

Report for: **Cabinet**

Date of Meeting:	16 th March 2023
Subject:	UK Shared Prosperity Fund – Harrow’s Direct Allocation Proposed Spend
Key Decision:	Yes - relates to more than £500,000 and covers more than two wards
Responsible Officer:	Dipti Patel - Corporate Director of Place; Mark Billington - Director of Inclusive Economy, Leisure & Culture
Portfolio Holder:	Cllr Norman Stevenson – Portfolio Holder for Business, Employment & Property Cllr Jean Lammiman - Portfolio Holder Community and Culture Cllr Anjana Patel - Portfolio Holder for Environment and Community Safety Cllr David Ashton - Portfolio Holder Finance and Human Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All wards
Enclosures:	Appendix A – Equalities Impact Assessment (EqIA): UK Shared Prosperity Fund – Harrow’s Direct Allocation Proposed Spend

Section 1 – Summary and Recommendations

This report sets out the financial and legal implications of the Council entering into an agreement with the GLA regarding the Council's direct allocation of the UK Shared Prosperity Fund (UKSPF).

Recommendations:

Cabinet is requested to:

- 1) Agree to enter into a Grant Agreement with the GLA and secure £1.4m direct funding from the Department of Levelling Up's UK Shared Prosperity Fund (UKSPF) and deliver projects to improve Harrow as a place, and to support residents and businesses.
- 2) Delegate authority to the Corporate Director following consultation with the Portfolio Holder for Business, Employment & Property, Portfolio Holder for Community and Culture, Portfolio Holder for Environment and Community Safety and Portfolio Holder for Finance and Human Resources to sign the agreement.

Reason: (for recommendations)

As the Lead Authority to manage UKSPF in London, the GLA requires each London Borough to sign a funding agreement to receive the Borough's direct allocation of UKSPF funding.

Section 2 – Report

Introduction

The GLA has allocated a total of £1.4m funding to Harrow Council to deliver projects under the UKSPF themes of (i) Communities and Place and (ii) Supporting Local Businesses. Following consultation with officers and Portfolio Holders, a range of projects have been developed to be funded by the UKSPF to support town centres, parks and open space, and culture and help residents with the cost-of-living crisis.

These projects have been identified as they address the Council's Corporate Policies, of A Council that Puts Residents First; A Borough that is Clean and Safe; A Place where those in Need are Supported.

Specifically, the projects under Communities and Place address the objective to develop more community facilities and amenities that residents want, so Harrow becomes the place they want to spend their time and money, creating a thriving local economy and supporting our local businesses. The Energy Advice and Support for Cost-of-Living project supports the "A Place where those in Need are Supported" Priority.

Options considered

Option A To enter into a Grant Agreement with the GLA

This would secure £1.4m direct funding to Harrow Council to deliver projects to improve Harrow as a place, and to support residents and businesses.

Option B To do nothing - Not to enter into an agreement with the GLA

This would mean that the council would not receive the £1.4m funding from the UKSPF and would be unable to deliver the projects identified.

Preferred Option

Option A is the preferred option because it enables the Council to receive the £1.4m funding from the UKSPF in order to deliver the projects identified and also enables the Council to seek to maximise its grant funding over FYs 2023/24 and 2024/25

Background

The UK Shared Prosperity Fund (UKSPF) replaces European Union funding (specifically European Structural and Investment Fund). The UK government has established three UKSPF investment priorities:

- Communities and Place
- Supporting local business
- People and Skills

The GLA as the Lead Authority to manage UKSPF in London submitted an Investment Plan to government at the end of July 2022 to show how it proposed to spend the UKSPF across London and summarise the outputs and outcomes that the funding would deliver.

The GLA Investment Plan allocated some of the UKSPF under the Communities and Place and Supporting Local Business themes directly to each London borough. Boroughs were required to submit proposals to the GLA in October 2022, setting out the proposed projects, spend and related outputs and outcomes to be delivered under these two themes. Table 1 below summarises the projects that it is proposed to fund under UKSPF under these 2 themes and by Portfolio Holder.

