

Date of Meeting 27 November 2024

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Exemption applied: None

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UKSPF Programme Amendment

Report summary:

MHCLG have recently updated the guidance on the UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF), stating that all funded activity, including that delivered by third parties, must conclude by the end of the current financial year. This updated guidance now threatens a number of our planned projects which were forecasting end dates beyond March 2025.

To complete all spend and activity by the March deadline, officers have explored alternative projects which can be fully delivered within the timeframe and demonstrate alignment with the UKSPF guidance. Phase 1 of EDDC's Public Toilet Investment Programme (PTIP), along with our Carbon Action Programme (CAP), meet both of these criteria. Both initiatives are due to be completed and fully spent by the end of the financial year and are compatible with the UKSPF interventions. We therefore have an opportunity to utilise remaining UKSPF funding by part-funding our PTIP and CAP schemes. In return, we are recommending that the EDDC funding saved through the utilisation of the UKSPF budget is to be committed for the delivery of the remaining UKSPF projects.

This cost-neutral solution ensures successful delivery of the PTIP, CAP and the UKSPF projects, and reduces the likelihood of any underspend being returned to MHCLG. It allows EDDC to retain the benefits of the UKSPF allocation within the local community and continue the positive impacts into the 2025/26 financial year.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendations:

1. That Cabinet agrees to using EDDC's UKSPF and REPF allocation to part-fund up to £600,000 for the Public Toilet Investment Programme (PTIP) and up to £200,000 to part-fund the Carbon Action Programme (CAP).
2. That Cabinet agrees to allocate and ringfence the internal funding saved through this measure to deliver all remaining UKSPF and REPF activity endorsed by Cabinet and/or the UKSPF Programme Management Panel. The amount of funding ringfenced will be equal to the total sum of UKSPF and REPF payments to part-fund the PTIP and CAP.
3. That Cabinet agrees to give delegated authority to the Director of Place, in consultation with the S151 officer and the Monitoring Officer, to determine the total amount of UKSPF and REPF funding (up to £800,000) to be allocated to part-fund the PTIP and CAP and to authorise the relevant payments.
4. That Cabinet agrees to delegate authority for the ringfenced funding to the UKSPF Programme Management Panel and the Director of Place, in consultation with the S151 officer and the Monitoring Officer, to allocate the funding, amend existing projects and approve new projects (up to £800,000).

Reason for recommendation:

Cabinet approval is required to ensure that UKSPF and REPF activity can continue following the updated guidance issued by MHCLG. This will also significantly reduce the risk of EDDC having to repay a significant amount of funding back to MHCLG.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

Equalities impact Low Impact

Climate change High Impact

Risk: Low Risk;

Links to background information East Devon's [UKSPF Investment Plan](#) and [REPF Addendum](#). [Public Toilet Cabinet Report](#) (12 May 2021) and [Carbon Action Programme Cabinet Report](#) (3 January 2024).

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

Background and Context

1.1 On 13 July 2022 Cabinet endorsed our Investment Plan to deliver East Devon's UK Shared Prosperity Fund (UKSPF) allocation of £1,796,363 through a series of projects over a three year period, with funding needing to be fully defrayed by 31 March 2025. This was followed up with a report to Cabinet on 2 November 2022, on how our Rural England Prosperity Fund (REPF) allocation of £854,298 was to be spent.

1.2 On 25 September 2024, MHCLG sent an email to all UKSPF lead local authorities prohibiting continuation of UKSPF activity after 31 March 2025. It stated:

"Funding cannot be paid to organisations in 2024/25, or used by the local authority themselves, to fund activity that takes place after 31 March 2025 ... Funding paid to third parties, or retained by lead local authorities to meet costs associated with activities that take place after the 31 March 2025 is not eligible for UKSPF, Multiply or REPF."

1.3 Prior to this update, we were operating under the principle that whilst all spend had to be defrayed by the 31 March 2025, project activity could continue past this date. On this basis, EDDC's Economic Development team had developed a clear UKSPF delivery plan to achieve full

spend by this date. This plan involved the continuation of some UKSPF activity post March 2025 to prevent a drop off in provision following the end of UKSPF funding.

