

Community Renewal Fund and UK Shared Prosperity Fund: Update and Next Steps

Purpose of report

For discussion.

Summary

The report provides an update for the Board following the announcement of the successful Community Renewal Fund pilots. Members are asked to comment on the next steps for our lobbying and improvement work regarding the Community Renewal Fund and UK Shared Prosperity Fund.

Is this report confidential? Yes No

Recommendation/s

Members are asked to comment on the following areas:

- Community Renewal Fund Next Steps (para. 5-8)
- UKSPF Taskforce (para. 9-13)
- UKSPF Spending Review and next steps (para. 14-18)

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UK Shared Prosperity Fund and Community Renewal Fund: Update and next steps

Background

1. The long-awaited introduction of the UK Shared Prosperity Fund (UKSPF) and the Government's wider levelling up agenda brings a new opportunity for local government to tackle inequalities and build inclusive economies and communities. The European Structural and Investment Fund Programme (ESIF) has been a lifeline for communities and local growth. The design of the domestic replacement, the UKSPF, is an opportunity to deliver growth and tackling entrenched inequalities with a strong partnership between central and local government.
2. The LGA has been actively lobbying for the UKSPF to be a place-based fund, driven by local government and aligned to wider growth funding streams. The ESIF programme 2014-20 was a European programme that funded job creation, SME and business support, infrastructure and economic development. Delivery of the ESIF Programme continues until 2023 and the progress of the programme in England is monitored by the MHCLG/DWP led Growth Programme Board, on which local government has representation.
3. At the recent [Spending Review](#), the Government announced £2.6 billion for the UK in the first three years of the UK Shared Prosperity Fund (UKSPF) and that £560 million of it has been allocated to a UK wide adult numeracy programme "Multiply". While the Government committed that the quantum of UKSPF funding will at least match the funding levels of the seven-year ESIF programme, there is still limited information on the design and the investment framework for it. Ministers have previously committed to local government driving the UKSPF. However, with the announcement of a national programme incorporated within the UKSPF at the Spending Review, it is unclear what role local government will take and how much local determinism there will be for the fund.
4. This report sets out the next steps for the LGA's lobbying and improvement work for both the CRF and the UKSPF, including engagement with central government. Members are asked to contribute any further steers on the direction of our work.

Community Renewal Fund: Next Steps

5. The design of the UKSPF will be influenced by the delivery of the pilot programme, the Community Renewal Fund (CRF), with combined authorities, county and unitary councils running bidding processes as lead authorities.

6. On 3 November 2021, the Secretary of State for the Department of Levelling Up, Housing and Communities (DLUHC) announced the successful programmes for the £220 million CRF. Following lobbying from the LGA, he also confirmed that the deadline for delivering the delayed CRF programmes will be extended to the end of June. While this is positive for local CRF projects, given the rationale for CRF was to provide learning and evaluation for the design of UKSPF, it is not clear how this will be done if the start point of SPF stays the same.
7. Now that the CRF programmes have been announced, the LGA will commence the improvement work agreed by Members at the previous Board meeting. This will include a review of how successful bids were created through best practice case studies and share learning across the sector.
8. Appendix A outlines details of the lobbying work the LGA has undertaken to extend the deadlines for the CRF. It also outlines the improvement work the LGA is undertaking.

UK Shared Prosperity Fund Taskforce

9. The LGA has consistently called for there to be a UKSPF Taskforce between central and local government at both the member and officer levels. DLUHC hosted three officer level taskforce meetings in quick succession preceding the Spending Review. This was chaired by the Assistant Director in the Cities and Local Growth Unit, who has responsibility for the design of the UK Shared Prosperity Fund.
10. The LGA brought together local government officers from councils representing Core Cities, County Council Network, District Council Network, Key Cities and London Councils, as well as representatives from the other Home Nations Local Government Associations.
11. The representatives ensured that a number of key points were made about the UKSPF, including some of the key LGA lines, such as:
 - 11.1. A devolved, place based single pot with locally determined outcomes that does not repeat the bureaucracy, silos and process focused outputs of current EU Funding.
 - 11.2. Quantum of ESIF and requisite match should be at least the same value and should be distributed over a stable, multi-year period.
 - 11.3. Use existing local democratic decision-making structures and build the capacity to deliver the fund.
 - 11.4. UKSPF should be aligned with wider economic and inclusive growth funding around local need, removing government silos.
 - 11.5. The design of the UKSPF should be codesigned with local government at both the officer and political levels.

12. While the taskforce welcomed the opportunity to voice local government's key lines on the design of the UKSPF, they stressed the need for any future engagement to have a political level, as well as the need for greater collaboration in the design of the fund.
13. The LGA has been engaging on the political and officer level to recommence the taskforce, stressing the urgency of setting up a political and officer level that has real influence over the design of the UKSPF. Further correspondence is being sent to the Secretary of State to reiterate the need for a member led taskforce to co-design the fund.

UKSPF Spending Review and next steps

14. The Government announced in the spending review a total of £2.6 billion over three years, with £400 million allocated in the first year, £700 million in the second and £1.5 billion in the third. This is based on the calculation of receipts for the first three years of the ESIF programme.
15. Under the ESIF Programme 2014-20, England was originally allocated £5.3 billion at the start of the programme with funding continue to be spent up to 2023. The amount allocated at the Spending Review does not yet provide the longevity or quantum of European and match funding secured under ESIF.
16. Now that the immediate concerns with the CRF delays have been resolved, our Ministerial and official engagement can now focus on the design and investment framework of the UKSPF that we are expecting to be launched at the beginning of 2022. We will also have the opportunity to influence government thinking through the UKSPF Taskforce outlined in paragraphs 8-12.
17. The LGA is also developing a compelling narrative of the need for a localised, place based domestic fund driven by councils and combined authorities. Appendix B outlines some of the key policy principles for Members to consider. This is based on the LGA's previous asks for the UKSPF, issues raised by the sector in the UKSPF taskforce, feedback so far from the CRF and other ongoing engagement with the sector and wider partners since the 2016 referendum.
18. Members are asked to provide any further steers and comments on the work that is outlined in this report.

Implications for Wales

- 14 The Welsh Assembly is the Managing Authority for ESIF in Wales. The LGA and WLGA work closely together in lobbying for the UKSPF. It is important that the UKSPF does not stop at the Welsh Assembly and is devolved to local areas. The LGA has worked with the WLGA, NILGA and COSLA on the UKSPF Taskforce.

Financial Implications

15 UKSPF lobbying is part of business-as-usual activity and falls within current budgets.

Next steps

16 Officers to reflect any further steers provided by Members in policy work relating to the UKSPF.