RURAL LENS REVIEW

UK Shared Prosperity Fund

Prospectus and Allocations

Published May 2022

RURAL SERVICES NETWORK

At a glance

Rural Services Network's thoughts on the **UK Shared Prosperity Fund and Allocations.**

- The 'Improving Public Services' outcome sought will never be equitably achievable in rural areas unless and until all the funding formulae for the allocation of national funds to local authorities (and other public service organisations) are fair and reflect the additional costs of service delivery in rural areas.

- We welcome that through the Fund there will be developed an evidence base. If there is a specific effort to learn rural lessons, this could be a real opportunity, over time, to demonstrate what works in a rural context and will, we believe, also demonstrate that it costs more to deliver in rural areas and that less outcomes/outputs can be achieved from the same level of funding.

- That 70% is allocated on a per capital basis is, on the face of it good. However, it does mean that within that 70% there is no allowance for the extra delivery costs faced in rural areas. The RSN continues to argue that workplace earnings are a better measure than Disposable Household Income.

- We welcome the fact that the fund will be delivered through local authorities and that the fund can be used for revenue as well as capital purposes.

- The timescale for the preparation and submission of what must be very detailed Investment plans is incredibly short in practical terms. From the date of publication of the Prospectus to the end of the Investment Plan submission timeframe is around just 15 weeks (with Easter, May Day and the Jubilee breaks coming out of that). Given that "Lead local authorities are tasked with working with a diverse range of local and regional stakeholders, civil society organisations, employer bodies responsible for identifying local skills plans, and businesses or business representative groups to achieve Fund outcomes in their areas" and that "Members of the UK Parliament should be closely engaged in the design and delivery of the Fund" the timescale is particularly challenging. Again, we need to flag up the capacity constraints which rural authorities work under

- The members in our Rural Market Towns Group will be particularly disappointed that Local Councils are not specifically referred to in the list of the types of groups that should be represented on the local partnership groups.

- Given the large geographical size of rural District and Unitary authorities, they cover very many separate communities separated by distance. This presents many challenges in programme design and delivery. Within any rural district/unitary area there will be many different diverse local communities and actions proposed in one part of a district/unitary will not always (indeed rarely) have beneficial impact in other communities within that same district/unitary area due to the distances and geographies involved.

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OVERVIEW

The UK Shared Prosperity Fund Prospectus was published 13 April 2022, Also published was a Methodology Note setting out the General Principles of the allocation methodology and a list of the resultant Allocations.

This Rural Lens Review covers those three documents. On 2 February 2022, the Government issued pre-launch guidance - alongside the long-awaited Levelling Up White Paper. The RSN published a Rural Lens Review on UKSPF Pre-launch guidance. In this review of the Prospectus, we further consider the comments we made in respect of the pre-launch guidance.

As will be seen the UKSPF is integral to the Levelling Up proposals set out in the Levelling Up White Paper. See RSN's Rural Lens Review on the Levelling Up White Paper which has links to the Rural Lens Reviews of each of the Chapters of that White Paper.

Appendix 1 to this document set out some details explaining the background to the creation of the UKSPF taken from a recent House of Commons Library Briefing Note.

Appendix 2 to this document Summary of the Investment Plan Processes/Requirements of the Lead Authorities.

What is the UK Shared Prosperity Fund?

The UK Shared Prosperity Fund (UKSPF or the Fund) is clearly a central pillar of the UK government's Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition. Its aim is to "help places right across the country deliver enhanced outcomes and recognises that even the most affluent parts of the UK contain pockets of deprivation and need support".

The Government says "It seizes the opportunities of leaving the European Union, by investing in domestic priorities and targeting funding where it is needed most: building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances. It will reduce the levels of bureaucracy and funding spent on administration when compared with EU funds. It will enable truly local decision making and better target the priorities of places within the UK. It will lead to visible, tangible improvements to the places where people work and live, alongside investment in human capital, giving communities up and down the UK more reasons to be proud of their area. Places will be empowered to identify and build on their own strengths and needs at a local level, focused on pride in place and increasing life chances. Local places will be able to use the Fund to complement funding such as the Levelling Up Fund, and mainstream employment and skills provision to maximise impact and simplify delivery".

RSN COMMENT:
"Truly local decision making" but the local Investment Plans nevertheless need to be approved by the Government - a bit of a contradiction in terms, perhaps.

Until the Investment Plans are approved the allocations are "conditional".

We welcome the fact that the funds will be delivered through local authorities.

