

Item 9

8th August 2023



Glasgow City Region Cabinet

Report by: Director for Regional Economic Growth

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

UK Shared Prosperity Fund (UKSPF) Update

Purpose of Report:

This report provides the Glasgow City Region (GCR) Cabinet with an update on GCR UKSPF activity including:

- 2023/24 grant determination;
- ongoing UKSPF reporting;
- underspend proposals;
- GCR evaluation; and
- Extend - Carbon Baseline Reports.

Recommendation:

The GCR Cabinet is asked to note the report.

1 Purpose of the Report

- 1.1 This report provides the Glasgow City Region (GCR) Cabinet with an update on GCR UKSPF activity including:
- 2023/24 grant determination;
 - ongoing UKSPF reporting;
 - underspend proposals;
 - GCR evaluation; and
 - Extend - Carbon Baseline Reports.

2 2023/24 Grant Determination

- 2.1 GCR submitted the UKSPF six-monthly report and 'credible plan' to the UK Government (UKG) on 9 May 2023, following the approval of the Cabinet. After a number of clarifications, UKG has approved the report and GCR await notification of the grant determination – this is expected imminently.
- 2.2 Once the grant determination has been received the 23/24 allocation will be distributed to Member Authorities.

3 UKSPF Reporting

- 3.1 Following the submission of the six-monthly report and credible plan the PMO, together with a number of Combined Authorities in England, provided feedback to the UKG on the complexity of the UKSPF reporting and approval process.
- 3.2 As per the information provided in the UKSPF Prospectus, the next quarterly report was due to be submitted to UKG on 1 August 2023, for activity to the end of Q1 23/24. Lead Authorities were notified by the UKG in late June that this quarterly report would no longer be required:

"We would like to inform you that the next summary reporting, due to be commissioned on 3 July, will now not go ahead."

We've listened to the feedback you've provided over the past few weeks and recognise the challenges there have been. Therefore, we will cancel this round of summary reporting and use the time to improve the system we have. Our hope is to provide you with a better solution for future rounds of reporting.

The next report will be commissioned as planned on 2 October. In the interim, please do send any feedback on improvements for reporting through your local area lead or to the UKSPF enquiries inbox."

- 3.3 The PMO will continue to liaise with local and national UKG contacts to provide constructive feedback on the ongoing design of the UKSPF reporting process.
- 3.4 It should be noted that the PMO will collaborate with the Member Authorities (MAs) to complete a GCR level UKSPF quarterly report for Q1 23/24 activity. This approach will be used to help MAs and their partners refine internal reporting processes. It will also serve to provide the PMO, Finance Strategy Group and the CEG with an indication of GCR UKSPF spend.

4 GCR UKSPF Underspend Proposals

- 4.1 Following the GCR UKSPF Underspend report to CEG on 8 June 2023, the Head of UKSPF met with MA Economic Delivery Group (EDG) members to help inform and refine a proposed approach to the utilisation of GCR UKSPF underspend.
- 4.2 While MA EDG members were broadly supportive of the allocation methodology, there was consensus that any underspend being utilised at the city region level should be managed by the PMO, rather than being offered out to wider regional partners. As a result, the proposed methodology would be prioritised as follows:
1. Re-profile within an MA for existing activity
 2. Re-profile within an MA for new activity
 3. Re-allocate between MAs for existing activity
 4. Re-allocate between MAs for new activity
 5. Re-allocate to the GCR for region wide activity
- 4.3 Following this approach, the PMO will work with MAs to develop a methodology for the reallocation of budget between MAs, whether this be for reprofiled or new activity (project prioritisation). For region wide activity, the PMO will work with MA EDG members to develop a long-list of GCR projects that could be funded using GCR UKSPF underspend and delivered by 31 March 2025.
- 4.4 The intention will be to develop this long-list in parallel with the Q2 23/24 reporting process, when more clarity will be available on UKSPF spend across the GCR. An update will be provided to a future meeting of the CEG, with final approval being remitted to the CEG / Cabinet as appropriate.

5 UKSPF Evaluation

- 5.1 UKG, through the Department of Levelling Up, Housing and Communities (DHLUC) have appointed two external contractors (Frontier Economics and BMG Research) to undertake the evaluation of UKSPF. GCR together with Greater Manchester Combined Authority and Liverpool City Region have been invited to participate as critical friends to support the consultants and DHLUC develop their methodology for evaluation.
- 5.2 The evaluation undertaken by Frontier and BMG will focus on the impact of the programme at an intervention and project level. In the main, they will utilise the information contained within the regular quarterly and six-monthly reports to undertake this evaluation. Where necessary they will engage directly with projects.
- 5.3 In addition to the UKG evaluation, GCR intend to conduct a 'process' evaluation of UKSPF at a city region level over the summer of 2023. This process evaluation will be led by the Intelligence Hub and focus on the approach and lessons learned, at an individual Member Authority and City Region level, in the development of the UKSPF Investment Plan. The evaluation will be used to inform the development of any future rounds of UKSPF funding.
- 5.4 The evaluation will be divided into two elements: one to focus on the strategic context and decision-making process, undertaken at CEG / Cabinet level. The other aimed at operational management and delivery, responded to by MA EDG members and UKSPF Lead Officers.

