

## REQUEST FOR DIRECTOR DECISION – DD2638

### Title: UK Shared Prosperity Fund: Supporting Local Business applications and borough allocations

#### Executive Summary:

The GLA has received £144 million from the UK Shared Prosperity Fund (UKSPF) for 2022-25. The GLA launched an open, competitive call for proposals in December 2022 under the Supporting Local Business UKSPF investment priority. This has resulted in twenty-nine applications proceeding to the contracting stage with the GLA.

Following CIB's endorsement of the overall UKSPF Investment Strategy, the GLA has also been finalising contracts for the direct award of funding under the Communities and Place and Supporting Local Business pillars of UKSPF to London's 32 boroughs and to the City of London Corporation, in line with allocations set by London Councils.

MD3058 delegated authority to grant approvals for the award and payment of UKSPF funding to the Executive Director for Good Growth. This Decision seeks to confirm these awards of funding.

#### Decision:

That the Executive Director, Good Growth:

1. approves the commitment and award of up to £30.9 million UKSPF to the applicants of the Supporting Local Business call for proposals, as set out in Part 2 of the decision form
2. approves the direct award of up to £53.2 million UKSPF to London's 32 boroughs and to the City of London Corporation as set out in Appendix A.

#### AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** Philip Graham

**Position:** Executive Director, Good Growth

**Signature:**



**Date:**

11/07/2023

## PART I - NON-CONFIDENTIAL FACTS AND ADVICE

### Decision required – supporting report

#### 1. Introduction and background

- 1.1. The UK Shared Prosperity Fund (UKSPF) is a £2.6 billion three-year programme that is devolved to UK local authorities, as part of the government's 'Levelling Up' agenda led by the Department for Levelling Up, Housing and Communities (DLUHC). All areas of the UK have received a UKSPF allocation. London has a three-year allocation of £144,444,970<sup>1</sup>. This has been split between the three 'investment priorities' of Communities and Place (£41,287,139), Supporting Local Businesses (£63,958,500) and People and Skills (£39,199,331).
- 1.2. DLUHC approved London's UKSPF investment plan in December 2022. The plan, co-designed with London Councils, sets out how the £144m will be invested.

#### Previous Mayoral Decision

- 1.3. MD3058 (January 2023) delegated authority to grant approvals for the award and payment of UKSPF funding in line with the approved UKSPF investment plan to the Executive Director for Good Growth. This includes the ability to enter into contracts, award grants and make payments to delivery providers.

#### £30m call for proposals

- 1.4. In December 2022, the GLA launched an open call for applications. £30.15m was available from the Supporting Local Business allocation. Ninety-nine applications were submitted by the 13 February 2023 deadline. All applications were assessed against published gateway criteria (stage 1 of the assessment process) where two applications did not pass. The remaining ninety-seven underwent full scoring and assessment (stage 2). Once complete, a moderation of the scores and applications took place (stage 3). The Local Partnership Group<sup>2</sup> met on 18 April 2023 to consider the applications (stage 4). Thereafter the GLA took a decision on which applications would be supported, and this Director Decision retrospectively formalises the approval for up to £30.9 million. This includes an element of over-programming as experience suggests projects will underspend.
- 1.5. Twenty-nine applicants were approved for support, with five placed in reserve. Although the call was over-subscribed, the reserve list is held in case applications are withdrawn. At the time of writing, it is not expected that any of the reserve applications will proceed as contracting with the twenty-nine is going satisfactorily. It is anticipated that a grant funding agreement will be signed with each of the applicants.
- 1.6. Part 2 lists the twenty-nine applications. Once they are in contract they will be listed on the GLA website. Should any of the reserve applications proceed, a separate DD will not be drafted; instead, the project(s) will be listed on the GLA website once in contract.

#### Borough allocations

- 1.7. On 18 July 2022, the GLA's Corporate Investment Board endorsed the UKSPF investment plan, which had been co-designed with London Councils, where agreement had been reached on the headline allocations for the three investment priorities.

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<sup>1</sup> The £144 million is paid in three instalments of different amounts to the GLA. The first (paid in December 2022) on approval of the investment plan. The second and third are based on DLUHC's judgment of London's UKSPF performance.

<sup>2</sup> Government invited all lead authorities, including the GLA, to establish a Local Partnership Group comprising external representatives who can provide local insight and expertise.

- 1.8. The full Communities and Place allocation, and a share of the Supporting Local Business allocation would be directly allocated to London boroughs and the City of London Corporation, totalling £53.2 million. On 27 July 2022, the London Councils Leaders' Committee agreed the methodology for the apportionment of this funding to boroughs, which resulted in London Councils' officers calculating the (unrounded) allocations listed in Appendix A.
- 1.9. The GLA has been entering into individual contracts with boroughs (where the rounding of allocations is removed) for their three-year expenditure profiles, and this Director Decision retrospectively formalises the approval of these awards. The agreement to make direct awards means that boroughs lead on the commitment and spending of the funds in line with UKSPF requirements, and that the GLA carries out performance monitoring and reports boroughs' collective activity to DLUHC.

## **2. Objectives and expected outcomes**

- 2.1. UKSPF in London is required to meet the objectives of the government's vision for UKSPF as set out in its prospectus on gov.uk. The UKSPF investment plan explains how London's allocation will be committed, and the outputs and outcomes achieved, by the closure of the fund in March 2025.
- 2.2. This decision confirms the commitment of funding from the Supporting Local Business investment priority to support activity described in the investment plan. The twenty-nine applications, alongside other activity in this investment priority, will contribute to achieving targets including supporting over 4,000 small and medium-sized businesses and over 1,500 entrepreneurs, and creating nearly 1,000 jobs and safeguarding 2,600 jobs.

