

Greater Manchester Combined Authority

Date: 30th June 2023

Subject: UK Shared Prosperity Fund – Proposal and recommendation of the GM UKSPF Local Partnership Board – Manchester City Council Phase 2 UKSPF programme.

Report of: Councillor David Molyneux, Portfolio Lead for Resources and Investment and Steve Wilson, Portfolio Lead Chief Executive for Resources and Investment

Purpose of Report

This report sets out a proposal from Manchester City Council on the second phase of UKSPF investment in the city and the recommendations of the GM UKSPF Local Partnership Board to the GMCA as the Lead Authority for Greater Manchester in relation to the investment proposal. The proposal is for the UKSPF Communities and Place investment priorities E1, E3 and E6.

Recommendations:

The GMCA is requested to approve the recommendations of the GM UKSPF Local Partnership Board set out below and to delegate to the GMCA Chief Executive, Treasurer and Monitoring Officer in consultation with the Resources and Investment Portfolio Leader, the finalising of the grant funding agreement including the ability to make minor amendments as required:

1. Grant Manchester City Council up to £2,125,545 of GM's UKSPF allocation over 2 years to deliver the activity, expenditure, outcomes and outputs set out in their UKSPF Communities and Place Phase 2 proposal by March 2025, taking the Manchester City Council Communities and Place UKSPF investment across Phases 1 and 2 to a maximum of £5,013,823.
2. Note the additional impact of the Manchester City Council Phase 2 proposal to the collective impact of the currently approved ten Local Authority proposals in exceeding the majority of outcomes and outputs for the Communities and Place Investment Priority as set out in the GM UKSPF Investment Plan.

3. Support an additional UKSPF Communities and Place Intervention to be added to GM's UKSPF Investment Plan reporting the number of feasibility studies funded using UKSPF, reflecting the eligible and strategic use of UKSPF by local authorities to develop medium and long term regeneration ambitions for their places.

Contact Officers

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Report authors must identify which paragraph relating to the following issues:

Equalities Impact, Carbon and Sustainability Assessment:

Results of the [Sustainability Decision Support Tool](#) to be included here:

Recommendation - Key points for decision-makers

Insert text

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	
Health		
Resilience and Adaptation		
Housing	G	
Economy	G	
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		

Fund

G	Positive impacts overall, whether long or short term.	A	Mix of positive and negative impacts. Trade-offs to consider.	R	Mostly negative, with at least one positive aspect. Trade-offs to consider.	RR	Negative impacts overall.
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Risk Management

Key risks identified in the GM UKSPF Investment Plan are:

1. Programme Finances - Grant funding from UKG is not secured in line with the published timeline by GMCA as anticipated resulting in delays to delivery.
2. Contract and Legal - Delays to the execution of the legal documents.
3. Staffing and Recruitment – Insufficient staff recruited to deliver the UKSPF programme in Greater Manchester.
4. Contract Monitoring – UK Government radically alters its proposed UKSPF monitoring expectations midway through the programme.

Mitigation has been identified and there will be further refinement and updating of the risk register over the lifetime of the Fund

Legal Considerations

As projects and programmes are identified, GMCA legal will ensure identified routes to market (e.g. grants, commissions, etc) are compliant with subsidy control and that grant funding agreements and contracts are fully compliant with UK law and manage risk for GMCA appropriately.

Financial Consequences – Revenue

The GMCA allocation of non-Multiply UKSPF over the three years to 2024/5 is £83.850m - £10.176m 2022/23, £20.352m 2023/24 and £53.322m 2024/25. The total annual allocation is expected to be received by GMCA in October 2022, April 2023 and April 2024.

Indicatively, a maximum of £69.523m of this allocation will be revenue.

The proposals contained within this report include UKSPF revenue expenditure of £473,545 over 2023/24 and 2024/25.

Financial Consequences – Capital

Of the £83.850m indicative UKSPF grant allocation, a minimum of £14.327m of this allocation will be capital as the UKSPF national prospectus sets a minimum capital spend of 10%, 13% and 20% respectively for each year of the Fund.

