

Greater Manchester Combined Authority

Date: Friday 28th March 2025

Subject: Details on the principles and activity of the 2025/26 UK Shared Prosperity Fund extension

Report of: Councillor David Molyneux, Portfolio Lead for Resources & Investment

Purpose of Paper

This paper outlines the principles and details of the activity for the 2025/26 extension of UK Shared Prosperity Fund (UKSPF) into the Local Growth and Place Pillar of Integrated Settlement.

Recommendations:

Agree the approach to allocations to programmes formerly funded through UKSPF for 2025/26 under the Local Growth and Place pillar of Integrated Settlement and the proposed allocations and proposals set out in the report.

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1. Background

1.1 This paper should be read in conjunction with GMCA paper on the allocation of Integrated Settlement and use of flexibilities.

1.2 By way of background, the primary goal of the UKSPF is to build pride in place and increase life chances across the UK, with the Greater Manchester Investment Plan focused on aligning this to the GMS. UKSPF has a total value of £83,000,000 running from 2022/23 – 2024/25.

1.3 The main challenge of UKSPF was that the design and implementation of the fund had compressed timelines which presented challenges in delivery. The first payment for 2022/23 was confirmed and made in January of 2022. The payment in the second year was made in July of 2023. This negatively impacted the delivery of several projects, predominantly the Local Authority Community and Place and Local Business programmes. MHCLG have confirmed that all funding received to date must be spent by March 2025 or returned.

2. Integrated Settlement impact

2.1 UKSPF has been confirmed as falling into the Integrated Settlement, specifically the Local Growth and Place Pillar, and so many of the restrictions of UKSPF will no longer be applicable.

2.2 MHCLG have confirmed that our allocation will be **£43,215,615** which is a 19% reduction in 2024/25 funding levels.

2.3 Given the narrow time from the extension announcement and the conclusion of the current activity there is limited opportunity to take full advantage of the move to integrated settlement in the first year. However, the proposals below take a pragmatic approach in principle to manage the limited time and allocations for 2025/26.

2.4 It is also worth noting for the Integrated Settlement the Outcome Framework will not be agreed until Spring 2025 which does not allow for any time to amend and commission delivery for the one year. The main principle behind the transition year is to start to use the flexibilities allowed under the Local Growth and Place pillar of the Integrated Settlement, such as no minimum capital requirements, to align with proposed outcomes whilst taking a pragmatic approach to current provision.

3. Broad Principles of UKSPF Extension

3.1 While there is an ambition to move towards integrated settlement and new ways of working, there are limitations on what is possible given the compressed timescales that GMCA must now work to. The decisions have been based on the following principles:

- VCSFE led programmes should not see a reduction in funding
- Local Authority grants should be developed to maximise flexibility on what they can deliver
- Local Authority grants should be impacted as little as possible by the overall reduction in the GM UKSPF allocation
- Provision with activity overlapping with other funds should be stopped to allow better efficiency in spend
- Allocations for programmes delivered under Local Business will be worked in conjunction with any Retained Business Rates allocations for 2025/26

4. The proposals for Local Authority grants:

4.1 Local Authorities would receive one grant with increased flexibility on how it can be spent locally. This would combine the grants that previously fell under UKSPF that were delivered under the Community and Place Pillar (E1,3,6) and the Local Business Pillar (E22).

4.2 Within this grant there would be added flexibility, providing the Local Authorities the opportunity for greater alignment with local need, and have far fewer restrictions. There would be no minimum capital requirements and there would also be no need to align with the previously used UKSPF E-numbers. The details on grant parameters and activity will be worked up alongside Local Authorities.

4.3 The proposal is also to extend the grant to Manchester City Council for the Build a Business Programme to deliver another year of activity.

4.4 It is also proposed that the Local Authority NEET grants be extended to cover the entire of 2025/26, with the opportunity to bring in additional funding allocated to NEET provision across each Local Authority.

5. The proposal for VCFSE programmes:

5.1 With the move towards Live Well, there is no desire to reduce funding to VCFSE programmes currently.

5.2 The proposal then is to continue activity for an additional year (2025/26) at the current rate of funding on both the Improving VCFSE Infrastructure and Support for Growing the Social Economy Programmes.

5.3 This activity provides support to develop VCFSE infrastructure, as well as supporting the social economy.

5.4 To prevent any impacts to delivery, letters of comfort have been sent to the VCFSE providers in December with assurances of funding and allocations for 2025/26

6. The proposal for the Local Business Programmes:

6.1 The proposal is to extend the current funded activities for an additional year by enacting the “plus one” clause in the contract for services for Innovation Ecosystem, and issuing and extending the grant for Core Business Support.

6.2 It is proposed that the quantum of funding for Local Business programmes in 2025/26 will be match funded by Retained Business Rates, details of which will be finalised in March.

6.3 This activity provides core business support across Greater Manchester, as well as providing innovation support for businesses and entrepreneurs.

7. The proposal for the People and Skills Programmes:

7.1 Moving towards Integrated Employment Support it has been identified by Local Authorities that current UKSPF provision should continue to prevent gaps in provision.

7.2 Support to Succeed has been identified as a key priority and as such it is proposed that this provision is extended into 25/26 by utilising the plus one clause in the contract.

7.3 Community Grants was part funded by Multiply and Adult Education Budget up till 2024/25 - this currently supports over 150 VCFSE organisations to deliver outreach, engagement & skills/work activity to some of the most economically inactive residents. It is proposed that unallocated Adult Education Budget funding is used in 2025/26 to top up the UKSPF allocation and continue this programme by enacting the plus one clause in the contract.

8. Allocations

UKSPF Project	Allocation 25/26
LA Flexible Grants	£19,962,329
Improving VCSE infrastructure (E11)	£670,000
Innovation Ecosystem Navigation Service (E19)	£4,000,000
Core Business Support (E23)	£4,982,129
Build a Business Programme (E23)	£800,232
Support for growing the local social economy (E26)	£825,000
Support to Succeed (E33/34)	£5,647,059
NEET Support Programme	£3,173,334
Community Grants (E33/34)	£2,413,333

9. Recommendations

The Recommendations can be found at the front of the report.