The aims of the Fund/ what the funding can be used for

Again, to quote from the Prospectus:

"The UKSPF will support the UK government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives:

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

The Fund's allocation methodology note makes it clear that the Fund is intended to replace only the ERDF and ESF and that its design is intended to maintain some continuity with EU funding. Agricultural funding, both for farm income support and rural development, is being replaced using powers under the Agriculture Act 2020. Fisheries support is also not included within the funding UKSPF priorities.

RSN COMMENT:
The 'Improving Public Services' outcome sought will never be equitably achievable in rural areas unless and until all the funding formulae for the allocation of national funds to local authorities (and other public service organisations) are fair and reflect the addition costs of service delivery in rural areas.

We welcome that through the Fund there will be developed an evidence base. If there is specific effort to learn rural lessons, this could be a real opportunity, over time, to demonstrate what works in a rural context and, we believe, also demonstrate that it costs more to deliver in rural areas and that less outcomes/outputs can be achieved from the same level of funding.

The RSN will want to engage with its members, after the Investment Plans have been submitted, to review the Investment Plan proposals, outputs and outcomes proposed for their rural areas.

UKSPF Investment Priorities and the Levelling Up Missions

The three investment priorities of UKSPF and how they relate to 7 of the 12 Levelling Up White Paper missions is set out below:

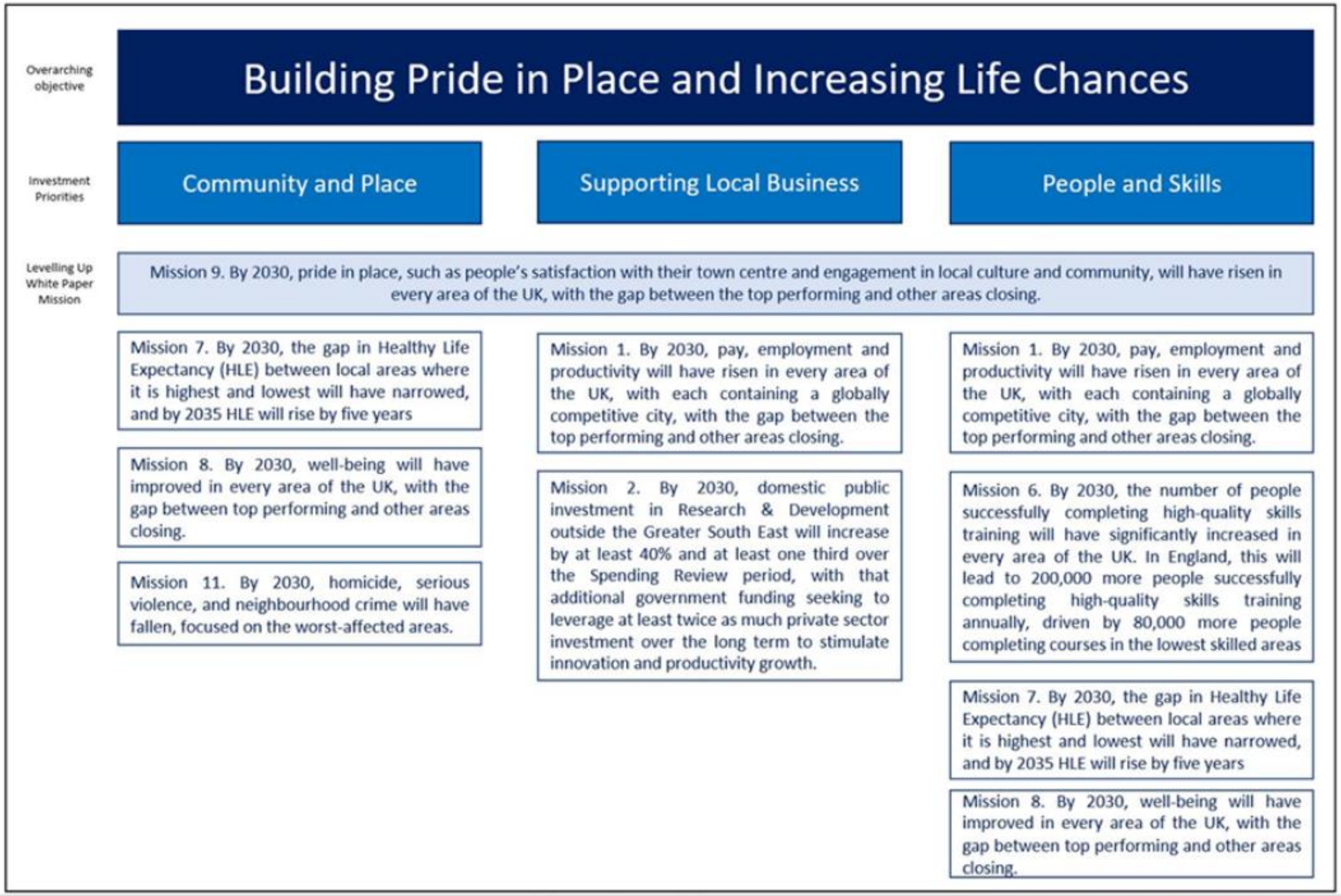
1. Community and Place
2. Supporting Local Business; and
3. People and Skills

