

Executive

Levelling Up White Paper and UK Shared Prosperity Fund

Item no: 5

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Summary:	This paper sets out the government's proposals around the UK Shared Prosperity Fund (UKSPF) within the context of the Levelling Up White Paper and the implications of the approach for London boroughs.
Recommendations:	Executive is asked to note and comment on this report, including the proposed principles to underpin our approach to UKSPF set out in paragraph 9 and the next steps in para 13.

Levelling Up White Paper and the UK Shared Prosperity Fund

Introduction

1. The government published its Levelling Up White Paper on 2 February 2022. The White Paper set out four high level policy goals to boost productivity, pay, jobs and living standards by growing the private sector; spread opportunities and improve public services; restore a sense of community, lost pride and belonging and to empower local leaders and communities. It outlined 12 missions to achieve these goals by 2030.
2. The White Paper set out plans for how the UK Shared Prosperity Fund (UKSPF) would operate, supported by pre-launch guidance¹ for the UKSPF.

Background

3. The UKSPF replaces European Structural and Investment Funds (ESIF), which the UK will no longer receive now it has left the EU. ESIF was split into two main funds - one used to support businesses, encourage innovation and support regeneration² and another to support Londoners into employment and to increase their skills³. London's total ESIF allocation for the last seven-year programme was £626.2m which was split £192.5m for support to businesses and regeneration and £433.7m for employment and skills provision. The Spending Review allocated £2.6bn for UKSPF for its first three years⁴ across the whole of the UK. No further breakdown of UKSPF allocations between nations/areas or capital/revenue has been provided.

UKSPF – what is known so far

4. The government has set out its broad approach to the UKSPF but many details are still unknown. The government has aligned UKSPF to delivering its policy goals of building 'Pride in Place' and increasing life chances. It has set out three priorities for the fund: 1. Communities and Place; 2. People and Skills and 3. Supporting local business. Details on the types of activities included are set out in Appendix 1.
5. UKSPF will be allocated to different areas across England; it will not be a competitive bidding process into central government. It will be allocated to the GLA

¹ <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-pre-launch-guidance/uk-shared-prosperity-fund-pre-launch-guidance>

² Funded under the European Regional Development Fund (ERDF)

³ Funded under the European Social Fund (ESF)

⁴ 2022-23 – 2024-25

and MCAs and lower tier authorities elsewhere. There is no detail yet on the allocation formula. To access London's allocation, the GLA will develop an investment plan, setting out measurable outcomes and priorities for London's UKSPF within a national framework. It's not clear how prescriptive the national framework will be. The government will need to agree the investment plan. The GLA will also manage and monitor the delivery of UKSPF, with flexibility in how it does this⁵. Lead authorities are encouraged to link UKSPF to other funds, such as the Levelling Up Fund, but it is not clear if the concept of 'match funding' that applied to EU funds will apply to the UKSPF.

6. The government has also announced that:

- each area must include a ringfenced amount of funding for the Multiply programme aimed at improving adult literacy – again, no allocations between local areas have been announced⁶.
- UKSPF will focus on communities and place and local business interventions to boost pride in place in 2022-23 and 2023-24, rather than investment to support people and skills.

7. The timescale for agreeing the investment plans is very tight. The government will publish a full UKSPF prospectus and commission the investment plans from local areas by the spring. Areas should have received their indicative allocations of UKSPF by then. Local areas need to submit their investment plans to the government this summer.

Approach to UKSPF in London

8. The arrangements for UKSPF should acknowledge the unique governance arrangements within London and the scale and diversity the city compared to other MCAs. Given the focus on local communities and place, London boroughs should be central to the oversight, development and delivery of the fund, working alongside the GLA as the other democratic tier of government in the city. Boroughs have demonstrated through the pandemic that delivering services as close to communities as possible, particularly to more vulnerable communities, is highly effective.

⁵ The pre-launch guidance states that 'they may wish to use a mix of procurement, local competitions or deliver some activity through in-house teams'

