

**Appendix 2**

**UKSPF Memorandum of Understanding**

**MEMORANDUM OF UNDERSTANDING**

**Between**

**The Secretary of State for Levelling Up, Housing and Communities**

**-and-**

**Liverpool City Region Combined Authority**

1. **Purpose**
   1. This Memorandum of Understanding (MOU) sets out the terms that will apply to the relationship between the Secretary of State for Levelling Up, Housing and Communities (the Secretary of State) and Liverpool City Region Combined Authority (the Lead Local Authority) regarding the administration and delivery of the UK Shared Prosperity Fund (UKSPF).
   2. This MOU will be for the period April 2022 to March 2025. Changes will be made only where signatories deem it necessary. If necessary the MOU will be amended for the period April 2023 to March 2025 to accommodate the inclusion of the Rural England Prosperity Fund, this will not apply in Scotland and Wales.
   3. The MOU sets out the universal fund wide conditions and expectations for appropriate spend of the UKSPF core allocations in England Scotland and Wales and Multiply allocations in Scotland and Wales.
   4. This MOU is not intended to create legal or binding obligations. It describes the understanding between both parties for the use of funding specified in section 3 of this agreement.
2. **Background**
   1. The UKSPF was launched on the 13 April 2022. The Secretary of State has signed-off the Lead Local Authority’s investment plan.
   2. This MOU covers the funding commitments from the Secretary of State and the delivery, financial expenditure, agreed milestones, reporting and evaluation, communications and branding expectations between the Parties and the steps the Secretary of State could take in the event of underperformance if required.
   3. The Secretary of State has published guidance on the delivery of the UKSPF. Referred to in this document as the [UKSPF Additional Information](https://www.gov.uk/government/collections/uk-shared-prosperity-fund-additional-information) . References to the UKSPF Additional Information includes any updates that may be published from time to time. The Secretary of State will notify the Lead Local Authority of any changes to the Additional Information and, if necessary, provide guidance on how changes are to be managed.
3. **Purpose of the Funding**
   1. The UKSPF allocation remains as set out in the published [UKSPF allocations](https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/ukspf-allocations) and is being provided to deliver the Fund’s priorities, outputs and outcomes as set out in the investment plan and accompanying expenditure and deliverables spreadsheets agreed by the Secretary of State or subsequently agreed by the Secretary of State as per section 9.
   2. Funding should be used to meet the costs of implementing your investment plan. The Lead Local Authority can make changes to the investment plan agreed by the Secretary of State.The scale, type and process for making changes is set out in published guidance.
   3. Details of the annual funding allocation, broken down into capital and revenue funding, will be confirmed in the annual grant determinations.

1. **Reporting**

4.1 As part of the delegated delivery model, the Lead Local Authority will provide ‘light touch’ reporting, as set out in the [UKSPF Additional Information](https://www.gov.uk/government/collections/uk-shared-prosperity-fund-additional-information).

1. **Financial Arrangements** 
   1. The agreed funds will be issued to the Lead Local Authority as grant payments under Section 50 of the United Kingdom Internal Markets Act 2020 (‘UKIM’).
   2. Payment of the funding for 2022-2023 will be made after investment plans have been agreed and this MoU is signed.
   3. Grant Determination Letters (GDL) will be provided following confirmation of the annual payment for each year until 2025.
   4. The Lead Local Authority will provide regular reporting using the process established by the Secretary of State and set out in the UKSPF Additional Information demonstrating expenditure and that outputs and outcomes are being met in line with the original investment plan, or investment plan amended under section 9. Or failing that, there is a realistic plan to address underperformance.
   5. Funding for the years 2023-2024 and 2024-2025 will be paid annually, provided that the information provided under paragraph 5.4 demonstrates delivery of forecast outputs, outcomes and spend for the previous financial year have been met, or failing that, there is a realistic plan to address underperformance.
   6. UKSPF capital grant funding, as set out in grant determinations, may be used only for capital expenditure.
   7. UKSPF revenue grant funding may be used for revenue or capital expenditure, in line with the Lead Local Authority’s accounting practices
   8. Release of payments for the financial year 2023-24 and 2024-2025 is dependent on the submission of a Statement of Grant Usage for 2022-23 and 2023-2024 spend and corresponding reporting and monitoring returns, signed by a S151 Officer (appointed under the Local Government Act 1972) or S95 Officer (appointed under the Local Government (Scotland) Act 1973)
   9. This information will be taken into consideration by the Secretary of State before subsequent payments to the Lead Local Authority are finalised and paid. The Secretary of State reserves the right to reduce payments or withhold payments where there are concerns over delivery.
   10. The Secretary of State retains the right to withhold annual instalments until receipt of credible plans demonstrating revised delivery to achieve expected targets. This might include requirements that set out how the Lead Local Authority will utilise underspends in the next year and/or appropriate milestones and spend have been achieved for the previous year.
   11. Further to this, if the Secretary of State has concerns around future spending plans based on the experience of local delivery to date, or wider financial issues or governance affecting delivery then the Secretary of State may pay in instalments, or withhold future funding.

