

## Resources and Equality Scrutiny Panel

19 December 2022

<b>Report title</b>	External Grant Funding	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Obaida Ahmed Resources and Digital City	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
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<b>Originating service</b>	External Funding and Digital Projects	
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<b>Report to be/has been considered by</b>		

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### Recommendation(s) for action or decision:

The Scrutiny Panel is recommended to:

1. Review external grant funding opportunities currently available to the Council.
2. Feedback on the Council's approach to managing and delivering externally funded projects.

## **1.0 Purpose**

- 1.1 To provide an update on external grant funding opportunities coming into the Council and information on our approach to managing and delivering externally funded projects.

## **2.0 Background**

- 2.1 The securing of external grants is important to funding the delivery of the Council's key priorities as set out in Our City: Our Plan, the Five-Year Financial Strategy and to level up our economy.
- 2.2 The City and Council has benefited from significant external funding in the past which have contributed to the delivery of city priorities. Through EU funding, for Council led programmes alone, we have received £9.27 million European Regional Development Fund for Wolverhampton Invest in Smart Infrastructure, Black Country Blue Network 2 and Black Country AIM for GOLD and £6.4 million European Social Fund and Youth Employment Initiative for Wolverhampton's delivery of Black Country Impact over the past 3 years amounting to over £15 million. The Council secured £4.9 million Local Full Fibre Network grant to connect 170 public sector buildings to full fibre broadband.
- 2.3 LGA research has estimated that the average cost to councils in pursuing each competitive grant was in the region of £30,000. As part of the ongoing work around levelling up, the council has set out the importance of a new relationship between central and local government which was approved by Cabinet on the 27 July 2022, and includes:
- Sustainable and sufficient funding in the longer term
  - Reducing the fragmentation of funding pots
  - Bringing budgets together in place
  - A renewed focus on prevention, backed by government investment

## **3.0 External Funding Opportunities**

- 3.1 An overview of significant external funding available to the Council to support city priorities is given below:

### **Future High Street Fund**

- 3.2 The Future High Street Fund (FHSF) aims to renew and reshape town centres and high streets in a way that drives growth, improves experience and ensures future sustainability by providing co-funding to support transformative and structural changes to overcome challenges in their area.

Wolverhampton secured a provisional FHSF grant award of £15.76 million. This grant award will allow the Council to implement and fully fund the programme of large-scale transformation and improvements to the public realm that will positively impact the City Centre West area. Delivery of Victoria Street and Civic Hall Public Realm Zones

(Westside Links 1 and 3) will enhance activity, footfall, land values, and bring about significant wider economic, social and environmental benefits through improved resident, visitor and worker experience. In addition, this will enable the Council to deliver the Box Park scheme and a new public car park at Cleveland Street. This scheme will provide an anchor destination and car parking infrastructure support at the southern end of the public realm improvements, aiding Victoria Street's transition to more of a mixed-use, evening economy and an events destination.

**Table 1 – Revised FHSF Programme Reflecting Provisional FHSF Award**

<b>Projects</b>	<b>Description and Status</b>	<b>FHSF (£ million)</b>
Victoria Street Public Realm (Westside Link Phase 1)	To create a public event square at Bell Street / Victoria Street and improve pedestrian and public transport / taxi access facilities.	10.85
Civic Halls Public Realm (Westside Link Phase 3)	To provide shared surface space, enhance pedestrian experience and safety.	4.063
Bell Street Phases 1 and Phase 2 only	To enable development of the Box Park style development to consist of a mix of street food and beverage and events space. <u>Phase 1</u> – Demolition of 1-7a Cleveland Street and the provision of a new 68 space car park <u>Phase 2</u> – Development of Box Park style scheme on the Bell Street Car Park site	0.847
<b>TOTAL FHSF</b>		<b>15.76</b>

