

The Highland Council

Agenda Item	11
Report No	ECI/61/2023

Committee: Economy and Infrastructure

Date: 16 November 2023

Report Title: UK Shared Prosperity Fund Programme (UKSPF) - Update

Report By: Executive Chief Officer Infrastructure, Environment & Economy

1 Purpose/Executive Summary

1.1 This report covers the following matters as part the delivery of the UK Shared Prosperity Fund Programme (UKSPF), updating Members and recommending specific action for approval:-

- People & Skills Priority: Science Skills Academy (Section 4);
- Communities & Places Priority: Community Regeneration Fund (Section 5); and
- Supporting Local Business Priority: UCI Cycling World Championships 2023 (Section 6)

2 Recommendations

2.1 Members are asked to:

- Agree** the redirection of £148.3k UKSPF 2023/24 monies within the People & Skills priority to allocate to the Science Skills Academy for spend during the first quarter of 24/25 financial year;
- Note** that a third round of the Community Regeneration Fund Programme with funding secured from the UKSPF, is to be launched before end November 2023 and agree that round three CRF grant award decisions is taken by the existing Economy and Infrastructure Committee Community Regeneration Fund Programme sub-group, comprising the Chair and Vice Chair of Economy and Infrastructure Committee and the Chair of each of the Area Committees; and
- Agree** to utilise up to £100k from the UKSPF to support costs associated with the 2024 Fort William Mountain Bike World Cup Event.

3 Implications

3.1 **Resource** - The indicative allocation for the UKSPF in Highland is £9,445,515 over the fiscal years 2022/23, 2023/24 and 2024/25. The indicative nature of the funds means that if activity and progress is not satisfactory in one year, the UK Government may reduce funding for the next year and/or seek recovery of unspent funds at end March 2025. A Year End monitoring report was submitted to the UK Govt resulting in release of funding for the 2023/24 fiscal year.

A similar report will be required at the end of fiscal year 2023/24 programme, which will trigger the release of the 2024/25 grant award.

The late approval of funding in 2022/23 and delayed agreement on release of 2023/24 funding with the hard activity spend deadline of end March 2025, means that in effect the 3-year programme is a 2-year one. This requires accrual of funds over fiscal years but also, requires activity commitments to be made during current year and for future 2024/25 activity spend.

- 3.2 **Legal** - The Council is the accountable body for the management of the Fund and hence responsible to ensure that all funds are used solely in line with the UKSPF Prospectus and Additional Guidance issued. Funding is also subject to compliance with the terms of a Memorandum of Understanding. If the Council is managing the Fund but other organisations are delivering activity, appropriate agreements will also be entered into with each affected party.
- 3.3 **Community (Equality, Poverty, Rural and Island)** - The overarching objective of the UKSPF is to build pride in place and to increase life chances. In itself the Fund will not achieve this and therefore the challenge in utilising the Fund to best effect, is how it aligns with and brings value to other activity.
- 3.4 **Climate Change / Carbon Clever** - Across the Fund there are a range of interventions (activities) which support just transition and net zero. As above, the Fund will not achieve this on its own and therefore the challenge in utilising the Fund to best effect is how it aligns with and brings value to other activity.
- 3.5 **Risk** - A key risk is that the Fund will not be fully utilised in each of the fiscal year allocations and potentially be lost and/or repaid to the UK Govt. Efforts have been focused on the reporting of progress and spend to date to ensure this does not take place. Allied to this, especially with the hard spend deadline of 31 March 2025 in the same year as the financial allocation increases significantly, requires the Council to take a measured assessment of risk in that a forward commitment of 2024/25 funds is needed during 2023/24 and activity underway before the end of March 2024. If not, then it is highly unlikely that full spend will be achieved.
- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** –The UKSPF programme encompasses a wide range of activity and at all times issues relating to Health & Safety will be considered. In all activities it is important to consider and minimise any risk to staff, attendees and participants health, safety and well-being. This responsibility will be integrated in all partnership agreements or contractual obligations established under the programme.
- 3.7 **Gaelic** - Gaelic will be included into all relevant projects and communications in line with Council policy.

4 People & Skills Priority: Science Skills Academy (SSA)

- 4.1 As previously reported to this Committee, the UKSPF (£200k) together with HIE, secured continuation of the SSA until end December 2023, during which HIE would investigate and put in place a financial model to sustain SSA for the longer term.
- 4.2 Work is ongoing by HIE to do so, though this work will not be complete until at least end March 2023. In the interim, a temporary funding package is required to enable SSA to continue to the end of the academic year (UKSPF and HIE).

- 4.3 To fund a further SSA extension requires Council to approve that other UKSPF funds are reallocated within the People & Skills Priority, noting that UK Government have confirmed that such reallocation is compliant with the management of the UKSPF, and indeed welcome the proactivity from the Council in seeking to ensure funds are being used to best effect to achieve the overall outcome aims across the Priorities.
- 4.4 The UKSPF contribution will be £148.3k, and this will fund SSA for 3 months for the period April to June 2024, with HIE funding the 3 months January to March 2024 – this funding package enables HIE to identify and set in place a sustainably funded service delivery model for future Academic Years.

Within the People & Skills Priority, the UKSPF funding intervention from which SSA is resourced though to end December 2023, has now (as per ECI decision in August) been directed to Green Skills, with a Challenge Fund process underway.