* 1. In the circumstance that the Lead Local Authority is a Combined Authority or is managing the distribution of UKSPF funding to a group of other local authorities, where a member of the Combined Authority or the local authority group becomes subject to a S114 Notice of the Local Government Finance Act 1988 or Statutory Commissioner Intervention of the Local Government Act 1999, the Lead Local Authority will be responsible for decisions on how funds aligned to such a member Authority are controlled and utilised.

* 1. No funding will be provided for activity after 31 March 2025. The Lead Local Authority must have spent all grant funding i.e. be able to include funding within the 2024-2025 accounts by the end of the funding period, 31 March 2025. Underspends in the final year of the programme will need to be repaid to the Secretary of State.
  2. In accordance with the declaration signed by the Lead Local Authority’s Section 151 (appointed under the Local Government Act 1972) or S95 Officer (appointed under the Local Government (Scotland) Act 1973) as part of the investment plan, the Lead Local Authority accepts responsibility for meeting any costs over and above the Secretary of State’s contribution, agreed in the annual grant determination. This includes potential cost overruns and the underwriting of any funding contributions expected from third parties.

1. **Branding and Communication**
   1. The Secretary of State has provided the Lead Local Authority with guidance on the Branding and Communication associated with UKSPF projects in the [UKSPF Additional Information](https://www.gov.uk/government/collections/uk-shared-prosperity-fund-additional-information).
   2. The Parties agree to adhere to the guidance and any updates.

subsequently released by the Secretary of State or HMG on communications linked to UKSPF or wider Levelling Up Funding.

* 1. The Lead Local Authority should publish information regarding the delivery of the UKSPF in its area e.g. by publishing a summary of the investment plan and activities being funded in the area.

1. **Evaluation**
   1. Monitoring and Evaluation will be carried out as set out in [UKSPF Additional Information](https://www.gov.uk/government/collections/uk-shared-prosperity-fund-additional-information).
   2. The Lead Local Authority will support evaluation through capturing and providing relevant data and engaging with place and intervention level evaluations as stated within the [UKSPF Additional Information](https://www.gov.uk/government/collections/uk-shared-prosperity-fund-additional-information).

This will include but is not exclusive to the following main evaluation requirements:

7.2.1 Continuous monitoring and evaluation of progress aligned to the deliverables stated within the UKSPF Investment Plan submitted by the Lead Local Authority and approved by the Secretary of State;

* + 1. Engaging with our evaluation partners to collect and provide additional quantitative data as required to support, where relevant, intervention and place-specific evaluations
  1. As set out in the [UKSPF Additional Information](https://www.gov.uk/government/collections/uk-shared-prosperity-fund-additional-information) the Lead Local Authority is encouraged to undertake its own place-based evaluations of how the UKSPF has worked in their area, particularly process evaluation on individual projects, alongside any place-based case studies commissioned by DLUHC. For those lead local authorities with large allocations, DLUHC require a robust evaluation to support the centrally coordinated evaluation.
  2. The Lead Local Authority agrees to undertake these activities using the administration costs for the Fund.