### Towns Fund

- 3.3 On 6 September 2019 the government invited 100 places to develop proposals for a Town Deal, as part of the £3.6 billion Towns Fund. In order to draw down the funding, areas were required to establish Town Deal Boards, with investment priorities and project proposals within a locally owned Town Investment Plan. Proposals should drive long term economic and productivity growth through investment in connectivity, land use, economic assets including cultural assets, skills and enterprise infrastructure.
- 3.4 On 3 March 2021 the Department for Levelling Up, Housing and Communities (DLUHC) announced the outcome of the Towns Fund (TF) bidding process which resulted in Wolverhampton being awarded an in-principle funding offer of £25 million for the Towns Funds projects submitted as part of the Wolverhampton Investment Plan.

- 3.5 The grant awarded will allow the Council to implement and fund multiple projects which together will positively impact local employment, skills, digital connectivity, carbon reduction priorities, in addition to the implementation of regeneration projects across the three principal centres (Bilston, Wednesfield and City Centre). The projects are wide ranging and together will lead to large-scale transformation and improvements across all wards. The Towns Fund programme will enhance activity, footfall, land values, and bring about significant wider economic, social, and environmental benefits through improved resident, visitor, and worker experience.
- 3.6 During 2022-23 development work has continued on the Bilston, Wednesfield and City centre Public Realm 2 schemes and they are now ready to deliver.

**Table 2: Towns Fund grant revised funding allocations**

<b>Projects</b>	<b>Revenue (£ million)</b>	<b>Capital (£ million)</b>	<b>Total (£ million)</b>
<b>Tranche 1</b>			
Brewers Yard/ Culwell Depot: relocation to enable residential development	-	5.0	5.0
WM5G Application Accelerator at Wolverhampton Science Park	-	0.5	0.5
Events Programme across City Centre and Bilston	0.5	-	0.5
<b>Tranche 2a</b>			
Wolves at Work supporting people into work and training.	1.0	-	1.0
Arts Park	-	1.5	1.5
City Learning Quarter	-	5.0	5.0
Bilston Markets improvements including enhanced public realm, new commercial floorspace, improved indoor market and new retail space.	0.2	5.0	5.2
<b>Tranche 2b</b>			
City Centre Public Realm Phase 2 improved public realm, events spaces and cycleways.	-	3.0	3.0
Wednesfield Village centre improvements including public realm, canopies, refurbishment of vacant unit for community uses, plug in, play space and pop up park	0.4	2.9	3.3
<b>TOTAL TOWNS FUND</b>	<b>2.1</b>	<b>22.9</b>	<b>25</b>

## Levelling Up Fund

- 3.7 The Levelling Up Fund (LUF) aims to tackle economic differences and drive prosperity as part of 'levelling up'. The Fund focuses on capital investment in local infrastructure that have a visible, tangible impact on people and places, and support economic recovery, prioritising bids that invest in regeneration and growth in places in need and areas of low productivity and connectivity.
- 3.8 Bids of up to £20 million can be submitted, either an individual project or package, sponsored by an MP with the number of bids depending on the number of MPs. Under round 1, the City secured £20 million towards the City Learning Quarter for Wolverhampton South West constituency.
- 3.9 Under Round 2, the City submitted two bids for the Green Innovation Corridor (Wolverhampton North East) and Bilston Health and Regeneration Hub (Wolverhampton South East). A decision is expected late 2022.
- A. **Green Innovation Corridor:** will support growth of new green industries, turbocharging economic prosperity and closing the productivity gap. A key priority for levelling up the city, this bid will act as a catalyst delivering Phase 1, the Springfield Innovation Hub. The Hub will regenerate 1.21 hectares brownfield land producing 4,955 sqm new commercial workspace creating 330 high-quality jobs. It will be delivered in partnership with the private sector, maximising impact of LUF. It will support new business starts, scale up, products and services aligning to the City's existing strengths in high value manufacturing, green technologies, and digital innovation.
- B. **Bilston Health and Regeneration Programme:** links key public realm together to connect Bilston's public transport hub and Bilston Health and Wellbeing Hub which integrates NHS, Social Care, Wellbeing and Leisure services at the heart of the Bilston Community creating a campus that brings together in one place a range of health and well-being related services focusing journeys into the town centre.