## **3. Equality comments**

- 3.1. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities including the GLA must have due regard to the need to:
  - eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 3.3. Due regard must be had at the time a decision is being considered. The duty is non-delegable and must be exercised with an open mind.
- 3.4. The call for proposals was open to all eligible applicants irrespective of protected characteristics. The prospectus made clear that equality, diversity, and inclusion were to be incorporated within project proposals, which was assessed as part of the scoring process. Further, all applicant organisations were invited to complete a stakeholder equality survey as part of their application. Officers have reviewed the data on applicant organisations' characteristics, and fed back to the Local Partnership Group meeting on 18 April 2023.

## **4. Other considerations**

Key risks and issues

- 4.1. As grant funding agreements are in the process of being issued to the twenty-nine applicants, it is feasible that one or more of the applicants may withdraw from the process. Likewise, officers may withdraw applications (should an issue arise that prevents the GLA pursuing further). The availability of a reserve list will help ensure sufficient projects can be funded.
- 4.2. The amount of UKSPF awarded to each applicant may be revised during the contracting process (for example, applicants may seek alternative sources for their own organisational budgetary reasons). Officers will consider any requests, and collectively they are not expected to exceed the amount stated on the cover page of this Decision.
- 4.3. Once funding agreements have been issued and signed, officers will monitor the delivery and performance of the twenty-nine projects. The package of successful projects may not achieve their expenditure and output/outcome targets. To part-mitigate this, in most cases the applicants' output/outcomes are forecast to exceed London's targets. In addition, other activity under the Supporting Local Business investment priority will help achieve London's targets. However, as UKSPF ends in March 2025 and the government did not approve the UKSPF investment plan submitted in July last year until December, it will be challenging to achieve this.
- 4.4. It is expected that the twenty-nine projects will seek one or more contract variation during their lifetime (for example, revising expenditure and output profiles). Officers will manage this process in accordance with the process set out in their funding agreements and in line with guidance; and by ensuring a GLA officer with appropriate delegated authority approves any variation.
- 4.5. In addition to the project funding described above, this Decision notes that up to £53.2 million is being directly allocated to boroughs, and that officers will be monitoring individual borough contracts. Should there be slippage in expenditure or in outputs, outcomes or achievements, appropriate steps will be taken in discussion with the relevant borough. This could include revisions to individual funding agreements.

#### Links to Mayoral strategies and priorities

- 4.6. The priorities for how UKSPF is delivered in London are based on the shared priorities in the Economic Recovery Framework jointly published by the Greater London Authority and London Councils and endorsed by the London Recovery Board (now London Partnership Board). This framework, first agreed in 2021 identified the need to restore confidence in the city, provide targeted support to London's most vulnerable communities, and rebuild the city's economy and society. The framework set out action for dealing with the structural changes to London's economy, and fostering economic recovery, via five pillars: Jobs, Business, Thriving Neighbourhoods, Connected City, and Global London. The framework articulates roles and responsibilities for the constituent parts of London's government. To achieve a 'full system response' it also identified key opportunities for government, major institutions, and business, to support recovery activities and levelling up. The broad activities permitted under UKSPF investment priorities support the framework and pillars.

#### Conflicts of interest

- 4.7. The individuals involved in drafting and clearing this document do not have interests to declare. All officers involved in the open call process which resulted in the twenty-nine applications were required to declare any conflicts of interest.

## **5. Financial comments**

- 5.1 MD3058 delegated authority to grant approvals for the award and payment of UKSPF funding to the Executive Director for Good Growth. An open call for applications for funding was published in December 2022 and as a result twenty-nine applications were successful. As a result, this decision confirms the commitment and award up to £30.9 million of the UKSPF to organisations which were successful under the call for proposals. The decision also confirms the apportionment of the £53.2 million in UKSPF funding being directly allocated to boroughs.

- 5.2 Although the GLA is designated a 'lead authority' for the management and administration of UKSPF on behalf of DLUHC, no GLA funds will be used for this programme. However, the Authority will still uphold its financial responsibility by appraising applications, performance management and monitoring.

## **6. Legal comments**

- 6.1 Sections 1 to 4 of this report indicate that the retrospective decisions requested of the Executive Director concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment, all in Greater London and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's statutory duties to:
- Pay due regard to the principle that there should be equality of opportunity for all people; and
  - Consult with appropriate bodies.
- 6.2 In taking the decisions requested, as noted in section 3 above, the Executive Director must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. To this end, the Executive Director should have particular regard to section 3 (above) of this report.
- 6.3 Sections 1 to 4 above indicate that the contribution of up to £30.9 million to applicants amounts to the provision of grant funding and not payment for services. Officers must ensure that the UKSPF funding is distributed fairly, transparently and in accordance with the UKSPF requirements. Officers shall ensure funding agreements are put in place with the grant recipients as set out in Part 2 before any commitment to fund is made.

## **7. Planned delivery approach and next steps**

- 7.1. Upcoming milestones are:

<b>Activity</b>	<b>Timeline</b>
Contract negotiations between GLA and applicants	From May 2023
Publication of applicants on GLA website	Summer 2023 (once the applicants are in contract with the GLA)
Project activity commences	From spring 2023 (or the date agreed with individual applicants)
Project activity ends	By 31 March 2025

## **Appendices and supporting papers:**

Appendix A: Borough allocations

### Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

### Part 1 - Deferral

**Is the publication of Part 1 of this approval to be deferred? NO**

### Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES**

### ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

#### Drafting officer:

Stuart Scott has drafted this report in accordance with GLA procedures and confirms the following:

✓

#### Assistant Director/Head of Service:

Alex Conway has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

#### Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

#### Corporate Investment Board

A summary of this decision was reviewed by the Corporate Investment Board on 10 July 2023.

✓

### INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature:**



**Date:**

10/07/2023