The proposals contained within this report include UKSPF capital expenditure of £1,652,000 over 2023/24 and 2024/25.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

Background Papers

GMCA July 2022 – GM UKSPF Investment Plan

GMCA October 2022 – GM UKSPF Investment Proposals – Communities and Place

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

Yes / No **[Delete as appropriate]**

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

GM Transport Committee

Overview and Scrutiny Committee

1. Background

- 1.1 GMCA as lead UKSPF authority for Greater Manchester submitted its UKSPF Investment Plan to government at the end of July 2022 following approval of the GM UKSPF Local Partnership Board, GM MP Engagement Group and the GMCA.
- 1.2 The GM UKSPF Investment Plan was agreed by Government in December 2022.
- 1.3 During January and February 2023, all UKSPF investment proposals recommended by the Local Partnership Board and agreed by GMCA in Autumn 2022 progressed towards grant funding agreement, with all submitted UKSPF Communities and Place programmes signed off by the end of March 2023.
- 1.4 All GM LAs submitted a proposal for UKSPF Communities and Place activity in their areas through to March 2025, except for Manchester City Council and Wigan Council that set out part proposals.
- 1.5 This report is to consider the final element of Manchester City Council's UKSPF Communities and Place programme, forecast spend and outputs and outcomes. Wigan Council's proposal will follow in due course.

2. UKSPF Communities and Place – agreed approach

- 2.1 The implementation approach for UKSPF Communities and Place Investment Priority, is that Local Authorities (LAs) would each receive a devolved grant allocation

to allow them to manage this element of the GM UKSPF Investment Plan in accordance with local priorities and UKSPF eligibility. This included LAs being responsible for ensuring value for money, programme/project management and successful delivery of their proposals and that will be part of the grant funding agreement terms to receive their allocation of UKSPF. Additionally, LAs would also be responsible for ensuring their proposals deliver against the cross-cutting themes of taking GM closer to net zero 2038, reducing inequalities and maximising social value. LAs were asked to submit their proposals to GMCA by early October 2022. Both Manchester City Council and Wigan Council submitted part proposals with a second phase of activity to be agreed after further development. This report considers the second phase of Manchester City Council’s proposal. The overall UKSPF Communities and Place allocation for each LA is set out below:

Govt “allocation” by LA and Funding Year		2022-23	2023-24	2024-25	Total
Bolton	10.8%	£752,424	£1,014,876	£977,109	£2,744,408
Bury	6.6%	£455,795	£614,781	£591,902	£1,662,478
Manchester	19.8%	£1,374,620	£1,854,100	£1,785,103	£5,013,823
Oldham	9.1%	£629,431	£848,983	£817,389	£2,295,803
Rochdale	8.5%	£593,257	£800,191	£770,413	£2,163,860
Salford	8.9%	£614,962	£829,466	£798,599	£2,243,026
Stockport	9.7%	£672,840	£907,533	£873,761	£2,454,134
Tameside	7.8%	£542,613	£731,882	£704,646	£1,979,141
Trafford	7.0%	£484,734	£653,814	£629,484	£1,768,032
Wigan	11.9%	£824,772	£1,112,460	£1,071,062	£3,008,294
TOTAL		£6,945,448	£9,368,086	£9,019,466	£25,333,000

2.2 In delivering this agreed approach, LAs are responsible for the achievement of the agreed outcomes and outputs for three Communities and Place interventions set out in the GM UKSPF Investment Plan and below:

- E1 – Funding for improvements to town centres and high streets, including better accessibility for disabled people, including capital spend and running costs

- E3 – Creation of and improvement to local green spaces, community gardens, watercourses and embankments, along with incorporating natural features into wider public spaces
- E6 – Support for local arts, culture, heritage and creative activities

2.3 As the approach for the Local Authority (LA) allocations to deliver the three interventions above was allocative not competitive, each of the ten LA proposals were reviewed by the GMCA UKSPF team for eligibility with published UKSPF guidance and deliverability. There were eight review criteria used – strategic fit, cross-cutting priorities, stakeholder engagement, equality duty, subsidy control compliance, deliverability, interventions – expenditure and interventions – outcomes and outputs to reach recommendation to the Local Partnership Board.

2.4 In making their recommendations to GMCA in October 2022, the Local Partnership Board considered the review and recommendations of the GMCA team set out in 2.3 above and was asked to:

- consider the strategic fit of each of the proposals from the Local Authorities against the UKSPF GM Investment Plan and the GMS shared commitments as well as their own local priorities.
- consider the collective impact of the LA proposals as these will deliver the targets set out in the GM UKSPF Investment Plan for Communities and Place interventions E1, E3 and E6.

2.5 The ten LA currently agreed and live proposals are forecast to exceed six out of seven of the relevant outputs and outcome targets set out in the GM Investment Plan for E1, E3 and E6.