**Table 3: Levelling Up Fund bids**

Projects	Capital (£ million)	
City Learning Quarter	20	Secured
Green Innovation Corridor	20	Decision expected late 2022
Bilston Health and Regeneration Hub	20	Decision expected late 2022

## UK Shared Prosperity Fund (UK SPF)

- 3.10 The UK Shared Prosperity Fund (UK SPF) is replacing EU funding, in particular European Regional Development Fund (ERDF) and European Social Fund (ESF) which

the Council and City have benefited significantly from and was an important source of revenue funding supporting key priorities.

- 3.11 UK SPF aims to increase life chances and build pride in place across the UK, by empowering places to invest in local priorities across three priority areas: communities and place, local business and people and skills. Interventions should lead to significant, visible and tangible improvements to the places where people work and live, supporting town centres, high streets, cultural assets and green spaces that have deteriorated over time. Nationally, funding available amounts to £2.6 billion by March 2025. A mixture of both revenue and capital funding will be available to invest in local priority projects.
- 3.12 The Fund will initially focus on communities and place and local business interventions in 2022-2023 and 2023-2024. Investment to support people and skills will follow from 2024-2025, however there is flexibility to fund voluntary sector organisations delivering people and skills provision, where there is a risk to their capacity due to the end of EU funds. Prior to 2024-2025, funding will be available for Multiply, aiming to increase the levels of functional numeracy in the adult population across the UK.
- 3.13 For Wolverhampton, funding will be allocated to and distributed by the West Midlands Combined Authority (WMCA). The West Midlands receive a conditional allocation via a funding formula based on 70% population and 30% needs (productivity, household income and skills). As lead, WMCA have produced an Investment Plan setting out high level measurable outcomes that reflect local needs and opportunities informing the interventions. Places are able to choose from investment across three investment priorities of communities and place, local business and people and skills.
- 3.14 WMCA have agreed circa 50% of the regional allocation be assigned to supporting business priority and circa 50% to be locally determined by individual local authorities to spend across priority areas according to local need. This allocation will need to cover locally determined investment in communities and place and people and skills (from 2024/25) including flexibility for Voluntary Community Sector (VCS) organisations at risk from the loss of EU funding.
- 3.15 Wolverhampton's allocation based on the Government's methodology of 70% population and 30% need is circa £3.759 million, although discussions are underway with WMCA to lobby for an increased focus on need in regional allocations. In addition, Wolverhampton will benefit from £1.4 million Multiply funding, a proportion of which will be allocated to the Council. Funding can be allocated by direct delivery, procurement, commissioning or grants. Wolverhampton are proposing the following:
- 3.16 **Communities and Place:** a provisional ask of £2.02 million has been identified for this investment priority. Due to the significant reduction in resources previously received through EU funding, other local priorities will be funded through existing WMCA resources including Adult Education Budget such as digital inclusion to support residents to get online and improve digital skills and Multiply financial literacy support. This priority also includes an allocation for Voluntary Community Sector (VCS) to protect VCS

capacity where at risk from the end of ESF which has been moved under this priority at the recommendation of WMCA.

- 3.17 **Local Business:** although the majority of activity will be funded through the regional allocation, a provisional ask of £681,226 has been allocated from our local allocation. WMCA will be passporting further funding from the regional allocation to fund business advisers and provide support for businesses to improve competitiveness, growth and productivity.
- 3.18 **People and Skills:** a provisional ask of £1.056 million has been identified to this investment priority which is only available from 2024-2025 except for VCS flexibility where capacity is put at risk from the end of ESF funding which has been moved under Communities and Place. Due to the significant reduction in resources previously received through EU funding, there is an ask for other local priorities to receive funding from existing WMCA resources. WMCA are also making available £316,397 from Multiply to support financial literacy for those in work with Adult Education Budget being available to support unemployed residents.