The overarching objective is **Building Pride in Place and Increasing Life Chances.** All 3 investment priorities relate to **Levelling Up White Paper Mission 9**:

By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing. The use of UKSPF funding is also expected to consider net zero and nature recovery ambitions.

The Prospectus says that no funding (other than the Multiply programme) will be available in England for People and Skills until 2024/25. However, funding will be provided for voluntary and community organisations in this sector in 2022/23 and 2023/24 if the projects are planned to continue into 2024/25, and where there is a risk of projects ending because of the tail-off of EU funds.

UKSPF Investment Priorities and the Levelling Up Missions



HOW MUCH HAS BEEN ALLOCATED AND THE METHODOLOGY

How Much in Total?

Every place in the UK (In England this means District/Borough and Unitary Council areas and Mayoral Authorities) has been allocated a share of the UKSPF, with a minimum allocation of £1 million. The Government says "This recognises that even the most affluent parts of the UK contain pockets of deprivation and need support. It will help people access opportunity in places in need, such as ex-industrial areas, deprived towns **and rural and coastal** (our use of bold) communities, and support people who are economically inactive or have skills needs that cannot be meet through mainstream provision.

As set out at Spending Review 2021, the Fund is worth £2.6 billion over the period to 2024-25.

The Fund will ramp up to £1.5 billion in 2024-25, including a significant allocation to Multiply (a UK-wide digital platform for adult numeracy).

Funding is confirmed for three financial years – £400 million for 2022-23, £700 million for 2023-24 and £1.5 billion for 2024-25.

As far as we can see, it is not until 2024/25 that the UK SPF spend will equal the previous level of EU Structural Fund spend.

For Core UKSPF funding the Revenue/Capital split is:

2022/23 90% Revenue, 10% Capital

2023/24 87% Revenue, 13 Capital

2024/25 80% Revenue,20% Capital

4% of the allocation can be used to manage the fund, including assessing and approving applications, processing payments and day-to-day monitoring.

The Methodology

RSN COMMENTS:

It should be noted that EU funding was for a 7- year programme rather than the 3 years for UKSPF.

We are delighted to see that this is not to be a competition for funds and that there is no match-funding required.

The Prospectus lays out the basic principles of the allocations. For England 70% is allocated on a per capita basis based on local authority population size and 30% is allocated using the same 'needs-based' index used to identify UK Community Renewal Fund priority places. The Prospectus says that the full methodology will be published in May, 2022

That 70% is allocated on a per capital basis is, on the face of it good. However, it does mean that within that 70% there is no allowance for the extra delivery costs faced in rural areas

The Community Renewal Fund formula does have a sparsity measure within it. The sparsity measure is the population density, where authorities with lower density are seen as being less economically resilient and so given a higher index score in this area. GVA per hour worked is another measure used in indexing for the Community Renewal Fund, that also favours the rural authorities in general and is given the greatest weighting. Unemployment rate is a measure that would favour urban LAs. **Disposable Household Income is arguably neutral for the rural urban comparison and is given the lowest weighting. The RSN continues to argue that work place earnings are a better measure.** The final data that forms part of the indexing for the Community Renewal Fund is proportion of population with no qualifications. This favours urban authorities who have a higher proportion with no qualifications. Conversely, they have a higher proportion with NVQ4+ qualifications, and so it would be in the rural interest if the indexing considered this instead.

The 4% Administration Allowance is worth just over £13,000 for each of the 3 years for those with the minimum allocation of £1m.

How do Rural Areas Fare?

RSN COMMENT:
Reasonably well is the straightforward answer. Perhaps, just perhaps, some of our key arguments on funding allocations are being listened to?

For the period of the Spending Review, RSN members have been allocated £488m (excluding Multiply programme funds to Mayoral Combined Authority areas where we have members).

The rural/urban £s per head figures are set out below**. On the face of it for Core UKSPF, rural does better than urban on a £s per head basis.** The numeracy programme Multiply is, as would be anticipated, where urban does better.

