

## CABINET

<b>Report Title</b>	UK Shared Prosperity Fund and Growth Budget 2025
<b>Date of Meeting</b>	Wednesday, 9 April 2025
<b>Report Author</b>	Allison Blakeway
<b>Lead Officer</b>	Executive Director - Place
<b>Lead Cabinet Member(s)</b>	Cabinet Member for Business & Skills
<b>Why is this a key decision?</b>	1. Expenditure over £1 Million+      yes / 2. Significant impact on 2 or more wards      yes /
<b>Wards Affected</b>	(All Wards);
<b>Is the report urgent?</b>	No
<b>Reasons for urgency (only where applicable)</b>	Not applicable
<b>Appendices (if any)</b>	Not applicable

### 1. Executive Summary

- 1.1 To approve the acceptance of the proposed offer of £4.067m additional grant funding through the UK Shared Prosperity Fund (UKSPF) for 2025/26, and set out proposals for how this used across Sandwell.

### 2. Recommendations

The Cabinet is recommended to:-

- Endorse the additional UK Shared Prosperity Fund (UKSPF) grant funding allocation for Sandwell for the 2025/26 financial year of £4,067,092.46
- Delegate authority to the Executive Director for Place, in conjunction with the s151 Officer, Monitoring Officer/Assistant Director Legal and Assurance and the Cabinet Member for Business and Skills to:
  - accept Sandwell's allocation of UKSPF funding, including entering into contract arrangements with the West Midlands Combined Authority (WMCA).

- Authorise and undertaken commissioning of the UKSPF funding, including any associated procurement activities required to ensure funding requirements are met
  - Update the Business Growth Plan for the period 2025/26 to reflect the funding arrangements provided through acceptance of this grant.
  - Review the existing Business Support grant policies, and to make changes as necessary.
- Delegate authority to the Executive Director for Place, in consultation with the Cabinet Member for Regeneration and Infrastructure, to negotiate and agree output and outcome requirements in relation to the grant allocation.

### **3. Proposals – Reasons for the recommendations**

- 3.1 UKSPF was a central pillar of the previous UK Government's Levelling Up agenda. Its primary goal was to build pride in place and increase life chances across the UK, with three key investment priorities around Community and Place, Supporting Local Business and People and Skills.
- 3.2 The grant was provided on an allocation basis to all authorities across the UK, with the West Midlands Combined Authority (WMCA) being the lead authority and accountable body for the West Midlands. This also ensured a strategic, joined-up approach across the region.
- 3.3 Initially, a three-year UKSPF programme of funding totalling £88.4m for the West Midlands Region was allocated in 2022. The Sandwell proportion of this funding amounted to £4.71m for local spend devolved to Sandwell, with a further £2.28 million in grants and business advice being retained by the WMCA but used in the Sandwell area. The original three-year programme of £6.99m of UKSPF funding was approved at Cabinet in November 2022 (Minute 196/21 refers). A further top-up allocation of £160,000 was provided for Sandwell Business Support Grants in December 2024, increasing the total received over the period 2022-2025 to £7.13m.
- 3.4 The profile of the allocation was limited in Year 1 (2022-23), due to the programme largely anticipating delivery from Quarter 4 (January to March) onwards. The profiling of the remaining funding anticipated its realisation in Years 2 and 3. Additional changes to the programme, and the introduction of the People and Skills funding allocation in Year 3 led to greater flexibility in the latter two years, resulting in the majority of the funding (£6.05m) being realised in the 2024/25 financial year.
- 3.5 Over the three year period the programme delivered the outputs listed in Appendix 1.
- 3.6 The Government's Autumn statement confirmed a further allocation of UKSPF for the 2025-26 financial year, as part of the integrated settlement to WMCA. The funding seeks sustain the previous critical activities and moves it towards supporting the delivery of Place Based Strategies, whilst also utilising the additional flexibilities, including moving away from the requirements of the transitional UKSPF national programme to deliver on Integrated Settlement Outcomes, WMCA Functional and Place Based Strategies
- 3.7 Whilst the national programme has been reduced by 40% overall, the regional allocation represented a reduction of 17%, with the total funding allocation being

£46.4m (including £10m confirmed from the Department for Energy Security and Net Zero to support the regional Business Energy Efficiency programme).

- 3.8 In January 2025, WMCA confirmed a proposed local allocation for Sandwell of £4.067m for the 2025/26 financial year, as follows:

	Communities, People and Skills	Business Support	Management	Total
Capital	£ 980,334	£552,529		<b>£1,532,863</b>
Revenue	£1,493,530	£930,700	£110,000	<b>£2,534,230</b>
Total	£2,473,864	£1,483,229	£110,000	<b>£4,067,093</b>

- 3.9 With the Integrated Settlement anticipated from 2026 onwards, this additional funding is being seen as transitional funding for the next financial year. WMCA have requested that whilst the funding is still focussed on the three pillars identified above, linkages to the Place Based Strategies and the Integrated Settlement outcomes are requested to be reported.