**Table 4: UK SPF local allocations**

<b>Projects</b>	<b>2022/23 (£000s)</b>	<b>2023/24 (£000s)</b>	<b>2024/25 (£000s)</b>	<b>Total (£000s)</b>
<b>Communities and Place</b>				
Community interventions aligned with key local priorities	375	462	385	<b>1,222</b>
Vibrant High Streets	60	240	300	<b>600</b>
Improvements to green spaces			200	<b>200</b>
<b>Local Business</b>				
Start Up support		150	200	<b>350</b>
iGNITE enterprise hub	21	60	250	<b>331</b>
<b>People and Skills</b>				
VCS led employment programme			406	<b>406</b>
One-to-one support for economically inactive residents			450	<b>450</b>
Support for residents not eligible for adult education budget			100	<b>100</b>
Specific vocational training for priority sectors			100	<b>100</b>
<b>Multiply</b>				
Financial literacy	101	107	108	<b>316</b>

## Family Hubs

- 3.19 Wolverhampton has been invited to apply to join a national programme that will provide more funding to help parents, children and young people in the city. The Council pioneered the use of Strengthening Families Hubs over the last few years, with a network of eight hubs providing multi agency support to young families. Now, the council and its partners have been selected to join the national Family Hub and Start for Life programme, enabling it to expand the work of the hubs and help even more people.
- 3.20 Subject to agreement of the delivery plan, Wolverhampton will receive around £3 million over the next three years from the Department of Health and Social Care and Department for Education to develop a network of Family Hubs, using the existing Strengthening Families Hubs, which will further improve access to universal and early help services, including Start for Life services. The funding will:
- provide support to parents and carers so they are able to nurture their babies and children, improving health and education outcomes for all.
  - contribute to a reduction in inequalities in health and education outcomes for babies, children and families by ensuring that support provided is communicated to all parents and carers, including those who are hardest to reach and/or most in need.
  - build the evidence base for what works when it comes to improving health and education outcomes for babies, children and families in different delivery context.

## 4.0 Approach to managing and delivering externally funded projects

- 4.1 The Council's External Funding Team regularly review external funding opportunities, including subscribing to the Grantfinder database, which are matched to city priorities, priority projects and shared to the relevant Service within the Council. For large strategic projects, bid teams will be established. For other bids, the team will act as a critical friend. All externally funded bids must be signed off by the Section 151 officer (Director of Finance) prior to submission.
- 4.2 In advance of funding opportunities, we will continue to build a strong well developed project pipeline aligned with City priorities.
- 4.3 A regular External Funding Update report goes to Cabinet Resources Panel to seek delegated approvals relating to entering Grant Funding Agreements, setting up required budget codes and other approvals required for the delivery of externally funded projects. The External funding team work closely with Strategic Finance to understand new grant opportunities and to ensure appropriate budget approvals are in place.
- 4.4 Strong programme and project management is essential to maximise benefit from external funding and reduce risk to the Council. For certain capital projects, the programme management costs for the Towns Fund and Future High Street projects are



funded directly from the grants. Wolverhampton will receive funding from UK SPF for Programme Management resource to run the local UK SPF element.

- 4.5 Where possible, Project Managers with experience of managing externally funded projects are appointed as the role also includes ensuring compliance, monitoring spend against profile and production of claims and collate evidence to draw down the grant working with Strategic Finance.
- 4.6 External funders require the Council to enter into a back-to-back Grant Funding Agreements outlining what the resource can be used for and rules and regulations relating to the funding source. There is a risk of clawback of grant if rules and regulations are not followed.
- 4.7 There is often an impact on other teams within the Council including delivery teams and Strategic Finance in respect of reviewing and signing off claims, Legal in relation to agreeing back-to-back agreements with funding bodies and Procurement relating to procuring activities. EU funding formally included funding for indirect costs but this is not always possible with all funding streams.