	Core UKSPF	**Multiply**	**Total**
Predominantly Rural	£30.68	£4.57	£35.25
Predominantly Urban	£22.01	£4.89	£26.91
Predominantly Urban (Excluding London)	£23.93	£5.01	£28.94

However, the above analysis is, perhaps, a little misleading. Rural includes Cornwall - and Cornwall, due to its former Objective 1 (Structural Funds) EU status, is a real outlier in terms of its allocations for Core UKSPF. Had Cornwall received the average allocation for a Predominantly Rural Unitary authority for Core UKSPF then the rural per head figure would be £21.13 compared to the urban (excluding London) average of £22.01.

This is perhaps a more appropriate comparison and shows the allocations to rural area, on average, some 4.0% lower than urban. Nevertheless, the allocations are more favourable to rural than most previous funding allocations from Central Government.

Of those whose allocations were brought up to the £1M minimum 17 are Predominantly Rural authorities and 33 Predominantly Urban. The SPF core allocations per head averages for this group are £9.70 and £8.80 respectively.

SUMMARY OF THE PROCESSES INVOLVED

All places across the UK will receive a **conditional allocation** from the UKSPF.

Generally

To access their allocation, each place will be asked to set out in Investment Plans measurable outcomes that reflect local needs and opportunities – see more details in Appendix 2. These should inform the interventions they wish to deliver. Places will be able to choose from investment across three investment priorities of communities and place, local business and people and skills. The Investment Plan Submission "window" is from 30 June to 1 August 2022.

RSN COMMENT:
Once again, the timescale for the preparation and submission of what must be very detailed plans is incredibly short in practical terms. From the date of publication of the Prospectus to the end of the Investment Plan submission timeframe is around just 15 weeks (with Easter, May Day and the Jubilee breaks coming out of that).

Given that "Lead local authorities are tasked with working with a diverse range of local and regional stakeholders, civil society organisations, employer bodies responsible for identifying local skills plans, and businesses or business representative groups to achieve Fund outcomes in their areas" and that "Members of the UK Parliament should be closely engaged in the design and delivery of the Fund" the timescale is particularly challenging.

Whilst welcoming the fact that 'rural representatives' are specifically reference in the guidance about partner organisations, we know that members in our Rural Market Towns Group will be particularly disappointed that Local Councils are not specifically referred to in the list of the types of groups that should be represented on the local partnership groups.

Given the large geographical size of rural District and Unitary authorities, they cover very many separate communities separated by distance. This presents many challenges in programme design and delivery. Within any rural district/unitary area there will be many different diverse local communities and actions proposed in one part of a district/unitary will not always (indeed rarely) have beneficial impact in other communities within that same district/unitary area due to the distances and geographies involved.

Again, we need to flag up the capacity constraints which rural authorities work under.

Local knowledge is essential to this process and cannot just be 'bought-in'.

We note that "Each place should take account of the wider funding landscape, and in particular, complementary interventions at UK, national or local level. This will ensure that funding is effectively targeted and delivered efficiently". Many of our members would argue that they have been bypassed by the way in which several of those funds have been allocated.

£20,000 is available per lead local authority or £40,000 for each Mayoral Combined Authority and the Greater London Authority in England to undertake initial preparatory work for the Fund, including developing their local investment plan for submission in the summer. This funding is in addition to each place's allocation, and will be paid on sign-off of each place's plan.

<u>The Indicative Activity Timetable</u>

2 February 2022	Pre-launch guidance
13 April 2022	Fund launch
April – May 2022	Engagement sessions with local authorities and other local partners to support the investment plan process
April – June/ July 2022	Lead local authorities work with stakeholders to develop local investment plans
Summer 2022	Further guidance published including guidance on monitoring benefits and evaluation, assurance, subsidy control, branding and publicity.
30 June 2022	Investment plan window opens
1 August 2022	Investment plan window closes
July – September 2022	Indicative investment plan assessment period for UK government
October 2022 onwards	Anticipated date for first investment plans to be approved
October 2022 onwards	Anticipated first payment to be made to lead local authorities
March 2025	Three -year funding period ends

The investment plan processes/requirements of the Lead Authorities are summarised in Appendix 2 to this document.

APPENDIX 1: BACKGROUND TO THE CREATION OF THE UKSPF

Structural funding from the EU

When it was a member of the EU, the UK received funding from a number of EU funding streams. One of these was the European Structural and Investment (ESI) funds, sometimes referred to just as "structural funds", which are intended to reduce disparities in the level of development in the regions of the EU and to help less developed regions to catch up.