⁶ £559m of funding has allocated to the Multiply programme

9. London Councils has started discussions the GLA and government around securing a central role for boroughs within UKSPF. We think this should be based around the following principles:
- Use the Economic Recovery Framework for London, jointly developed and agreed by London Councils and the GLA, as the framework for the UKSPF investment plan for London.
 - The priorities and funding for the UKSPF investment plan should be co-designed with London boroughs, building on our joint work around recovery.
 - Much of UKSPF should be allocated to either the SRP or borough level rather than a competitive bidding process, to reflect local priorities and enable delivery close to communities.
10. The government has not released details of the allocation formula for UKSPF between areas. Formula used to identify priority places for the Levelling Up Fund and UK Community Renewal Fund did not fully reflect the economic and social inequalities across London. Consequently, the capital received a very small proportion of funding under these initiatives compared to ESIF. A funding allocation to London also raises the question about how this should be distributed across London boroughs. London Councils will need to work closely with the GLA on lobbying the government on the funding formula to ensure it reflects London's needs but also on how UKSPF might be allocated across London boroughs.
11. Under ESIF, the GLA used the LEAP⁷ to advise the Mayor on the priorities and projects for ESIF funding, supported by an ESIF Committee. Boroughs accessed ESIF primarily through competitive bidding processes, which is resource intensive.
12. The government's intention to focus UKSPF primarily on communities and place and local business rather than employment and skills interventions in the first two years could be challenging. London has placed greater investment in employment and skills compared to other areas under ESIF and this could result in a significant reduction in employment and skills provision at a time where unemployment in the city remains above pre-pandemic levels and high in some areas and for some groups of Londoners. The pre-launch guidance allows areas to 'maintain the

⁷ London Economic Action Partnership

flexibility to fund voluntary sector organisations delivering locally important people and skills provision, where this is at risk due to the tail off of EU funds’.

Next steps

13. London Councils will:

- Continue discussions with GLA and government, setting out a case for a central role for boroughs within the UKSPF, including writing to the Secretary of State for Levelling-Up, Housing and Communities.
- Continue to develop proposals around governance, process and funding allocations for UKSPF and will refine these based on the discussion here.
- Work through the Economic Recovery Task and Finish Group to get senior political and officer input into our work on UKSPF and report progress to Leaders’ Committee in March.

14. This will also be informed by wider work on Levelling Up, such as London’s relative performance on each of the 12 missions.

Recommendations

15. Executive is asked to note and comment on this report, including the proposed principles to underpin our approach to UKSPF set out in paragraph 9.

Financial implications for London Councils

None

Legal implications for London Councils

None

Equalities implications for London Councils

None

Investment priorities for UKSPF from the government's pre-launch guidance

Communities and place

The overall objectives of this investment priority are:

- Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities, such as community infrastructure and local green space, and community-led projects.
- To build resilient and safe neighbourhoods, through investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built environment and innovative approaches to crime prevention.

Example interventions may include, but are not limited to, visual improvements to town centres and high streets, cultural/visitor economy interventions, litter, waste and graffiti reduction, projects to fight antisocial behaviour, and capital funding to improve neighbourhoods or community projects and initiatives.

Local businesses

The overall objectives of this investment priority are to:

- Creating jobs and boosting community cohesion, through investments that build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities.
- Promote networking and collaboration, through interventions that bring together businesses and partners within and across sectors to share knowledge, expertise and resources, and stimulate innovation and growth.
- Increase private sector investment in growth-enhancing activities, through targeted support for small and medium-sized businesses to undertake new-to-firm innovation, adopt productivity-enhancing, energy efficient and low carbon technologies and techniques, and start or grow their exports.

Example interventions may include, but are not limited to, support to increase town centre footfall, outdoor markets, the development of cultural, visitor and heritage assets, targeted business growth and innovation support.

People and skills

The overall objectives of this investment priority are to:

- Boost core skills and support adults to progress in work, by targeting adults with no or low level qualifications and skills in maths, and upskill the working population, yielding personal and societal economic impact, and by encouraging innovative approaches to reducing adult learning barriers.
- Support disadvantaged people to access the skills they need to progress in life and into work, for example the long-term unemployed and those with protected characteristics through funding life, and basic skills where this is not delivered through national or local employment and skills provision.
- Support local areas to fund local skills needs and supplement local adult skills provision e.g. by providing additional volumes; delivering provision through wider range of routes or enabling more intensive/innovative provision, both qualification based and non-qualification based.

- Reduce levels of economic inactivity and move those furthest from the labour market closer to employment, through investment in bespoke employment support tailored to local need. Investment should facilitate the join-up of mainstream provision and local services within an area for participants, through the use of one-to-one keyworker support, improving employment outcomes for specific cohorts who face labour market barriers.

Example interventions may include technical and vocational qualifications in areas where there are skills shortages locally; and intensive, wraparound one-to-one support to address barriers to employment, supplemented by additional services. Additional services may include life skills, basic skills and specialist support including achieving basic qualifications in alternative settings, work experience, supported employment, enrichment activities, counselling and advice, and community referrals. These interventions should be additional and complementary to existing employment and skills provision in each area.