

## UK Shared Prosperity Fund

### Purpose of report

For discussion.

### Summary

This paper updates Board Members on the UK Shared Prosperity Fund and seeks their steer on engagement with the Government in shaping the fund.

### Recommendation

Members are invited to:

- Review the UK Shared Prosperity Fund pilot projects and Heads of Terms (para. 4 – 7)
- Discuss the key issues for local government outlined in this report (para. 8 – 13)

### Action

- Members to discuss the next steps in lobbying and engagement for the UK Shared Prosperity Fund

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## **UK Shared Prosperity Fund**

### **Background**

1. This paper sets out the latest developments in the UK Shared Prosperity Fund (UKSPF) and outlines the opportunities available for local government to influence the design of the fund.
2. In March 2020, the Board refreshed the LGA's lines on the UKSPF to be which includes:
  - 2.1. Councils and combined authorities should be the vehicles to drive the fund.
  - 2.2. The fund should be driven by locally determined outcomes and need.
  - 2.3. It should be aligned with other growth funding to move towards a single pot of funding.
3. At the November Spending Review, the Government announced the [Heads of Terms](#) (page 37) for the UK Shared Prosperity Fund. This outlined the £220 million that will be allocated for pilot projects and gave limited detail of the UKSPF.

### **UK Shared Prosperity Fund and the Spending Review**

4. At the November Spending Review, the Government announced the Heads of Terms for the UKSPF. The UKSPF will be the domestic replacement for the European Social Fund, the European Regional Development Fund and the European Territorial Cooperation Fund.
5. £220 million will be allocated to pilot schemes for the new fund in 2021/22 with a prospectus being launched in January setting out the details of the pilots. Questions remain how this will be allocated, what it will be piloting and how it relates to the remaining unspent European Structural and Investment Fund Programme.
6. The UKSPF will be introduced in 2022 and will, on average, ramp up to £1.5 billion a year. There remains uncertainty how long the fund will last for and whether it meets the quantum of the ESIF programme.
7. Places will agree specific outcomes to target within a wider UK framework. The fund will cover three themes, which covers a much wider remit than the ESIF programme:
  - 7.1. **Investment in people:** skills programmes tailored to local needs, such as work based training as well as local support services, such as early years
  - 7.2. **Investment in communities and place:** including culture and sporting facilities, civic, green and rural infrastructure, community owned assets, neighbourhood and housing improvement, town centre and transport improvement and digital connectivity
  - 7.3. **Investment in local businesses:** supporting innovation, green and tech adoption, tailored to local need.

### **Key issues**

8. There remains a number of unanswered questions and issues that are not addressed by the Heads of Terms. We understand that some of these will be addressed at the next Spending Review.
9. The Government announced in the Spending Review that £220 million will be allocated to pilot projects in 2021/22. There is no detail of what or who will be trialling these projects and how the funding will be allocated. It is also unclear how this will work with current ESIF programmes as local ESIF committees work to determine how the remaining ESIF programme will be spent.
10. There is no detail of the governance or decision making, and it remains essential that local government is the vehicle driving the fund. The themes of the UKSPF are wider than the ESIF programme, with a greater emphasis on place based projects and programmes. The Heads of Terms includes new areas that the fund intends to support, including neighbourhood and housing improvement, sport and cultural facilities and early years provision. It is therefore essential that local government lead so there is a joining up of wider strategies, such as housing, public health and early years.
11. The Heads of Terms outlines that places will be agreeing the outcomes of the fund through a UK investment framework, without making clear the linkage with local plans and strategies. There are concerns that this could be a roll back of devolved decision making that was agreed for the ESIF programme in some parts of England, such as Cornwall and Greater Manchester. It may also have implications for devolution in Wales.
12. The UKSPF announcement was made in the context of wider regeneration announcements, including the Levelling Up fund, Towns Fund, Freeports and Green Book reforms. There is still no detail of how the UKSPF will be aligned to these initiatives. There is also no detail of how the fund will work with the £1.1 billion allocated to farmers, land managers and the rural economy.
13. It is unclear whether the fund will be allocated or competitive bidding, nor the mixture between capital and revenue. Clarity on these issues is expected to be announced at the 2021 Spending Review.

### **Engagement with Government**

14. The LGA has raised the need for a locally driven UKSPF through the EU Exit Taskforce, member representation on the Growth Programme Board and through engagement with officials.
15. Following the November Ministerial EU Exit Local Delivery Board, the Chair of the EU Exit Taskforce, Councillor Kevin Bentley wrote to the Minister of Regional Growth and

Local Government, Luke Hall MP, proposing that the Government work with local government and develop a taskforce, at both the member and officer level.

16. The Minister has since responded indicating that they are keen to set up a taskforce of some kind at an official level. Members are asked to provide a steer on further engagement and lobbying on the UKSPF.

### **Implications for Wales**

17. The Government have said the UKSPF will be used to reduce inequalities across the four home nations, including Wales. Through the EU Exit Ministerial Local Government Board, the LGA has been working closely with the WLGA in lobbying for a localised replacement for EU funding. We continue to work closely with the WLGA on the details of the UK Shared Prosperity Fund.

### **Financial Implications**

18. Work has been carried out from within existing budgets.