

Cabinet Meeting on Wednesday 21 July 2021

UK Community Renewal Fund – Priority Projects



Cllr Philip White, Deputy Leader of the Council and Cabinet Member for Economy and Skills

“It is a priority to the county council to reinvigorate our communities and businesses through investment, skills development, job creation and regeneration. The UK Community Renewal Fund could be another lever to support our continued drive to deliver this for the people of Staffordshire. We have received strong project applications and prioritised a selection to go forward for consideration by the Government. We’re confident these will make a real difference to communities and businesses and look forward to seeing successful bids beginning later this summer.”

Report Summary:

The £220m UKCRF aims to support people and communities most in need across the UK to pilot programmes and new approaches and will invest in skills, community and place, local business, and supporting people into employment. The level of interest we have seen locally in the UKCRF bidding process has been very positive and as a result we have created a pipeline of projects from a broad range of organisations reflecting our ambitions for Staffordshire. The government plan to announce the successful projects at the end of July and the delegation is needed to mobilise the projects quickly, to support delivery and the completion of outputs and impact by the end of March 2022.

Recommendations

I recommend that Cabinet:

- a. Agree that Staffordshire County Council (the “Council”) continues its role as Lead Authority for the UK Community Renewal Fund (UKCRF) and moves to the additional role of Accountable Body for the UKCRF;
- b. Agree that the Director of Economy, Infrastructure & Skills be given delegated authority to:
 - i. authorise the Council to enter into an agreement (Accountable Body Agreement) with the Ministry of Housing, Communities and Local Government (MHCLG) formalising the Council’s role as Lead Authority and Accountable Body for the UKCRF
 - ii. authorise the Council to enter into an individual grant funding agreement (Grant Agreement) with each of the successful providers

- iii. (if applicable) authorise any formal variations or extensions required to the Accountable Body Agreement or to the individual Grant Agreements based on performance or changes in UKCRF Guidance.

Local Members Interest
N/A

Cabinet – Wednesday 21 July 2021

UK Community Renewal Fund – Priority Projects

Recommendations of the Deputy Leader of the Council and Cabinet Member for Economy & Skills

I recommend that Cabinet:

- a. Agree that Staffordshire County Council (the “Council”) concludes its role as Lead Authority for the UK Community Renewal Fund (UKCRF) and moves to the role of Accountable Body for the UKCRF;
- b. Agree that the Director of Economy, Infrastructure & Skills be given delegated authority to:
 - i. authorise the Council to enter into an agreement (Accountable Body Agreement) with the Ministry of Housing, Communities and Local Government (MHCLG) formalising the Council’s role as Lead Authority and Accountable Body for the UKCRF
 - ii. authorise the Council to enter into an individual grant funding agreement (Grant Agreement) with each of the successful providers
 - iii. (if applicable) authorise any formal variations or extensions required to the Accountable Body Agreement or to the individual Grant Agreements based on performance or changes in UKCRF Guidance.

Report of the Director of Economy, Infrastructure and Skills

Reasons for Recommendations:

Background

1. The £220m UKCRF aims to support people and communities most in need across the UK to pilot programmes and new approaches and will invest in skills, community and place, local business, and supporting people into employment. The fund will operate from 2021 – 2022 only and invite a range of applicants to bid including but not limited to universities, voluntary, community and social enterprise organisations and umbrella business groups.
2. The fund will target the following investment priorities:
 - a. Investment in skills
 - b. Investment for local business
 - c. Investment in communities and place
 - d. Supporting people into employment

3. The UKCRF is a transition fund to the UK Shared Prosperity Fund and replaces the European Regional Development Funding. The UKCRF will help inform the design of the UK Shared Prosperity through funding of one-year pilots, but the funds are distinct with regard to design (including allocation approach), eligibility and duration. Successful UKCRF bids will be for 2021-22 only.
4. The County Council as Lead Authority for Staffordshire invited bids from a range of project applicants through an open bidding process, appraised and prioritised projects up to a maximum of £3m per Place (district/borough) and submitted a shortlist to UK Government who will select projects based on the published assessment criteria.
5. Staffordshire County Council is the Lead Authority for one of the Government's priority areas, Newcastle-under-Lyme.

Invitation & Engagement

6. The Council operated an open process inviting a broad range of organisations to submit bids to deliver new and innovative projects to inform the shaping of the UK Shared Prosperity Fund.