The GLA has since reviewed all borough proposals and checked information against the GLA's UKSPF Investment Plan submitted to government. A request for further information for Harrow's proposals including the need to set out the outputs/outcomes by quarter and review the outputs and outcomes following clarification of their definitions was submitted to the GLA in December 2022. These revised proposals have now been agreed by the GLA.

To access this funding, the Council is now required to sign a Grant Funding Agreement (GFA) with the GLA. The revised outputs and outcomes information submitted in December form part of the council's GFA and will be used to monitor performance over the lifetime of the UKSPF programme.

It should be noted that the GFA has been drafted to reflect the standard clauses in the GLA's UKSPF Memorandum of Understanding with the UK Government. As such, the GLA has stated that it is not possible to renegotiate

the standard clauses or wording. It should also be noted that by acting as the Lead Authority, the GLA is tied to the UK Government's UKSPF requirements. The key implication for Harrow as one of the London Boroughs receiving a direct allocation is that the GFA includes a clause that allows the GLA to reduce the amount of grant paid to Harrow as a result of the Secretary of State withholding or reducing UK Shared Prosperity Funding under its Memorandum of Understanding with the GLA.

Table 1 Summary of Projects by Portfolio and UKSPF Theme

Project Name	Project Summary	UKSPF Allocation Capital FYs 22/23-24/25	UKSPF Allocation Revenue FYs 22/23-24/25	UKSPF Theme
Community and Culture portfolio				
Harrow Cultural Assets - New archive & gallery space	Use the UKSPF to improve access to the borough's cultural assets, including for example the Council's public borough archive	£123,456	£30,048	Communities and Place
Harrow Arts Centre - Phase 2	Phase 2 of the HAC development (total cost £1.7m) will lead to the demolition of the existing Greenhill Portakabin and creation a larger New Build of 2 storeys, circa 450m2. UKSPF funding will provide resources for roof lights, solar panels (PVs), an additional window, and contribute to public realm improvements. These are for elements of Phase 2 that had previously been "value engineered" out of the build due to lack of funds.	£111,490	£18,090	Communities and Place
Support to Parks and Open Spaces	Capital funding will be used to <ul style="list-style-type: none"> support large and small interventions to create, enhance and improve the management of grassland, woodland, 	£182,400	£22,080	Communities and Place

Project Name	Project Summary	UKSPF Allocation Capital FYs 22/23-24/25	UKSPF Allocation Revenue FYs 22/23-24/25	UKSPF Theme
	<p>wetland and other habitats in public green spaces. There will be a particular focus on the creation of new meadow / wood meadow areas.</p> <ul style="list-style-type: none"> • Provide grant funding to Park User Groups (PUGs) • Employ a project officer to assist in delivery <p>Revenue funding will be used to support PUGs, and Harrow Nature Conservation Forum volunteers, through appropriate training e.g. in the use of equipment.</p>			
Support for the voluntary sector	Funding will be used to provide support to voluntary groups (Park User Groups, Harrow Nature Conservation Forum)	N/A	£77,088	Communities and Place
PH Sub Total		£417,346	£147,306	
Environment and Community Safety Portfolio				
Energy advice and support for cost of living	<p>Funding will be used to</p> <ul style="list-style-type: none"> • Provide advice via Seasonal Health Intervention Network SHINE to promote measures to increase energy efficiency measures e.g. insulation, etc • Employ a dedicated support officer to promote energy 	N/A	£157,440	Communities and Place

Project Name	Project Summary	UKSPF Allocation Capital FYs 22/23-24/25	UKSPF Allocation Revenue FYs 22/23-24/25	UKSPF Theme
	efficiency and retrofit opportunities			
PH Sub Total		N/A	£157,440	
Business, Employment & Property Portfolio				
Harrow High Street Fund	Funding will be used as additional capital funding to support the existing Harrow High Street Fund	£275,600	£30,528	Communities and Place
Business Engagement	To raise awareness of business support services available	N/A	£81,600	Supporting Local Business
Business Support	To provide tailored business advice to individual businesses - targeting women, young people, and disabled people (including business owners and sole traders with mental health concerns)	N/A	£213,600	Supporting Local Business
Reuse Laptop and Mobile Phones Start Up Kit Project	Informed by an existing pilot, the project seeks to target new start-ups and provide them with reused and repaired laptops to assist with business operations and admin.	N/A	£37,915	Supporting Local Business
PH Sub Total		£275,600	£363,643	
Monitoring and Evaluation Costs@4%			£56,723	