The ESI funds that the UK received were:

- The European Regional Development Fund (ERDF), which focused mainly on support to small businesses and on research and innovation, with a smaller emphasis on moving towards a low carbon economy;
- The European Social Fund (ESF), which is very strongly focused on employment. The main way it does this is by encouraging people into the workforce by building networks between employers, local authorities and charities, and by improving people's skills. ESF funding also included the Youth Employment Initiative (YEI), which funded schemes such as apprenticeships and traineeships;
- The European Agricultural Fund for Rural Development (EAFRD), which funded improvements in agriculture as part of the EU's Common Agricultural Policy (as opposed to income support payments to farmers, which are not part of structural funding). EAFRD was wider than agriculture – also supporting rural business and rural diversification. The LEADER programme was widely supported across rural areas;
- The European Maritime and Fisheries Fund (EMFF), a much smaller fund supporting improvements in fisheries.

In the EU's 2014-20 Multiannual Financial Framework (MFF) period, the last MFF in which the UK was an EU member state, its funding allocation from ESI funds was €16.3 billion. This worked out to around £2.0 billion per year on average, at March 2022 exchange rates.

England's allocation from the ERDF and ESF was then further divided between Local Enterprise Partnership (LEP) areas in 2014.

Analysis shows that the ERDF mainly focused on support to small businesses and on research and innovation, with a smaller emphasis on moving towards a low carbon economy. The Government has produced a booklet of case studies of projects that have been funded under these three priorities; many of the projects described focus on investment in infrastructure such as transport and flood defences, or providing technical support to businesses.

The ESF, on the other hand, is very strongly focused on employment, with most of the projects listed in the Fund's most recent case studies booklet relating to getting people into the workforce or helping to improve their skills. They do this in a variety of ways, either by building networks between employers, local authorities and charities, or by working directly with disadvantaged or disabled people to help them move into work.

The end of funding

The transition period under the UK and EU's Withdrawal Agreement ended on 31 December 2020. At that point, the UK became ineligible for any new funding from the EU's structural funds, although any funding programmes that had already been agreed before that point could continue. Spending tends to lag behind the initial funding allocations in EU funding programmes by several years, so the EU generally allows three years after the formal end of funding programmes for any remaining money to be paid out. This means that structural funding payments to the UK can continue under existing programmes, but any funding that remains unspent by the end of 2023 risks being 'de-committed' (returned to the EU).

Replacing structural funding: a timeline of developments

Both the May and Johnson administrations have said at various points that they will create a long-term replacement for the EU structural funds. The first mention of a Shared Prosperity Fund was in the 2017 Conservative manifesto, and later echoed in the 2017 Industrial Strategy white paper. The focus at this point was on reallocating the money that the UK had been giving to the EU budget (and which had been coming back in the form of the structural funds) – the manifesto talked about reducing the cost of administering funding and targeting it better to where it was needed.

Over the following five or so years, very few further details about the Fund were published. Some stakeholder events were held, but although a full consultation on the Fund's design was promised in the Industrial Strategy White Paper and in subsequent Government announcements, it never emerged. Some details were published in November 2020 as part of the 2020 Spending Review, which included the 'Heads of Terms' for the Fund. The focus here was different to the 2017 manifesto:

- The areas of responsibility covered by the Fund made it clear that it was mostly replacing the ERDF and ESF. This was in line with the Government's separate approach to replacing agricultural funding after Brexit – funding under the EAFRD was to be replaced by a new system of payments to farmers.

- There was no mention of reallocating funding that had previously been going to the EU – instead, the focus was on matching the amounts that had come back, with a pledge that the total amount of funding would "ramp up" until it at least matches "current EU receipts".
- The focus of the Fund was emphasised as being "UK-wide", with no mention of the devolved administrations (in contrast to the March 2020 Budget, which had included a pledge to match the level of funding that each nation of the UK had received from the structural funds).

The Spending Review also said that details of an investment framework for the Fund would be published in spring 2021, but this never took place; some information about investment priorities was later published in February 2022 (see below).

The next major development was the announcement of the UK Community Renewal Fund (UKCRF) in May 2021 – said at that time to be a precursor to the UKSPF. A few further details about the Shared Prosperity Fund were published in the Autumn 2021 Budget and Spending Review. The main announcements were:

- The funding profile was announced for the first time, with £0.4 billion allocated for 2022/23, £0.7 billion for 2023/24, and £1.5 billion for 2024/25.
- The UKSPF will fund Multiply, "a new UK-wide programme to equip hundreds of thousands of adults with functional numeracy skills to improve their employment prospects", as well as other skills and employment-focused programmes.
- More emphasis was put on the devolved administrations, repeating a specific pledge from the March 2020 Budget that the Fund would "at a minimum match the size of EU Funds in each nation" of the UK. The pledge was also expanded to say that Cornwall would also continue to receive the same amount as before.