2.6 The Phase 2 MCC proposal will add a further 2,150 sqm of commercial floorspace completed or improved, 1,380sqm of public realm improved, 16 events and increased footfall and will focus some UKSPF investment on 5 feasibility studies focussed on development frameworks to bring forward investment and improvements to high streets and town centres across the city in the medium to long term. The table below shows the impact on the Phase 2 MCC proposal on the targets set out in the GM UKSPF Investment Plan (additions in brackets). Again, it is worth noting that a further proposal from Wigan Council for c£2m of UKSPF investment is likely to add to the outputs and outcomes set out below.

		UKSPF Outputs - as identified in the GM Investment Plan				UKSPF Outcomes - as identified in the GM Investment Plan			
		Amount of Commercial space completed or improved	Amount of rehabilitated land	Amount of public realm created or improved	Number of local events or activities supported	Jobs created as a result of support	Number of community-led arts, cultural, heritage and creative programmes as a result of support	Increased footfall	Estimated Carbon dioxide equivalent reductions as a result of support
GM Investment Plan Targets (E1, E3 and E6)	Total	5,000	3,750	1,000	53	600	53	5% increase	TBC
GM LA Proposals: Output/Outcome Summary	2022/23	525	8,500	22,350	152	39	60	57,190	0
	2023/24	5,784	270	314,092	696 (+6)	139	189 (+4)	391,140	28
	2024/25	2160 (+ 2,150)	130 (+ 1380)	110,177	809 (+10)	212	269 (+4)	555,090	43
	TOTAL	10,619	10,280	446,619	1,673	390	526	1,003,420	71
% proposed vs IP target	% proposed vs IP target	212%	274%	44662%	3157%	65%	977%	TBC	TBC
<small>NB: Increased footfall outcome: GM submitted a target of a 5% increase - DLUHC altered the outcome definitions from % to volume. The revised "target" will be subject to discussions with DLUHC in due course. No CO2 reduction targets were submitted with the GM Investment Plan as a target will be agreed dependents upon defined projects to be approved by GMCA and DLUHC.</small>									

2.7 There remains one outcome – *Jobs Created* - that is lower than the target set out in the GM Investment Plan. This is because of higher-than-expected capital spend proposed by LAs, and because any jobs created through construction works are not eligible to be claimed against UKSPF. GMCA is assessing the impact of this UKSPF programme-wide to see if these outcomes can be delivered elsewhere in the GM UKSPF programme.

2.8 The expenditure profile by year and by expenditure type for the MCC proposal aligns with that set out in the GM UKPSF investment plan.

3. THE MANCHESTER CITY COUNCIL PHASE 2 PROPOSAL

3.1 Manchester City Council’s Phase One proposal agreed by GMCA on October 2022, focussed UKSPF investment on two places, with public realm improvements in Withington Village (pedestrianisation of Copson Street and the creation of a new library square on Wellington/Wilmslow Road) and improvements for Moston Lane, including an Environmental Stabilisation Plan and green space improvements at Simpson Memorial Park and Church Green.

3.2 Manchester City Council has put forward a Phase 2 proposal that will utilise the remaining £2,125,545 balance of their £5,013,823 allocation. It will deliver against the shared commitments of the Greater Manchester Strategy and principles of the UKSPF Communities and Place Investment Priority as set out in the GM UKSPF Investment Plan, in that it will make a significant contribution to restoring a sense of community, local pride and belonging, and therefore provide a strong strategic fit, individually and collectively. All elements of the proposal are eligible for UKSPF funding and will contribute to the expenditure, outcome and output targets for E1, E3 and E6 as set out in the GM Investment Plan. Manchester City Council has set out

their internal governance and programme/project management of their UKSPF allocation to ensure their programmes deliver to time and budget.

- 3.3 Manchester City Council's Phase 2 UKSPF proposal sets out ten projects, nine projects focussed in North Manchester, and one in East Manchester summarised as follows:

Manchester City Council UKSPF Communities and Place Phase 2 Proposal summary
<ol style="list-style-type: none">1. Remedial works to Simpson Memorial Hall in Moston as part of wider Moston Lane regeneration programme supported by Phase 1 UKSPF funding.2. Acquisition of a listed building in Moston.3. Development of Cheetham Hill Neighbourhood Development Framework.4. Development of Strangeways Strategic Regeneration Framework.5. Development of Newton Heath Neighbourhood Development Framework.6. Development of Harpurhey Local Infrastructure Framework.7. Development of Cheetham Hill Public Realm Study.8. Delivery of Strangeways Traffic Management and Highways works.9. North Manchester Culture Place Partnership - UKSPF investment will support capacity building to create a new innovative Cultural Partnership between cultural organisations and communities partners in North Manchester.10. Delivery of a new Gorton Town Square –a new multi-functional town square which will assist Gorton Market, improve the public realm and unlock wider development opportunities for the Gorton town centre.