Consultation

In developing these proposals, the council consulted with several representative groups and organisations and built on previous consultations for example on Harrow Arts Centre and with councillors on High Streets. Consultees have included: North-West London Chamber of Commerce, Metro bank, West London Business, HA1BID. Traders Associations, Park User Groups, West London Energy Officers' Group and West London consortium retrofit delivery model.

Implications of the Recommendation

Considerations

By entering into the Grant Funding Agreement (GFA) with the GLA, the Council is bound by the terms of the agreement. This includes:

- The GLA's monitoring requirements, including the need for the council to submit quarterly claim submissions
- The grant review and claims process
- A requirement to accord with branding guidelines issued by the Secretary of State, the UK government, or the GLA

Further details are given in the Resources/Costs, Legal Implications and Finance Implications in this report.

Grant Review

The GLA will review the delivery of Harrow's projects annually and confirm whether the project activities and the funding agreement should continue in line with existing plans.

Resources, costs

Grant Claims & Payments

The GLA Grant Funding Agreement sets out the payment schedule and terms that the council must meet to obtain the funding from the GLA. Table 2 below sets out the GLA's proposed payment schedule.

A first payment will be received by the council on signing of the GFA.

After an initial grant claim for the financial year 2022/23, Harrow Council as Project Deliverer must submit a further eight quarterly progress claims over the financial years 2023/24 and 2024/25 which are to be signed by the section 151 officer.

Harrow will be required to keep detailed records of all expenditure, including evidence of the expenditure and the defrayal, and provide this upon request by the GLA. The GLA may periodically request to see a detailed breakdown of expenditure and supporting evidence.

Table 2: UKSPF Payment Schedule

Milestone no.	Headline Milestone Description	Timing of payment	Amount of UK SPF Payment (Capital and Revenue)
1st Milestone	Payment of 2022/23 allocation made on the signing of the grant funding agreement and receipt by the GLA	Jan-Mar 2023	Communities and Place: £357,022 Supporting Local Business: £115,665

2nd Milestone	Your 2023/24 allocation will be paid, provided that satisfactory progress is being made against delivery of the activities set out in the proposal and forecast outputs and outcomes for the previous financial years have been met, or failing that, that there is a credible plan agreed to address underperformance.	Jul-Sep 2023	Communities and Place: £357,022 Supporting Local Business: £115,665
3rd Milestone	90% of your 2024/25 allocation will be paid, provided that satisfactory progress is being made against delivery of the activities set out in the proposal and forecast outputs and outcomes for the previous financial years have been met, or failing that, that there is a credible plan agreed to address underperformance.	Jul-Sep 2024	Communities and Place: £321,317 Supporting Local Business: £104,100
4th Milestone	10% of your 2024/25 allocation will be released upon satisfactory completion of activity.	Apr 2025	Communities and Place: £35,702 Supporting Local Business: £11,565

Staffing/workforce

Some of the UKSPF funding will be used to employ staff to deliver the project(s) in the relevant service area. These costs were included in the Council's submission to the GLA. This includes:

- A Project Officer for the Energy Advice and Support for Cost-of-living project
- A Project Officer/Park Ranger for the Support to Parks and Open Spaces

Ward Councillors' comments

Not applicable

Performance Issues

The Grant Funding Agreement (GFA) includes the following outputs and outcomes that the council has agreed to deliver as