Pre-launch guidance for the Fund was published alongside the Levelling Up White Paper in February 2022. This added further details about the Fund, including its method of allocation and the geographies in which it will work, as well as the investment priorities for the Fund and the objectives that each priority was intended to achieve.

APPENDIX 2: SUMMARY OF THE INVESTMENT PLAN PROCESSES/REQUIRMENTS OF THE LEAD AUTHORITIES

Generally

The prospectus and the funding allocations for each local area were published in April 2022. The next stage is for the lead local authority in each area to create an investment plan. Extra funding (£20,000 for local authorities and £40,000 for Mayoral Combined Authorities and the Greater London Authority) has been made available to help to develop these plans.

The investment plans will have to do three main things:

- Set out the local context – the opportunities and challenges related to the Fund's investment priorities
- Select the interventions that they wish to prioritise to meet these challenges from their nation's list, as well as the outcomes that they intent to target
- Lay out how they intend to deliver these outcomes, including the structures and processes they will put in place, and the amounts of money they intend to spend in each year.

The plans will then be submitted to the Government through an online platform, to be examined over the summer. The submission window will run from 30 June to 1 August 2022. The first plans are expected to be approved in October 2022, and funding for 2022/23 will be paid out after that point.

Funding for subsequent years will be paid at the start of each financial year.

The Fund can support investment in interventions that start from 1 April 2022 where they fit with the relevant interventions toolkit and all Fund requirements set out in the Prospectus. Any such interventions will be at risk prior to sign off of local investment plans. Lead local authorities may choose to focus on specific interventions from the toolkit, where there is a clear need, and an established delivery approach to minimise risk.

Lead local authorities can also incur administrative and preparatory costs from 1 April 2022. This is subject to provisions on the use of the Fund for administration and all other Fund requirements set out in the Prospectus, including but not limited to branding and publicity, and reporting.

Funding is confirmed for three financial years – 2022-23, 2023-24 and 2024-25. All interventions should end by March 2025, or have a break clause allowing for closure by March 2025 if required (for example, yearly renewable funding).

Each lead local authority in England, Scotland and Wales will be paid annually in advance at the start of the financial year. In 2022-23, funding will be paid once the local investment plan has been signed off. Lead local authorities will receive a grant determination letter and Memorandum of Understanding setting out Fund requirements and obligations. Lead local authorities will be asked to return any underspends at the end of each financial year.

Fund investment and outputs are expected to be achieved in line with each place's investment plan, on time and in-year. Government reserves the right to withhold or delay payment and alter payment cycles from 2023-24 onwards where there are performance or other issues with delivery.

In the plans, places will select outputs and outcomes relevant to each UKSPF investment priority. See a list of the interventions and indicative outputs and outcomes for each investment priority at: https://www.gov.uk/government/publications/uk-shared-prosperity-fund-interventions-outputs-and-indicators

Final Indicator definitions will not be published until the Summer. While Government has developed a broad set of interventions, to allow places flexibility, it recognise that there will be instances where our menu of options does not meet specific local challenges or priorities that have been identified. To mitigate against this, places will be allowed to select 'bespoke' interventions that do not feature the Government's menu of options. Places will need to provide evidence to support their bespoke intervention, including a logic chain or theory of change and demonstrate where they align with UKSPF investment priorities.

One of the aims of UKSPF is to contribute to a better evidence base for pride in place interventions. Where evidence is more limited, the Government will work with lead authorities to robustly evaluate a sample of interventions at the local level to inform the design of future funding schemes that the UK Government may wish to develop. **Places are also encouraged to consider bespoke interventions that meet the unique needs of their community and place. Lead local authorities will need to provide further detail on these – including a Theory of Change, Logical Framework or Logic Chain – in their investment plan to access their funding.**

Working with other places is strongly encouraged in the delivery of Fund interventions where it meets the needs of the place, and achieves value for money or better outcomes for local people. In particular, we strongly encourage lead local

authorities to work with other places (such as neighbouring district, county or unitary authorities) to agree and commission people and skills activity over larger geographies.