Responses

7. In total, the County Council received 31 project applications by its closing date of noon on 14th May. The breakdown of project applicants was 2 Fe Colleges, 5 Local Authorities, 14 Private sector (largely independent training providers), 2 third sector, 6 universities and 2 other.
8. The total project values of bids were over £28million and the total UKCRF request was almost £23million. Of the 31 applications, 27 (87%) feature activity in Newcastle under Lyme, although not all have 51% or more of expenditure/activity in Newcastle and are therefore not a priority place bid. The number of bids that hit this threshold as a Priority Place bid for Newcastle under Lyme is 23 (74%) bids with a funding value of over £12.4million equivalent to more than half the value of all bids received.

Review process

9. The Council commissioned the services of a third party, Mott MacDonald to provide advice and guidance on the review of the criteria 1 – strategic fit and criteria 2 deliverability, effectiveness and efficiency. Factors also considered included:
 - a. Whether the level of spend and output delivery is achievable in a 9-month timeframe
 - b. Whether the applicant has a clear and credible route to securing the project's beneficiaries
 - c. Does the applicant have a delivery base or a credible and confirmed plan to deliver in the target location?
 - d. If the project duplicates existing delivery

- e. Are the risks provided credible and properly mitigated with respect to the above items?

Prioritisation of projects

10. Mott MacDonald project shortlisting was undertaken by taking account of the project scores and risk ratings and the following principals were applied:
 - a. Projects that pass the gateway criteria.
 - b. Principal of majority spend in Newcastle-under-Lyme.
 - c. Ranked projects based on total appraisal scores (cut off point of 60%)
 - d. Projects that scored a RAG rating of green or amber.
 - e. Spread of programme delivery

Legal Implications

11. All successful bidders will be required to enter into a formal legal agreement (Grant Agreement) with the Council in its capacity as an Accountable Body for UK Community Renewal Fund expenditure, as a pre-condition of their eligibility to draw down funds. The Grant Agreement will reflect the terms of the Accountable Body Agreement entered into between the Council and MHCLG.
12. Applicants were invited via the MHCLG designed application form to declare whether or not their bid would amount to a subsidy, however they were not required to give any reasons where they made a negative declaration. There was concern, therefore, that there was both insufficient information on which to make an informed assessment of each project as well as insufficient time to scrutinise each individually given the very tight timescale set by central government.
13. As a result, the Council sought guidance from the Department for Business, Energy and Industrial Strategy. Its view is that neither the applicant nor the Council should be expected to make such an assessment and the onus is on the scheme designer to ensure compliance with the legislation through its conditions of eligibility for participation in the scheme. Further, the Grant Agreement includes provision that, should the grant be deemed an unlawful subsidy by central government, the applicant may be required to repay the whole grant amount.

Resource and Value for Money Implications

14. The Council requested applications from organisations from the private sector, charitable and voluntary organisations, to complete a due diligence form as published on the Council web page. Financial checks for all applications were undertaken using Experian. (www.experian.co.uk)

Timescale

15. The UK Government will announce successful projects by the end of July and projects will need to be completed by March 2022.

16. Due to the tight timescale there is a need to mobilise the projects swiftly after the Government announcement, to provide full opportunity to deliver the required outputs and impact by the end of March 2022.

Risks Identified

17. The UKCRF programme whilst providing an opportunity for investment in jobs, skills, business and communities presents some challenges and limitations in its design and implementation. The encouragement for larger projects valued at £500,000 or more from applicants to maximise impact and deliverability is a challenge to develop new projects or for small organisations to operate at this scale.

18. The requirements for all projects to commence from award in August 2021 and have all delivery, expenditure and evaluation completed by the end of March 2022 requires a sizeable scale of organisation to have a reasonable chance of success.

Conclusion

19. The level of interest we have seen locally in the UKCRF bidding process has been very positive and as an output we have created a pipeline of projects from a broad range of organisations including projects from the public and private sector.

List of Background Documents/Appendices:

Community Impact Assessment – Checklist and Executive Summary

Contact Details

Assistant Director: Anthony Baines, Assistant Director for Skills and Employability

Report Author: David Poole
Job Title: Head of Employer Skills Partnerships
Telephone No: 01785 854058
Email Address: David.poole1@staffordshire.gov.uk