Communities and Place Outputs and Outcomes

Outputs		
Harrow High Street Fund	E1: Amount of public realm created or improved square metres (m2)	280
Harrow Arts Centre - Phase 2	E1: Amount of commercial completed or improved (m2)	400
	E1: Amount of public realm created or improved (m2)	50
	E4: Number of Tourism, Culture or heritage assets created or improved (numerical value)	1

Support to parks and open spaces	E3: Amount of green or blue space created or improved (m2)	100000
	E3: Number of trees planted (numerical value)	1000
Harrow Cultural Assets (Archive & Gallery)	E4: Number of Tourism, Culture or heritage assets created or improved (numerical value)	1
Support for voluntary sector	E9: Number of volunteering opportunities supported (numerical value)	1450
Energy advice & cost of living project	E13: Number of organisations receiving non-financial support (numerical value)	60
	E13: Number of households receiving support (numerical value)	800

Outcomes		
Harrow High Street Fund	E1: Jobs created (numerical value)	92
	E1 Jobs safeguarded (numerical value)	1
	Reduced vacancy rates (% decreased). The baseline is 4.57% in 2021-22 and our target is a reduction by 0.57% to 4% by 2024-25. This equates to a 12.4% overall improvement in our vacancy rates.	12.4% reduction
Harrow Arts Centre - Phase 2	E1: Jobs created (numerical value)	3
	E1: Jobs safeguarded (numerical value)	10
	E4: Improved perceived/experienced accessibility (numerical value)	1
	Increased visitor numbers (%). The baseline is 182,000 visitors in 2021-22 and our target is a 5% increase by 2024-25.	5% increase
Support to parks and open spaces	E3: Increased visitor numbers (numerical value)	1350
	E3: Increased use of cycleways or paths (numerical value)	700
Harrow Cultural Assets (Archive & Gallery)	E4: Improved perceived/experienced accessibility (numerical value)	1
Support for voluntary sector	E9: Improved engagement numbers (numerical value)	500
Energy advice & cost of living project	E13: Increased take up of energy efficiency measures (numerical value)	160

Supporting Local Business Outputs and Outcomes

Outputs		
Business Engagement	E23: Number of enterprises receiving non-financial support (numerical value)	200
Business Support	E23: Number of enterprises receiving non-financial support (numerical value)	90
Reuse Laptop and Mobile Phones	E23: Number of enterprises receiving non-financial support (numerical value)	20

Start Up Kit Project		
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Outcomes		
Business Engagement	E23: Jobs created (numerical value)	1
	E23: Jobs safeguarded (numerical value)	1
Business Support	E23: Jobs created (numerical value)	1
	E23: Jobs safeguarded (numerical value)	1
	E23: Number of new enterprises created (numerical value)	10
	E23: Number of enterprises adopting new or improved products or services (numerical value)	40
Reuse Laptop and Mobile Phones Start Up Kit Project	E23: Jobs created (numerical value)	1
	E23: Jobs safeguarded (numerical value)	1
	E23: Number of enterprises adopting new or improved products or services (numerical value)	10

Environmental Implications

The Support to Parks and Open Spaces project and the Energy Advice & Cost of Living Project will support the Council's climate change strategy by creating and/or enhancing grassland, woodland, wetland and other habitats in public green spaces, and by helping residents reduce their energy consumption.

The Reuse Laptop and Mobile Phones Start Up Kit Project will reduce the number of laptops and mobile phones being discarded.

Data Protection Implications

Data Protection implications will be considered at the project delivery stage for each project. Processes are already in place for the Volunteering and Business Support programmes.