Interventions supported by UKSPF will need to consider other local and national policies and priorities. These include:

- Investment made under this Fund should demonstrate the extent of contribution to net zero and nature recovery
- To support green growth, places should also consider how projects can work with the natural environment to achieve project objectives, and – at a minimum – consider the project's impact on our natural assets and nature.

Each place should take account of the wider funding landscape, and in particular, complementary interventions at UK, national or local level. This will ensure that funding is effectively targeted and delivered efficiently**. As a minimum, lead local authorities should consider alignment with:**

- The Levelling Up Fund which has now launched a second - round competition.
- The Community Ownership Fund which will launch a further round in the spring
- Freeports (https://www.gov.uk/guidance/freeports) where relevant.
- Other digital infrastructure delivery plans as part of Project Gigabit. For digital infrastructure/connectivity interventions supporting community facilities, this investment should deliver gigabit-capable infrastructure and be aligned with the procurements and other intervention types delivered by that programme.
- National employment support provided through Jobcentre Plus, its contracted providers or equivalents in Northern Ireland. Local authorities should work with local Department for Work and Pensions representatives to build an understanding of this provision
- Existing adult skills provision in each nation, which should not be displaced or duplicated.
- European structural fund provision, which continues until 2023 in some areas.
- Funding for rural areas where relevant.
- Other funding sources from the devolved administrations.

The Department for Levelling Up, Housing and Communities will oversee the Fund at UK level, working with other departments and in particular when bespoke interventions are proposed.

The Department for Education will lead delivery of the Multiply element of the Fund in England, a UK-wide digital platform for adult numeracy, as well as a programme of evaluation, including randomised control trials, to build the evidence of what works. It will work closely with the Department for Levelling Up, Housing and Communities, lead local authorities and the devolved administrations on

Multiply delivery in Scotland, Wales and Northern Ireland. It will play a key role in relation to wider skills interventions, working with local partners. Local areas will also be expected to work closely with Department for Work and Pensions or devolved administrations where relevant in the planning and delivery of employment interventions to ensure alignment with mainstream employment provision.

The role of lead local authorities

To quote the Prospectus "In England, Scotland and Wales, local government is being given responsibility for developing an investment plan for approval by the UK government, and for delivery of the Fund thereafter. This recognises that pride in place and increasing life chances can be best achieved by delivery close to local people and businesses; by authorities that understand each place's unique local context and identity, and with established governance".

Lead local authorities will receive an area's allocation to manage, including assessing and approving applications, processing payments and day-to-day monitoring.

Individual local authorities or other public bodies within the strategic geography may take lead responsibility for a particular UKSPF intervention or policy, either delivered locally or for the wider geography, where this reflects the right approach to local needs. While the lead local authority would retain overall responsibility, they can allocate a proportion of their administration budget to individual authorities or bodies in these circumstances.

Lead local authorities can determine, with partners, the most appropriate scale for each intervention – for example, regional, local or through collaboration with other places or bodies to deliver specific interventions. This can include working with places in different parts of the UK. This should consider value for money, effectiveness and current arrangements.

Lead local authorities for each area will have flexibility over how they deliver the Fund. They may wish to use a mix of competitions for grant funding (which is the default approach set out in Cabinet Office Grants Standards (https://www.gov.uk/government/publications/grants-standards)), procurement, commissioning or deliver some activity through in-house teams. For example, some community level interventions may require a commissioning or in-house approach, recognising that competitions for grant may create barriers to participation in left behind communities.

Lead local authorities should also design their project selection and contracting processes so they have mechanisms to recover funding where beneficiaries do not comply with fund parameters, UK law or any local requirements. Loans to organisations or businesses may also be appropriate in limited circumstances. However, loan funding requires specific expertise and will be subject to close scrutiny. Any intervention must not simply duplicate other UK government funding, including the £1.6 billion announced at Spending Review 2021 for the next generation of UK investment funds delivered by the British Business Bank.

The Government will ask each lead local authority to notify it of any current or emerging operational or financial risks, or issues, and any contingency measures put in place. This will be requested in each place's investment plan and in each report thereafter. This will help the Government "to determine the level of support we may provide, and/or enhanced monitoring that we may require. This may also result in reduced delegation of the fund in the affected area".

The Devolution Mission

The Levelling Up White Paper sets out a devolution mission for England: By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.

The Government expects delivery responsibility for the Fund to align with these deals in due course. To provide funding and delivery certainty for all local partners, the delivery arrangements set out in this prospectus will continue until March 2025. In the meantime, each district or unitary council is expected to produce and deliver a standalone investment plan for its place. As noted above, working with other places is strongly encouraged in the delivery of Fund interventions where it meets the needs of their place, and achieves value for money or better outcomes for local people or businesses. This can include working across wider county or other geographies. Any such plans should be identified in the place's local investment plan.