5.5 The evaluation will also align with the ongoing governance review being undertaken of the City Deal process.

5.6 The expectation is the evaluation will be complete and be able to report to Cabinet in November 2023.

6 Extend – Carbon Baseline Reports

6.1 One of the 12 first phase programmes within the Regional Economic Strategy relates to Green Business Support across Glasgow City Region:

“The ambition of this programme is to review how Business Support programmes across the Region can help businesses transition to Net Zero. This will be designed to help business meet climate needs as well as helping them target business growth opportunities.”

6.2 GCR has been working with MAs, through the existing Enterprise Group, to develop a Region wide approach to the provision of Green Business Support. The last update to the Regional Partnership (2 February 2023) advised three work strands had been agreed and were in development:

- Consistent language and an agreed definition of Green Business Support
- Business Adviser Training
- Commitment to grant funding of £10,000 per business, to support the transition to Net-Zero

6.3 Since Q4 2022/23 a number of MAs have been engaging with the Extend project at the University of Strathclyde, to augment these three strands of Green Business Support. Extend has been funded through the European Regional Development Fund (ERDF) to deliver a comprehensive programme of Net-Zero advice to SMEs <https://extend.scot/> The current Extend programme concluded on 30 June 2023.

6.4 The Extend project team has used its experience over the last few years to develop a bespoke Carbon Baseline Report for SMEs.

6.5 With the approval of the CEG, GCR intend to grant fund the University of Strathclyde to provide these bespoke Carbon Baseline Reports to 500 city region SMEs over the next 18 months. MAs will utilise their UKSPF allocation to fund this intervention, costing around £750 per report.

6.6 It should be noted that North Lanarkshire Council offers a specific grant programme (up to £2,500 per business) for SMEs to commission their own Net-Zero consultancy support, so will not be included within the Extend programme.

6.7 To fund the Extend activity, a total of £376,000 is required. The table below sets out the proposed MA split, based upon the anticipated number of Carbon Baseline Reports that will be undertaken:

Member Authority	Number of assessments	Cost
East Dunbartonshire	20	£15,040.00
East Renfrewshire	20	£15,040.00
Glasgow City	308	£231,786.75
Inverclyde	20	£15,040.00
North Lanarkshire	Nil	
Renfrewshire	60	£45,120.00
South Lanarkshire	60	£45,120.00
West Dunbartonshire	12	£9,024.00
Total	500	£376,170.75

Table 1. Carbon Baseline Report per MAs

- 6.8 As per the terms of the GCR UKSPF Assurance Framework, the transfer of UKSPF allocation between MAs / GCR requires the approval of CEG – as this change is considered ‘moderate’. The CEG approved this change at their meeting 27 July ’23.
- 6.9 The programme will be managed centrally by the GCR PMO, however Strathclyde University will liaise directly with business support teams in individual MAs to deliver the operational activity.
- 6.10 It should be noted that while not part of the Extend programme, the grant support offered by NLC will enable a consistent message across the GCR – if you are an SME in the GCR you can receive dedicated support to help in your business transition to net-zero.

7 Role of the GCR PMO

- 7.1 Over the last 18 months the Head of Shared Prosperity Fund for GCR and the GCR Programme Management Office (PMO) has provided support and guidance to MAs in the development of the content of their Investment Plans, together with the establishment of the monitoring and reporting requirements.
- 7.2 In addition to the MA activity included in the original GCR Investment Plan, a number of projects have now been created that are collaborative across the city region:
- Clyde Climate Forest
 - Extend – Carbon Baseline Reports
 - Multiply
- 7.3 Given the nature of these collaborative projects, the role of the GCR PMO will continue to evolve. To support the delivery of these projects which have an element of regional delivery and co-ordination, the GCR PMO will act as the ‘9th’ partner in UKSPF delivery.

- 7.4 The scope and role of the PMO will differ across the projects, reflecting the nature of the project, as well as the governance, funding and delivery arrangements. This will range from different levels of involvement, such as:
- GCR Contract Management Role; directly commissioning on behalf of MAs, or managing or supporting project partners in the commissioning and delivery, collating and analysing project performance through reporting and monitoring data (Clyde Climate Forest / Extend)
 - GCR Co-ordination Role; a light touch approach to facilitating collaboration between partners, collating and analysing contract data or funding from the MAs; or
 - Support for marketing, communicating and branding (Multiply)

8 Recommendation

- 8.1 The GCR Cabinet is asked to note the report.