Risk Management Implications

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? **No** but separate risk registers will be developed for each project

The relevant risks contained in the register are attached/summarised below.
Yes

The following key risks should be taken into account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Risks related to entering into the UKSPF Funding Agreement with the GLA		
<p>If the recommendations in the report are not agreed the Council would not receive the £1.4m funding from the UKSPF and would be unable to deliver the projects identified or seek to maximise its grant funding during FYs 2022/23, 2023/24 and 2024/25</p>	<ul style="list-style-type: none"> ▪ Acceptance of the report's recommendations will fully mitigate this risk 	Green
<p>Better and more deserving projects in the borough have not been selected to receive the UKSPF funding</p>	<ul style="list-style-type: none"> ▪ Extensive consultation was undertaken with key stakeholders to identify the projects for the funding, including members of the Harrow Business Forum, trading associations, Park User Groups, the West London Energy Officers' Group and the West London consortium retrofit delivery model. 	Green
<p>The Council does not fully comply with the terms and conditions of GLA funding from the UK Shared Prosperity Fund, for example in regard to the grant review and claims process, leading to funding being delayed, withheld or ceasing</p>	<ul style="list-style-type: none"> ▪ Programme Manager appointed as a dedicated officer to oversee this process including stringent internal financial management processes and regime by the finance directorate ▪ Guidelines have been issued by the GLA on compliance which we are following closely ▪ Any issues would be escalated to Director-level 	Green
<p>The Council has insufficient resources and/or dedicated staff in place to effectively administer and account for the grant</p>	<ul style="list-style-type: none"> ▪ Programme Manager appointed as a dedicated officer to oversee this process including stringent internal financial management processes and regime by the finance directorate 	Green

Risk Description	Mitigations	RAG Status
The GLA does not meet the terms of its MOU with central government leading to a reduction or the cessation of funding from the GLA	<ul style="list-style-type: none"> ▪ If this happened projects would be reviewed and scaled down to meet and recognize the financial resources available to us 	Green
Delay in GLA finalising the Grant Funding Agreement (GFA) with Harrow Council	<ul style="list-style-type: none"> ▪ A draft GFA has already been reviewed by HB Public Law. Comments on the GFA have been sent to and agreed by the GLA before the final GFA is issued. 	Green
Delay in funding being paid especially for 2022/23 could delay delivery of project(s)	<ul style="list-style-type: none"> ▪ Projects have been designed to take account of delay in funding being paid in time. Most of the projects are not planned to start spending until 2023/24. 	Green
Reduction in the Grant paid to Harrow Council because of the Secretary of State withholding or reducing UK Shared Prosperity Funding under its Memorandum of Understanding (MOU) with the GLA.	<ul style="list-style-type: none"> ▪ Harrow to ensure that it meets the requirements of its GFA with the GLA including, for example the need for the council to submit quarterly claim submissions. ▪ In the case of any reductions in funding, projects will be scaled down accordingly as indicated above. ▪ However, Harrow is relying on the other London boroughs and the GLA to ensure that the GLA meets the terms of its MOU with the Government. 	Green

Risk Description	Mitigations	RAG Status
Risks Relating to Project Delivery		
<p>The Council's level of performance/delivery on the completion of project headline milestones is weak/unsatisfactory leading to it being unable to attract or sustain continued funding</p>	<ul style="list-style-type: none"> ▪ Programme Manager appointed as a dedicated officer to oversee this process including stringent internal financial management processes and regime by the finance directorate ▪ Project-level reviews are built into the regular monitoring process carried out internally on projects to identify any projects not on track ▪ Any significant issues on delivery would be escalated to Director-level 	Green
<p>Delay in funding being paid at each milestone stage could delay delivery of project(s)</p>	<ul style="list-style-type: none"> ▪ A Programme Manager has been appointed to ensure that all projects remain on track with the agreed outputs and outcome targets to ensure each payment milestone is met. ▪ Also see mitigations above 	Green
<p>Materials and labour shortages occur leading to significant delays on the completion of projects</p>	<ul style="list-style-type: none"> ▪ Regular projects reviews are in place to identify any issues in this area ▪ We would also seek agreement with the GLA on alternative outputs and outcomes and the way forward if significant shortages should occur 	Green
<p>Project costs increase due to both foreseen (e.g. inflation) and unforeseen circumstances</p>	<ul style="list-style-type: none"> ▪ All the projects have been developed with a contingency plan including whether the project can be reduced in scale if needed 	Green

Procurement Implications

Any procurement arising from the recommendations set out in the recommendations of this report will be undertaken in compliance with the Public Contract Regulations 2015 and the Contract Procedure Rules.

