinder programme across the capital.
 - Supporting boroughs to promote and expand the availability of everyday community business advisers.
 - Building and maintaining partnerships with boroughs, sub-regional partnerships, business support providers and funders.
 - Maximising opportunities for the promotion and communication of available business support services via the London Business Hub.

People and Skills (P&S)

28. In England, unlike the devolved nations, government stated that P&S activity was ring-fenced for 2024-25 only, the final year of UKSPF. The GLA, London Councils and other organisations lobbied the government to enable spend from 2022-23 in part because many existing European Social Fund (ESF)-backed skills projects end in December 2023, and there would be a gap until P&S launches in April 2024. We were collectively unsuccessful.
29. However, eight days before the 2023-24 financial year, government reversed its policy and announced that P&S activity could take place from April 2023, but that its funding (£38m for London) must remain in 2024-25.
30. £25m will be directly allocated to London's four sub-regional partnerships (SRPs) for delivery of 'employment support for economically inactive people'. The GLA has invited SRPs to submit proposals for activity by the end of June with the aim of having grant agreements in place by the autumn.
31. £13.1m has been ring-fenced under a bespoke intervention, which will deliver careers education to young Londoners and support young Londoners not in education, employment or training (NEET). Activity here will be led by the GLA and will support around 6,500 young people. An open call will be launched in autumn 2023, with consultation of partners and young people currently underway on the priorities. Given the short timeframe for delivery, the GLA is looking to use a small proportion of the funding here to extend the

existing contracts for the London Careers Hubs¹ which are currently co-funded by the Careers and Enterprise Company and ESF.

32. The GLA needs to identify funding to support P&S activity brought forward to 2023-24. This can, on the face of it, only be secured viring funds away from C&P and SLB. Officers are working through this to consider if this is a realistic option based on profiled expenditure of existing contracted activity. If it is not, alternative options will be considered.

Performance

Expenditure

33. Based on the latest available figures to 31 March 2023, the point at which GLA submitted data to DLUHC, GLA reported that £1.9m had been spent from its 2022-3 £17.5m allocation; 11% of the year's allocation. This is understood to be on a par with other lead authorities with comparable, larger allocations.
34. Indeed, whether a lead authority has been awarded a small or large allocation, many of the same implementation challenges arise. The GLA will make up ground over the next two years. This is because the borough's £53m combined C&P and SLB funds have been, or will be, contractually committed. Officers are contracting £30m from the SLB call, and are working to award £19m to L&P. Once achieved, all funds are expected to be committed, bar the P&S allocation ring-fenced for 2024-25, by autumn 2023.
35. DLUHC anticipated an underspend for 2022-23, and the need to carry-forward funds to 2023-24. Lead authorities were therefore invited to submit a 'credible plan' to DLUHC in May explaining the steps they would be taking. GLA awaits DLUHC's approval of its plan. Approval is expected, which will allow payment of its 2023-24 £35m allocation. DLUHC can withhold in-year payments to lead authorities and instead pay in stages if performance is not deemed satisfactory.
36. This table shows headline data for the three investment priorities:

	2022-23	2023-24	2024-25
DLUHC's allocation to GLA	£17,529,729	£35,059,459	£91,855,782
London's in-year spend to 31 March	£1,922,537	n/a	n/a
of which Communities and Place	£1,584,940	n/a	n/a
of which Supporting Local Business	£337,597	n/a	n/a
Carry-forward to next year	£15,607,192	n/a	n/a

¹ A Careers Hub is a group of secondary schools, FE colleges, Alternative Provision and Special Schools in a dedicated area that work together to deliver high quality careers education for all students.

These figures illustrate that in 2023-24 the GLA has £50.6m to spend by 31 March 2024.

Management and Administration (M&A)

37. The above table includes an M&A allocation of 2.8% of the programmes value (c£4m) which is less than DLUHC's proposed 4% level. M&A covers GLA staffing and delivery costs. Should any M&A remain unspent it would be transferred to successfully performing activity across the three investment priorities.

Outputs and outcomes

38. Forecast outputs and outcomes are generally expected to exceed investment plan targets. However, as of 31 March 2023, no outputs nor outcomes had been reported. This is as expected due to a) the delayed start to the UKSPF programme and b) the limited activity to report thus far. DLUHC expects targets to be achieved by the end of the programme, rather than in-year. Lead authorities also have the option to amend the targets, providing there is a sound rationale.

Implementation and delivery challenges

39. At this stage, resources are invested in getting the programme up and running. Since the green light to launch in December 2022, the GLA has been performing the dual roles of balancing the urgency of awarding funds, whilst concurrently developing processes and systems (guidance for projects, officers, reporting templates, IT databases). This work continues.
40. A key challenge will be ensuring London's UKSPF allocation is spent. GLA has, to date, made good progress. A future challenge will be deciding the right time(s) to stock take and determine if funds should be vired between priorities if there is under-performance in one area and over-performance in another.
41. Officers have identified practical lessons over the last year which could be implemented for a 'next time'. Some are out of their control, for example DLUHC not supplying timely guidance. Others include ensuring sufficient internal staff resourcing; and minimising additional correspondence with applicants by the upfront publishing of information in the SLB prospectus. In addition, time needs dedicating to the qualitative aspects of the programme: to look at what is working, and what is not, and how learning can feed into any future programmes.

Conclusion

42. This first report has set out the story of how UKSPF has been implemented to date and seeks to illustrate the progress made in committing funding. The second report, in May 2024, will highlight successes and achievements, as well as how the programme is being managed through to closure in March 2025.

30 June 2023

Economic Development and Programmes, Greater London Authority