

Glasgow City Region Cabinet



Report by: Director for Regional Economic Growth

Contact: Mike McNally michael.mcnally@glasgow.gov.uk

GCR UK Shared Prosperity Fund Six-Monthly Report

Purpose of Report:

This report provides the Glasgow City Region Cabinet with a summary of the information that will be submitted by GCR to UK Government, constituting the GCR UK Shared Prosperity Fund six-monthly report, to end of Quarter 2 2023/24.

Recommendation:

The Glasgow City Region Cabinet is asked to:

- note the report; and
- approve the submission of the GCR UK Shared Prosperity six-monthly report to UK Government.

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1 Purpose of the Report

- 1.1 This report provides the Glasgow City Region Cabinet (Cabinet) with a summary of the information that will be submitted by GCR to UK Government, constituting the GCR UK Shared Prosperity Fund (UKSPF) six-monthly report, to end of Quarter 2 2023/24.

2 Background

- 2.1 UKSPF guidance indicates that Lead Local Authorities (GCR) are due to submit update reports to the UKG on a quarterly and six-monthly basis. Following the submission and approval of the 2022/23 six-monthly report and 'credible plan', UKG cancelled the requirement for a 2023/24 Quarter 1 report. The Quarter 2 report is due to be submitted to UKG following approval by the Cabinet on 7 November 2023.

3 2023/24 Six-Monthly Report

- 3.1 Following feedback to the UKG by Lead Local Authorities that outlined the complexity of the reporting process and the challenges of collating the reporting information, the UKG have now introduced a new on-line reporting system - '*Power App*'. It should be noted, there have been no changes to the information to be submitted by Lead Local Authorities to the UKG. However, final reporting now requires an additional step of manual input.
- 3.2 Due to unavoidable delays in collating the GCR UKSPF six-monthly data the report was not able to be considered by the Glasgow City Region Chief Executives' Group (CEG) prior to Cabinet. The CEG agreed delegated authority to the Executive Director of Finance at Glasgow City Council, as chair of the GCR Finance Strategy Group (FSG), to agree the report to be presented to Cabinet for approval, prior to submission to the UKG.
- 3.3 The report to Quarter 2 2023/24 represents the half-way point in the UKSPF three-year programme. It should be noted that very little activity took place in Year 1 of the programme, with all eight Local Authorities having commenced activity in Quarter 1 2023/24.
- 3.4 The UKSPF, unlike the previous EU Structural Fund arrangements, provides an annual grant payment in advance of activity being delivered. These payments were provided for Year 1 following submission and approval of the UKSPF Investment Plan and for Year 2 with submission and approval of the 'Credible Plan'. The quarterly information provided by MAs, consists of an expenditure report measured against the agreed expenditure profile. As a result, the in-year reporting through GCR to the UKG is not required as a mechanism to release grant funding to MAs. It should be noted therefore, there is a clear distinction between financial reporting and grant claims.
- 3.5 Given the number and complexity of projects across all MAs in GCR (over 170), there will obviously be a time-lag in reporting of action and defrayed expenditure. As a result, it has been agreed that MAs will report on actual costs incurred during that month/quarter, to provide more accurate 'real time' reporting. Accruals can be concluded at financial year end or quarterly as agreed by each MA Finance Department.

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- 3.6 By following this approach, it will result in more timely reporting of actual spend and provide the GCR PMO, FSG, CEG and Cabinet with a clearer picture of spend against the planned expenditure profile.

4 Six-Monthly Report Summary Information

- 4.1 The Summary Report of the GCR UKSPF six-monthly report is contained in Appendix 1. Noted below in Table 1 is the reported UKSPF expenditure broken down by MA to end of Quarter 2 2023/24.

	Cumulative Spend to Date (as Q2 23/24)	Spend to Date as a percentage of Yr1 & Yr2 allocation	Spend to Date as a percentage of total allocation
East Dunbartonshire	£251,678	17%	2%
East Renfrewshire	£231,747	17%	7%
Glasgow City	£3,831,525	35%	14%
Inverclyde	£222,550	15%	6%
North Lanarkshire	£1,199,337	21%	7%
Renfrewshire	£676,385	26%	10%
South Lanarkshire	£691,617	14%	3%
West Dunbartonshire	£301,568	19%	8%
GCR PMO	£0	0%	0%
Total	£7,406,407	24%	10%

Table 1. MA reported expenditure Q2 2023/24

- 4.2 As indicated in Table 1, the spend to date accounts for around 24% of the 2023/24 UKSPF allocation and 2022/23 carry forward, and around 10% of the overall programme allocation. All MAs have forecast full spend by the end of the financial year. This is reflected within the RAG status in the Summary report and the comments that support the submission (Appendix 1).
- 4.3 As noted in section 3.3, delivery of UKSPF did not commence in all MAs until Q1 23/24, this has obviously impacted on programme expenditure versus profile. In addition, a number of MAs have indicated they only concluded the use of EU Structural Funds budget in Q2 23/24, so would expect UKSPF expenditure to increase significantly, as UKSPF is a direct replacement.
- 4.4 GCR await confirmation from UKG as to whether there will be the opportunity to carry-forward any underspend into the final year of the programme, as there was from Year 1 into Year 2, with the approval of the 'credible plan'.
- 4.5 A summary of the Outputs and Outcomes delivered to date through UKSPF activity has also been collated and will be submitted to UKG as part of the six-monthly reporting process. As with the expenditure information, there will obviously be a lag in the reporting of this information.