- 3.10 As a result of the original programme substantially being delivered in 2024/25, this represents a circa £2.0m reduction on the allocation from the 2024/25 year. However, in relation to the overall programme and the way the funding is allocated within Sandwell, it is not anticipated that this will have a significant impact on the delivery areas anticipated.

- 3.11 The reduction in financial commitments and the implications are as follows:

- **Circa £1.5m reduction in capital funding for Business Support.**  
This includes provision for the provision of grants under the De-Carbonisation programme (£500,000 in 2024/25) which will now be delivered through the Regional Business Energy Efficiency programme and will be managed by Birmingham City Council (on behalf of WMCA). Overall, therefore there is approx. £1.0m less funding available to support businesses with capital grants.

To date, 44 businesses have been supported with the funding available (up to a maximum of £100,000). However, the programme was oversubscribed, and a current pipeline of circa £1.2m grant requests has accrued. Some of these requests will be addressed through the additional £160,000 secured in December 2024.

As a result of the reduced funding it will not be possible to provide the same level of business support grant, and a reduction in the threshold of grant offered is considered appropriate to enable a wider range of business support to be offered.

- **Circa £375,000 reduction in Revenue funding for Communities and People.**

The impact on this funding primarily impacts the provision of support for the Voluntary Services sector, and a 17% reduction in support is proposed in this context. This will impact on the provision of employment support service delivery, and possible redundancies with the current supplier.

In relation to direct Council-led activities, there is sufficient revenue funding within the allocation to support the existing establishment of fixed term staff in Employment and Skills for a further 12 months. This can also be mitigated by other short term funding from the integrated single settlement including Connect to work and the Youth employment trailblazer.

- 3.12 The key areas where it is anticipated the additional funding will be utilised across the 2025/26 financial year is proposed as follows:

**Communities & Place (allocation £820,000)**

- Borough-wide approaches to greenspace improvements
- Site specific improvements for facility improvements and infrastructure
- Improvements in the Sandwell Valley
- **People and Skills (allocation £1.65m)**
  - SMBC Delivery (Employment & Skills)
  - VCS delivery (Employment and Skills)
  - Youth Service – Hybrid Centre
  - NEET provision
- **Business Support (allocation £1.483m)**
  - Business Advisors/support
  - Business Wrap Around Support
  - Start Up Hub
  - Business School
  - Start-Up Grants
  - SME Grants

- 3.13 New performance outputs are in the process being set for the 2025/26 financial year. It is proposed that contracted outputs are progressed through discussion with WMCA, and that delegated authority be granted to the Executive Director of Place in conjunction with the Cabinet Member for Business and Skills to finalise these requirements.

#### **4. Alternative Options Considered**

- 4.1 **Option 1- accept the grant funding allocation.** UKSPF funding is based on an allocation rather than a bidding basis, with every local authority in the UK receiving an allocation. In terms of the proposed reduction in the allocation of funding, the proposed mitigations identified in 3.10 are considered appropriate to ensure the continuation of the programme, albeit on a reduced basis. This option is preferred as this will continue to deliver tangible benefits across Sandwell.
- 4.2 **Option 2 – Start afresh and develop a series of new projects.** Due to the positive outcomes and momentum of existing work, it is not recommended to do this. Timescales will prohibit this option on the basis that there is one year to deliver the programme. This option is not recommended.
- 4.3 **Option 3 – Do Nothing.** Hand back the funding and do not provide opportunities for the district that are outlined in the UK Shared Prosperity Outline

Delivery Plan. This could cause a reputation challenge for the Council. This option is not recommended.

## **5. Consultation**

- 5.1 The funding will be utilised primarily to ensure the continuation of programmes aimed at Business Support and Skills development as undertaken in previous years. No consultation is required to be undertaken for these elements of the programme.
- 5.2 The Communities and Place element of the programme will include improvements to existing greenspaces across the Borough. Where necessary, appropriate engagement will be undertaken with the local communities to ensure their awareness of the proposals and the investment being made within the local area.

## **6. Financial Implications**

- 6.1 The funding is a direct allocation of funding and is provided to support ongoing investment in the local area. The key implications are the provision of a total of £4.07m (£1.53m capital and £2.53m revenue) for the 2025/26 financial year, which will be utilised to support the activities identified in 3.8 above.
- 6.2 Whilst the allocation of funding has reduced since the 2024/25 financial year, appropriate mitigations are in place which enable each of the programmes to continue without further financial implications for the Council.
- 6.3 The programme currently includes support for staff on fixed-term contracts, many of which were aligned with the funding programme. The proposed extension will allow for these contracts to be extended until March 2026.