- 3.4 As with all proposals from local authorities, the proposal was reviewed by the GMCA UKSPF Team against eight criteria – strategic fit, cross-cutting priorities, stakeholder engagement, public sector equality duty, subsidy control compliance, deliverability, interventions – expenditure and interventions – outcomes and outputs to reach a recommendation.

- 3.5 There are several areas noted by the GMCA UKSPF Reviewer, namely:

- The proposal was comprehensive and is a strong strategic fit to the GM UKSPF Investment Plan and the Greater Manchester Strategy, with a focus on place

based regeneration, either through capital schemes such as the new Gorton Square or through UKSPF investment in feasibility studies that will form the foundation for medium or long term regeneration activity. The proposal proposes investment into an innovative new cultural partnership for North Manchester – increasing engagement with community groups across the area, again a strategic fit to the UKSPF Investment Plan.

- The MCC Phase 2 proposal sets out activity and expenditure that is deliverable within the timeframe of the GM UKSPF programme, and the activity proposed builds on the type of investment being delivered by MCC in the first phase of their UKSPF investment.
- As in their Phase One proposal, MCC have addressed consideration of the cross-cutting priorities, equality duty and stakeholder engagement.
- The outputs and outcomes proposed will add significantly to two UKSPF Communities and Place outputs (commercial space completed or improved and amount of rehabilitated land). However, the type of investment MCC will make in feasibility studies will not deliver direct UKSPF outputs and outcomes within this programme period but are expected to deliver positive outcomes post-2025. It is notable that a number of LAs have used UKSPF investment to commission a series of feasibility studies not anticipated within the GM UKSPF Investment Plan and that will not deliver direct outcomes and outputs as the Investment Plan currently stands, but this strategic approach to UKSPF investment will deliver positive outcomes for places and communities beyond the timescale of this UKSPF programme period.
- The MCC Phase 2 proposal sets out a likely 10% increase in footfall for those projects that will deliver physical improvements within the UKSPF timescale. As with other LA proposals, further work is needed to establish a consistent baseline for outputs such as increased footfall and carbon reduction impacts, where further guidance from Government is expected.
- No issues have been raised with compliance to the new Subsidy Control Regime requirements, and the grant funding agreement between GMCA and MCC will reflect a requirement for compliance with the Subsidy Control regime, being clear that responsibility for compliance will sit with the individual LA.

3.6 The GMCA UKSPF team recommended the proposal should be supported by the GM UKSPF Local Partnership Board with any minor outstanding issues identified by the

appraisers dealt with via contracting, which should in turn recommend the proposal for approval by GMCA.

4. RECOMMENDATIONS AND NEXT STEPS

- 4.1 At the GM UKSPF Local Partnership Board of 19th June, the Board supported the proposal and agreed this recommendation should be sent to the GMCA for their ratification at their meeting of 30th June 2023.
- 4.2 Subject to GMCA ratification, the GMCA UKSPF team will then work with Manchester City Council to ensure all additional activity identified within this proposal is reflected in a revised Grant Funding Agreement and updated reporting and monitoring systems to allow delivery to begin as soon as possible.
- 4.3 It is further proposed that GMCA requests the addition of a further UKSPF Intervention within the Communities and Place investment priority into the GM UKSPF Investment Plan. This would be the addition of intervention E14 – Number of Feasibility Studies and the output being increased number of projects arising from funded feasibility studies. This would reflect the longer term “leverage” ambitions of UKSPF investment in Communities and Place by local authorities, in that the development of neighbourhood or strategic development frameworks will set the foundations for future development. This is an important and strategic approach to the use of UKSPF and is not currently reflected in the interventions set out in the GM UKSPF Investment Plan, or in the outputs and outcomes currently identified.
- 4.4 It is anticipated the final proposal for local authority investment using UKSPF Communities and Place allocation will be from Wigan and will come to the GM UKSPF Local Partnership Board and GMCA within the coming months.