## **5.0 Financial implications**

- 5.1 Grant funding is a vital source of income to the Council and plays a critical part in supporting the Council's MTFs and the ability of the Council to deliver projects and services to the City's residents.
- 5.2 This report summarises external funding grants of circa. £60 million awarded (Future High Street, Towns Fund and Levelling Up Fund Round 1) and two other funding opportunities of circa. £43.7 million awaiting approval (Levelling Up Fund round 2 and UK Shared Prosperity Fund) and further to this the funding for Family Hubs.
- 5.3 All externally funded bids must be reviewed by Strategic Finance and signed off by the Section 151 officer (Director of Finance) prior to submission. The External funding team work closely with Strategic Finance to understand new grant opportunities and to ensure appropriate budget approvals are in place through the Council governance processes.
- 5.4 Grant agreements are reviewed and negotiated with funders to ensure accuracy and minimise risk to the Council. This process allows maximum flexibility to use the funding appropriately and to deliver the project within the grant terms and timelines, minimising the risk of losing the grant funding and, or clawback of grant.
- 5.5 Detailed Financial implications of all externally funded grants are contained in the relevant reports to Cabinet. These reports seek appropriate approvals including entering into Grant Funding Agreements and approval of required budgets for each project as well as detailing the grant terms and associated risks where applicable.
- 5.6 Strategic Finance also work closely with Project and Budget Managers with the responsibility of managing externally funded projects to support them and ensure ongoing compliance with grant terms; monitor spend against profile, facilitate change

requests and claims to draw down the grant. The financial monitoring and reporting of all Council projects regardless of funding sources, is an integral part of the Council's financial monitoring and report processes. The monitoring of larger projects is typically supported through appropriate professional advisors, where required.

- 5.7 A register of all Council grants is held by Strategic Finance, this is monitored and reviewed as part of the Council's financial recording and monitoring processes.

[HM/08122022/R]

## **6.0 Legal implications**

- 6.1 For externally funded projects, the Council are required to enter into Grant Funding Agreements with the funder setting out rules and regulations that must be complied with. Where instructed, Legal Services review the Agreements to ensure that the Council is aware of its obligations to the funder.

- 6.2 Where delivery of the services are undertaken by external organisations, the Council will be required to comply with the Contract Procedure Rules and enter into agreements setting out the Suppliers responsibilities and ensuring compliance with the funder's rules and regulations to mitigate any risk to the Council.

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## **7.0 Equalities implications**

- 7.1 Externally funded projects must take into account equalities implications. As part of the detailed business cases for individual projects, equality analysis are undertaken to identify the likely impacts on certain protected groups and the actions that will be taken to address or mitigate against any negative impact identified in the assessment.

## **8.0 All other implications**

- 8.1 Externally funded projects will often have positive implications on other aspects. Examples are given below:

- 8.2 **Climate Change and Environmental Implications:** the Future High Street funded City Centre Public Realm project will offer a clear and targeted response to the challenges the high street will face by creating the environment for change brought about by changes in consumer and visitor behaviour to enjoy activities around events rather than high street shopping and more particularly walking and cycling over car borne travel as we have become to appreciate the benefits for the environment, health, and climate change.

- 8.3 **Health and Wellbeing implications:** The Connected Places Strategy, which identified the City Centre Public Realm Projects as early projects for delivery, plays an important role in the delivery of the Council's Health and wellbeing agenda. If successful, Bilston Health and Regeneration Programme will provide funding for Bilston Health and

Wellbeing Hub which integrates NHS, Social Care, Wellbeing and Leisure services at the heart of the Bilston Community.

## **9.0 Schedule of background papers**

### 9.1 Levelling Up Wolverhampton – Cabinet 27 July