## **7. Legal and Governance Implications**

- 7.1 The Government has issued guidance for the UK Shared Prosperity Fund which set out the parameters of the fund. The Council must follow the guidance as well as any other updated guidance and any relevant funding agreements or contracts which may be entered into for use of this funding. The guidance includes subsidy control guidance which must be followed and the provisions of the Subsidy Control Act 2022 should be considered in relation to each project.
- 7.2 The guidance also includes public procurement guidance and where relevant contracts should be procured in accordance with the Council's Contract Procedure Rules, Financial Regulations and Procurement legislation. The Council may enter into funding agreements and contracts under the general power of competence in the Localism Act 2011.

## **8. Risks**

- 8.1 The primary risk arising from the UKSPF programme is the potential for under-delivery against the anticipated projects/outputs required within the programme.
- 8.2 This has been mitigated by ensuring that significant parts of the programme are extensions of existing work (such as Business Support and Skills and

Employment training for example). It is anticipated that a reduced funding allocation will also result in a proportional reduction in the contracted outputs required.

- 8.3 In the event that a project cannot be delivered there is the potential for funding to be reallocated to other parts of the programme, albeit subject to appropriate change control and appropriate approvals from WMCA.
- 8.4 It is anticipated that this will be the final year of UKSPF funding as currently identified as we move towards the Devolved Funding model from 2026 onwards. There is a risk that any funding not utilised in the 2025/26 is likely to be lost.
- 8.5 The activities currently funded through the UKPSF programme, including the appointment of staff on fixed-term contracts are anticipated to be continued beyond March 2026 through the Integrated Settlement. The details of the Settlement are not yet known, and the risk of potential redundancies arising as a result of changes to the programme should be acknowledged.

## **9. Equality and Diversity Implications (including the public sector equality duty)**

- 9.1 Equalities Impact Assessment is not required

## **10. Other Relevant Implications**

- ***Climate change***

Investment through the Communities and Place pillar will enhance our existing greenspace infrastructure, particularly through the Tree Planting programme and proposed Green Flag Infrastructure improvements.

- ***Social Value***

The Business Support and People & Skills elements of the programme will result in opportunities for apprenticeships and jobs to be obtained. Investment through the Communities and Place pillar will generate contracts where social value opportunities will be investigated.

- ***Health and Wellbeing***

All activities across the UKSPF programme will contribute towards improving the health and well-being of the community. This will arise because of investment in local greenspace infrastructure resulting in physical and mental health benefits, as well as providing employment support and business investment opportunities, thus generating opportunities to obtain employment and improve overall individual well-being.

## **11. Background Documents**

N/A

## **12. How does this deliver the objectives of the Strategic Themes?**

*This report will support the delivery of the following Strategic Themes:-*

- **Growing up in Sandwell**  
Provision of well-maintained greenspaces will generate the opportunity for young people to enjoy opportunities for recreation and play. The Skills programme will generate opportunities for young people to realise their potential in terms of employability.
- **Living in Sandwell**  
Investment in the Greenspaces across the Borough will ensure that the Borough is an attractive place to live, with access to good, well-maintained greenspaces.
- **Healthy in Sandwell**  
Investment in the Borough's Greenspaces will ensure benefits arising from recreation in terms of physical and mental health.  
Improved self-esteem from developing work-ready individuals and job opportunities from business investment will also assist improvements in mental health.
- **Thriving Economy in Sandwell**  
Support for businesses to become established and grow within Sandwell will contribute towards a thriving economy. Ensuring the skill sets of the local population through local training opportunities will also contribute towards ensuring a resilient business economy with a skilled workforce in place.
- **One Council One Team Approach.**  
The UKSPF programme supports investment in Places and Communities, Skills and Business Support and results in multiple teams from the Council working together to deliver the overall programme.

## Relevance Check

**Budget Reduction/Service Area: UKSPF**

**Service Lead**

**Date: 04.03.25**

In what ways does this Budget reduction have an impact on an outward facing service? How will the service feel different to your customers or potential customers?

There will be no impact on the outward facing service in terms of the offer being made.

The extent of support will be on a reduced scale which may impact the number of businesses supported and/or individuals supported for employment and skills purposes.

If not, how does it impact on staff e.g. redundancies, pay grades, working conditions? Why are you confident that these staff changes will not affect the service that you provide?

No staff impacts are anticipated

Is a Customer Impact Assessment needed? No