1.4 This updated guidance is contrary to our previous understanding and has put a number of East Devon's UKSPF projects at risk of underspend and reduced delivery. This includes:

1. Action on Poverty Fund (£107,416 capital) providing energy efficiency enhancements for low-income households.
2. Active Travel Programme (£200,000 capital) to develop part of a cyclepath linking Cranbrook to Mosshayne.
3. Council for Voluntary Service (£60,000 revenue) payment to continue VCSE support into 2025/26.
4. East Devon Tourism Network (£24,800 revenue) payment to continue the Network's activity into 2025/26.
5. Carbon Action Fund (financial impact unknown as the fund is currently live) remaining projects to be funded in December 2024

1.5 In total, this new MHCLG requirement impacts at least £392,216 of UKSPF activity (£307,416 capital and £84,800 revenue) and prevents us from reprofiling any underspend from other UKSPF and REPF projects. Unless action is taken, these projects will need to be ended early or in full, with at least £392,216 of UKSPF funding at risk of being returned to MHCLG.

Proposal

2.1 To mitigate this risk and help enable the total spend of our UKSPF allocation in district, the first recommendation of this report is to utilise part of our remaining UKSPF and REPF capital budget to part-fund the Public Toilet Investment Programme (PTIP) currently being delivered by the Place, Assets and Commercialisation (PAC) service. This will include Phase 1 investments in public toilets at Exmouth, Seaton, Budleigh Salterton and Honiton. Cabinet agreed to a £3.15m capital budget for this project on 12 May 2021.

2.2 The Public Toilet Investment Programme is considered eligible UKSPF spend against the list of eligible intervention in MHCLG's [Interventions List for England](#) (see intervention E1, E2 and E17). Other local authorities have directed their UKSPF budgets towards public toilets, including Dover, Forest of Dean and Rochford councils.

2.3 The proposal also includes utilising part of our remaining UKSPF revenue budget to part-fund the Carbon Action Programme currently being delivered by the Economic Development team. Cabinet agreed to a £207,000 revenue budget for this project on 3 January 2024. This is also eligible activity for UKSPF, with a similar provision already being delivered by the Council using our UKSPF budget.

2.4 To avoid the early or total cancellation of UKSPF projects and deal with any unplanned underspend, the second recommendation of this report is that any UKSPF and REPF projects impacted by the new guidance be funded through the internal budgets allocated to the PTIP and CAP so that there is a cost-neutral financial impact on this activity.

2.5 As the UKSPF is a live programme, the exact amount of spend threatened by the updated guidance is currently unknown, so the amount of funding to be used for the PTIP and CAP has not yet been determined. As a result, the third recommendation of the proposal is that delegated authority be given to the Director of Place to determine the total amount of UKSPF and REPF funding to be spent on the PTIP and CAP. This will equal the total amount of EDDC funding to be ring-fenced to enable the remaining UKSPF projects to continue. This should be capped at £600,000 for capital expenditure and £200,000 for revenue expenditure. This is higher than the £392,216 of identified threatened spend, in order to protect any potential underspend from the Carbon Action Fund (currently live) or other projects in the UKSPF Programme.

2.6 To ensure this approach adheres to the rules and requirements of UKSPF, we requested further guidance from MHCLG. On 15 October 2024, we received an official response confirming:

There would be no UKSPF restriction preventing you from using UKSPF funding to fund a project which you had previously identified a different funding source for, as long as this is not funding something which the lead local authority, project deliverer, end beneficiary, or any member of their partnership has a statutory duty to undertake.

2.7 As there is no statutory duty to undertake either the PTIP or CAP projects, this proposal adheres to the terms and conditions of the UKSPF. As the remaining UKSPF projects will be funded through EDDC and not via MHCLG, we do not require their consent to proceed with this activity.

2.8 In our October 2024 monitoring report to MHCLG, officers confirmed that the proposal to shift UKSPF and REPF funding into the PTIP is being considered by Cabinet. As this proposal does not trigger the need for MHCLG approval (known as a 'material change request'), we are only required to update MHCLG on our plans and report back on progress – we do not require any further consent.

Other Considerations

3.1 An announcement was made in the Budget confirming an additional year of UKSPF funding for 2025/26 across the UK. It is not clear yet whether this will be distributed to district councils or to upper tier and combined authorities. If funding is allocated directly to EDDC, this may present the opportunity to roll-over funding and continue UKSPF activity into 2025/26. This too could reduce or remove the need for the Director of Place to utilise UKSPF and REPF funding towards the PTIP and CAP. We are awaiting further guidance from MHCLG and will inform the UKSPF Panel of any updates.

Alternative Options

4.1 The alternative option to this proposal is that the projects identified in section 1.4 of this report be cancelled and that at least £392,216 be returned to MHCLG.

Financial implications:

The financial details are contained within the body of the report. There is a potential risk in that, if the spend the £392,216, is not made on the identified projects before the 31 March 2025, monies will need to be returned to MHCLG.

Legal implications:

There are no substantive legal issues to be added to this report.