It is therefore proposed that £148.3k is redirected from the uncommitted 24/25 Employability related intervention S31 “employment support for economically inactive people” to S36 “local areas to fund local skills needs” and commit this sum to SSA and accrue the 23/24 UKSPF resource for spend in the first quarter of 24/25 financial year.

- 4.5 As referred, HIE are progressing work on securing a financial model that will sustain the SSA for future Academic Years.

The model is based on secured contributions from both Public and Private sectors, and discussions are ongoing with colleagues from our Education Service on viable options for direct participation and support as part of a sustainable future for SSA. Proposals for such participation will be put to a future Education Committee for consideration.

5 Communities & Places Priority: Community Regeneration Fund

- 5.1 Members will be aware that a number of the planned Communities and Places actions have been incorporated into the Council’s existing Community Regeneration Fund (CRF) programme. This usefully enables the UKSPF to bring added value to the other regeneration funds managed by the team. Members will also be aware through Area Committees that the CRF programme is live with first round funding decisions already taken and second round funding decisions to be taken by Area Committees in January/February 2024.
- 5.2 In May 2023, when considering the arrangements for the delivery of the CRF programme 2023/24, Committee agreed an area allocation and decision-making process for the affected UKSPF. To this end, the second round grant decisions to be considered by the Area Committees in the new year will have UKSPF incorporated into the available budget – approximately some £400k across all areas. This will utilise the full 2022/23 and 2023/24 UKSPF allocations.
- 5.3 As there is a strict spend deadline for all UKSPF by end March 2025, Committee is aware that there is a need to forward commit as much as possible of the final year (2024/25) allocation and thereby give project leads sufficient time to deliver their projects. It is therefore planned to launch a third round of the CRF Programme (incorporating the 2024/25 UKSPF allocation) before Christmas 2023, thereby enabling grant assessments and award decisions to be taken during January and February 2024.

Allied to this, the third round will also provide an opportunity to potentially fund second round projects which secured Area Committee support but there was insufficient area funds available to support.

- 5.4 What has become apparent however, with the incorporation of UKSPF into the CRF multi-fund area allocations and grant award decisions being taken separately and independent of each other, is that it is not going to be possible to co-ordinate decision-making to deliver across the defined range of UKSPF project outputs and most critically secure the split of capital and revenue funding as required by the UK Govt. To do so and ensure the Council delivers in accordance with UKSPF requirements and therefore mitigates against the risk of not fully utilising all of the available UKSPF, it is proposed that grant award decisions on third round CRF is taken by the existing Economy and Infrastructure Committee CRF sub-group, comprising the Chair and Vice Chair of Economy and Infrastructure Committee and the Chair of each of the Area Committees.
- 5.5 While the Sub-Group will be charged primarily with taking grant award decisions that allow all UKSPF requirements to be met, it is proposed that the area allocation agreed in May 2023 be retained as target allocations to inform grant awards across Highland rather than as fixed actual allocations, thereby giving the required flexibility to meet UKSPF requirements.

6 Supporting Local Business Priority: UCI Cycling World Championships 2023

- 6.1 Fort William played its part in making history and helping to deliver the “biggest cycling event ever” staged in the world, the UCI Cycling World Championships 2023. The downhill mountain biking event was held over three days at Nevis Range and welcomed almost 20,000 spectators. Across the 13 disciplines covered by the Championships, approximately one million spectators attended the various events and over one billion viewed the events around the world. EventScotland have commissioned Ernst and Young to prepare an economic impact assessment which is expected to be published later this year.
- 6.2 The Championships successfully showcased what Lochaber, the Highlands and Scotland has to offer both in terms of cycling and wider visitor appeal. It has also helped to deliver a massive boost to the cycling agenda, with increased awareness and improved infrastructure.
- 6.3 The Highland Council was able to support the event at Fort William through a £200k financial contribution from the UKSPF. This was split with £100k dedicated to capital investment, which was mainly focused on necessary track upgrades and other improvements for spectators at the venue. The remaining £100k was for revenue expenditure and helped deliver a high-quality promotion strategy associated with the event, including dedicated features on Fort William, Lochaber and the wider Highland region. It also helped support a fringe events programme which included a hugely successful launch event at the newly developed bike park at Fort William. The £500k bike park received £290k of investment from the Scottish Government Cycling Facilities Fund which was established alongside the Cycling World Championships.

- 6.4 The event in 2024 will be the first year of a new format which was recently unveiled by UCI and Warner Bros which unifies all major mountain bike disciplines under one combined and coordinated world-wide calendar. The new structure reflects the growth of the sport and seeks to allow each of mountain bike's different formats to flourish, reach new audiences and enhance the experience for fans both on site and watching from home.
- 6.5 The Council, together with HIE and local businesses, has been requested by EventScotland to contribute to the funding package for the 2024 Fort William Downhill Mountain Bike event. The final sum involved remains as yet to be finalised and is subject to a range of factors including sponsorship deals and final estimated costs. Members will be aware from previous UKSPF reports, that within the UKSPF Implementation Plan, an option (up to £100k revenue) exists to support a UCI Mountain Bike World Cup and/or other similar event of international status. As EventScotland is not seeking Council support for any other event of similar status, it is proposed that these funds are directed to the 2024 Fort William Mountain Bike event. This is a top line sum and will be used not only to contribute to the main event budget but will also be used to reimburse the Council itself for any direct costs incurred and supporting local complementary activities.

Designation: Executive Chief Officer Infrastructure, Environment & Economy

Date: 23 October 2023

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Background Papers: None

Appendices: None