Day-to-day Fund administration

Each lead local authority in England, Scotland and Wales will be able to use up to 4% of their allocation by default to undertake necessary Fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement. Setting up the Fund may need a larger administration budget in the first year than in later years. This is acceptable so long as the percentage is not exceeded overall.

Larger authorities, and those with bigger Fund allocations will not require a full 4%. In these cases, a smaller amount can be used, with the balance being used to support Fund interventions. By exception, smaller local authorities, those with smaller Fund allocations or strategic geographies in Scotland and Wales may need to use more than 4% of their allocation to successfully administer the Fund. Where this applies, the lead local authority must set out a case for a higher percentage in their investment plan. This request will be assessed and where approved monitored, to ensure that the benefits of a higher administrative budget are being secured.

Longer-term capability support

The Government says that it is exploring the need for additional capability support for local government and other partners to maximise the opportunities that the Fund affords. Therefore, lead local authorities will be asked to answer specific questions on the experience and capability of their teams, as part of their investment plan.

Local partnership groups

Lead local authorities are tasked with working with a diverse range of local and regional stakeholders, civil society organisations, employer bodies responsible for identifying local skills plans, and businesses or business representative groups to achieve Fund outcomes in their areas. Local partners should support lead local authorities for each place to develop an investment plan. Once plans are approved, partners should be asked to provide advice on strategic fit and deliverability – taking care to avoid conflicts of interest. This will ensure that Fund investments complement other activities in the area and meets Fund and local objectives.

The local partnership will be convened by the lead local authority. In circumstances where a place already has a group that could be used, then the group can be designated for this Fund's purposes, taking care to ensure that the panel is fully representative and that its terms of reference meet the Fund's needs.

The list below is a guide for the types of groups that should be represented on the local partnership groups. The precise composition will be for each place to determine, based on their needs:

- Representatives from the lead local authority (this may also include neighbouring authorities or constituent authorities where relevant and to maximise alignment)
- Local businesses and investors (large employers and small and medium sized employers)
- Business support providers or representatives, including sectoral representatives relevant to the place (for example – cluster bodies, tourism organisations)
- Local partnership boards and strategic bodies where relevant (for example, Local Enterprise Partnerships or Local Skills Improvement Partnerships in England, City and Growth Deal partners in Scotland, Wales and Northern Ireland)
- Regional representatives of arms-length bodies of government where appropriate
- Prominent local community & faith organisations
- Voluntary, sector social enterprise and civil society organisations, including Third Sector Interface Groups in Scotland
- Rural representatives unless there are no rural communities within the area

- Education and skills providers – for example higher education institutions and further education colleges, adult learning providers
- Employment experts and providers – for example Jobcentre Plus representatives and employment related service providers
- Nature, environmental or associated representatives
- Public health representatives
- Police and crime representatives (such as Police and Crime Commissioners where relevant)
- Officials of devolved administrations or their agencies in Scotland, Wales and Northern Ireland
- Members of Parliament where appropriate (explained in section 5.2 below)

The role of Members of Parliament in the Fund

Members of the UK Parliament should be closely engaged in the design and delivery of the Fund. In most cases, all MPs in the area should be invited to join the local partnership group.

MPs should provide an advisory role to lead local authorities, reviewing the investment plan prior to submission to UK government for sign- off. Each plan will need to detail the MPs involved in the local partnership group and whether each are supportive of the final plan submitted to the UK government for consideration. The Government expects lead local authorities to demonstrate that they have actively reached out to MPs and other partners. The investment plan needs to demonstrate local consensus for the plan. If it does not, ministers reserve the right to defer sign off until broad consensus is secured. Failure of one or more MPs to agree would not prevent consideration of the investment plan.

Lead local authorities are also encouraged to engage proactively and constructively with MPs on a periodic basis, post investment plan sign-off – including through a regular reviews and meetings of the partnership group in its delivery phase.

The Prospectus also gives guidance etc., in respect of the following issues:

- How to write an investment plan
- How the Government will agree investment plans plan
- Maximising other funding sources
- Public procurement
- Branding and publicity
- How the Government pay places and projects

- Performance management overview
- How will the Government monitor and evaluate the Fund at UK-level?
- Monitoring and evaluation requirements for local places
- Theories of change
- Monitoring
- Locally-led process evaluations
- Locally-led causal impact evaluations
- UK government led causal impact evaluations
- Fund indicators