Legal Implications

The GLA's draft UKSPF Grant Funding Agreement (GFA) has been considered by HB Public Law. The main legal implications of signing the GFA are highlighted in the report, noting that as the GFA has been drafted to reflect the GLA's Memorandum of Understanding with the UK Government, it is not possible to renegotiate the standard clauses or wording.

Financial Implications

Total grant allocated under the themes of Communities and Place, and Supporting Local Business is £1.148m. This consists of £0.722m of capital funding and £0.696m of revenue funding. Financial monitoring arrangements have been put in place to ensure that the spend is in accordance with the proposals approved by the GLA and accurate financial information is used for each quarterly progress claim.

Equalities implications / Public Sector Equality Duty

An Equalities Impact Assessment (EqIA) has been undertaken for the UKSPF programme (see Appendix A)

The key EqIA findings are as follows:

Communities and Place

We do not anticipate that the Communities and Place projects will have a negative impact on Harrow residents or result in any direct or indirect discrimination of any group that shares protected characteristics.

Outcomes include the development of more community facilities, cultural assets and capacity building for resident led volunteer groups while the Energy advice and support offer will help residents with the cost of living.

Supporting Local Business

The Business Engagement and Business Support project will be open to everyone and will include targeted support for women in business, young people (aged 18-30) and disabled people.

The rationale for building in targeted support is to help to advance the equality of opportunity by addressing the inequalities that these groups face with business start-up, business survival and access to new contracts.

The EqIA makes the following recommendations for the Supporting Local Business Theme:

- The business support provider will ensure that there is provision in place to provide generic business information, advice and guidance to anyone that registers an interest.
- There will also be signposting available to those requiring more intensive support.

In developing the proposals for each of the projects, consideration has been given to ensure that they meet the council's public sector equality duty.

Council Priorities

The section below summarises how the various projects deliver in relation to the Council's Corporate Plan.

A borough that is clean and safe

Project Name	Corporate Plan Action	Corporate Plan Workstream
Harrow High Street Fund	Invest in the physical infrastructure of Harrow	Improve appearance of key district centres.
Harrow Arts Centre - Phase 2	Protecting the character of Harrow	Creation of new space for rent at Harrow Arts Centre.
Support to parks and open spaces/ Support for voluntary sector	Provide excellent green and cultural spaces for our residents	Promote nature recovery on public land and parks increasing more trees and grow more wildflowers and biodiversity net gain
Harrow Cultural Assets (Archive & Gallery)	Provide excellent green and cultural spaces for our residents Protecting the character of Harrow	Not applicable
Business Engagement	Improve business engagement	Not applicable

A place where those in need are supported

Project Name	Corporate Plan Action	Corporate Plan Workstream
Energy advice & cost of living project	Target support to help residents out of financial hardship	Information, Advice & advocacy strategy
Re-use laptop and mobile phone start up kit	Target support to help residents out of financial hardship	Not applicable

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 02/03/23

Statutory Officer: Puja Shah

Signed on behalf of the Monitoring Officer

Date: 23/02/23

Chief Officer: Dipti Patel

Signed off by the Corporate Director

Date: 03/03/23

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 21/02/23

Head of Internal Audit: Neale Burns

Signed on behalf of the Head of Internal Audit

Date: 02/03/23

Has the Portfolio Holder(s) been consulted? Yes

Mandatory Checks

Ward Councillors notified: NO as it impacts on all Wards

EqIA carried out: YES

EqIA cleared by: Yasmeen Hussein 16/12/22

Section 4 - Contact Details and Background Papers

Contact: David Sklair – External Funding Manager

David.Sklair@harrow.gov.uk

Background Papers:

- UKSPF Borough Proposal Template Communities & Place Harrow
- UKSPF Borough Proposal Template Support Local Business Harrow
- LB Harrow Quarterly Profile v2

- GLA UKSPF Grant Funding Agreement

**Call-in waived by the Chair of Overview and Scrutiny
Committee - NO**