5 Change Control Process

- 5.1 Over the last six months individual MA projects have continued to develop and change. As per the terms of the UKSPF grant, the Lead Local Authority must notify

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the UKG of any changes to the programme – although authority is not required unless the 'material change' threshold is met.

- 5.2 The GCR PMO maintain a 'Change Control Log' to capture and monitor proposed changes.
- 5.3 The GCR UKSPF Assurance Framework confirms change control is considered on three elements: scale of the change, scope and potential impact:
- Minor (for example, movement within a Member Authority) can be approved by the Director of Regional Economic Growth
 - Moderate (for example, movement between MAs and / or GCR) will require the approval of the GCR CEOs
 - Significant (to the level of UKG change) decision will need the approval of the GCR Cabinet.
- 5.4 The changes proposed by MAs to date have all been categorised by the GCR PMO as minor, moving budget between interventions and priorities and have therefore been approved by the Director of Regional Economic Growth. The threshold for a significant (material) change, requiring the approval of UKG, has not been met.

6 Next Steps

- 6.1 With the approval of Cabinet, the GCR PMO will submit the relevant six-monthly reporting information via the 'Power App' to UKG.
- 6.2 The GCR PMO will continue to meet with and support MAs in the delivery, governance, compliance and reporting of UKSPF in the coming months. It is expected UKG will now revert to the 'normal' quarterly reporting cycle.

7 Recommendation

- 7.1 The Glasgow City Region Cabinet is asked to:
- agree the report; and
 - approve the submission of the GCR UK Shared Prosperity six-monthly report to UK Government.

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Appendix 1; GCR UKSPF Summary Report

UKSPF 6 Month Progress Report			
Lead Local Authority	Glasgow City Region		Report Period Ending 30/09/2023
URN	UKSPF - 44 S Glasgow City Region		
New Contact email address (if changed since last report)	michael.mcnally@glasgow.gov.uk		
Priority	Spend to date by Investment Priority (please give Management & Administration spend separately)	Forecast Spend at end FY (excluding M&A)	Brief note on expected spend (optional - use dropdown: "On track"; Underspend; Overspend).
Communities & Place	£2,568,926.00	£9,003,125.00	On track
Local Business	£514,571.48	£5,630,990.92	On track
People & Skills	£1,617,053.18	£7,972,871.00	On track
Multiply	£2,139,465.07	£6,759,208.01	On track
Management & Administration	£520,770.47	£1,192,242.00	On track
Delivery RAG (drop-down)		Note on Trend (use dropdown): Improved;	
Communities & Place	A/G	Unchanged	
Local Business	A/G	Unchanged	
People & Skills	A/G	Unchanged	
Multiply	A/G	Unchanged	
Progress Summary, please provide narrative of UKSPF progress to date, including explanation of RAG ratings. This narrative could include latest milestones met, emerging themes (Opportunities, challenges, etc) and details of non-material changes. (Max 250 words)			
<p>A significant amount of progress has been made across all projects. All MAs had commenced activity in Q1 2023/24. While delivery has taken time to reach full capacity, all MAs are indicating 'full spend' in this financial year. It should be noted that MAs were also concluding the delivery of EU Structural Funds projects, prior to commencing UKSPF funded activity. The Amber/Green RAG status reflects these timelines in project commencement and delivery.</p> <p>The GCR PMO is now operating as the '9th' partner in UKSPF delivery, with three projects being taken forward at a regional level. Details are provided below.</p> <p>Communities and Place – MAs have committed £200k (pro rata) to support the delivery of the regional Clyde Climate Forest projects</p> <p>Local Businesses – 7 of the 8 MAs are contributing towards the Extend Plus Green Business Support project. Extend Plus will offer 500 companies Carbon Reports. NLC already have a complimentary offer in place - so there is regional consistency.</p> <p>People and Skills – As noted below, a number of MAs have transferred Multiply Yr 1 underspend into P&S and have subsequently reallocated P&S budget into other interventions. Any re-allocation has been captured via the Change Control Log.</p> <p>Multiply - This is still expected to be spent over Years 2 and 3, with a number of MAs re-allocating Multiply Yr 1 underspend into wider P&S interventions. This information is captured in the Change Control Log. 2% of the Multiply allocation has now been committed to the regional marketing of Multiply to maximise the number of residents accessing the service.</p> <p>The GCR PMO continues to liaise with DLUHC evaluation consultants (Frontier, BMC and Ipos) and co-ordinates engagement with individual MAs as appropriate.</p>			

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