1. **Assurance**
   1. The Secretary of State has set out the approach to assurance for the UKSPF in the [UKSPF Additional Information](https://www.gov.uk/government/collections/uk-shared-prosperity-fund-additional-information).
   2. The Lead Local Authority is expected to have the necessary governance and assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to. The Lead Local Authority will provide the Secretary of State with the following via UKSPF reporting:
      1. Details of the checks that the Chief Finance Officer has taken to assure themselves that the Lead Local Authority has in place the processes that ensure proper administration of financial affairs relating to their UKSPF allocation.
      2. Confirmation that the lead local authority has applied management controls that:
      * mitigate the risk of fraud;
      * ensure funding has been used in accordance with UK subsidy control legislation;
      * ensure that any procurement undertaken by a Contracting Authority using UKSPF funds has complied with public procurement rules;
      * ensure compliance with its statutory obligations under the Public Sector Equality Duty; and
      * ensure that any personal data obtained in connection with UKSPF activities is handled in compliance with the Date Protection Act 2018.

8.3 As part of the first monitoring return the Lead Local Authority will provide a summary statement of how it is:

* mitigating the risk of fraud;
* ensuring funding has been used in accordance with UK subsidy control legislation; and
* ensuring that any procurement undertaken by a Contracting Authority using UKSPF funds has complied with public procurement rules.
  1. The Lead Local Authority will respond directly to questions addressing the local delivery of UKSPF and cooperate with the Secretary of State in any inquiries regarding the delivery of the UKSPF.
  2. On an annual basis the Lead Local Authority will complete and return the templated Statement of Grant Usage letter.

1. **Changes to agreed Investment Plan**
   1. The Lead Local Authority will notify the Secretary of State of any proposed non-material changes to the investment plan through the regular monitoring returns.
   2. The Lead Local Authority will submit a change request if a change constitutes “A Material Change” as set out in the [UKSPF Additional Information](https://www.gov.uk/government/collections/uk-shared-prosperity-fund-additional-information) .
   3. Requests for material changes can be made to the Secretary of State as and when required. A template will be provided for the Lead Local Authority to use.
   4. The Secretary of State recognises that not all change will meet the materiality threshold for a change request. However, the Lead Local Authority should report any change affecting the delivery of the funding as part of the usual reporting cycle. If the Lead Local Authority is not sure on whether a change meets the materiality threshold they should consult with the Secretary of State for guidance.
   5. All change requests must be signed off by the Lead Local Authority’s Section 151 (appointed under the Local Government Act 1972) or S95 Officer (appointed under the Local Government (Scotland) Act 1973) to testify that they are necessary and deliverable.

**10. Compliance with the MOU**

10.1 The Parties to this MOU are responsible for ensuring that they have the necessary systems and appropriate resources in place within their respective organisations to comply fully with the requirements of this MOU.

**11. Changes to the MOU**

11.1 The arrangements under this MOU will be kept under review. Amendments to this MOU may only be made upon written agreement between the Parties.

1. **Resolution of Disputes** 
   1. Any dispute that may arise as to the interpretation or application of this MOU will be settled by consultation between the parties

**Signed on Behalf of Secretary of State:**

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**Name: Jessica Blakely/Carmen Suarez Garcia**

**Job Title: Directors: Levelling Up: Major Programmes**

**Date: 5 December 2022**

***NB. These Terms & Conditions may be varied or supplemented by requirements specifically relating to the relevant UKSPF strand or the particular project, which will be set out in the Grant Offer Letter.***

**Appendix 3**

**LCR Terms & Conditions**

The Funding offer (“the Grant”) by LCRCA to you (“the Recipient”) is made subject to the following terms and conditions.

1. **The Project**

The Recipient must deliver the Project in accordance with the terms of this Grant Offer Letter and the timescales set out within it. The Recipient should also deliver the Project in accordance with the Project Delivery Plan submitted to LCRCA and attached at Appendix 1, apart from where this conflicts with the terms of this Grant Offer Letter in which case the terms of this Grant Offer Letter will take precedence.

1. **Delivery of the Project**

The Recipient shall comply with the UKSPF Terms and Conditions in its delivery of the Project.

The Recipient shall ensure, so far as reasonably practicable that any funded activities take place in safe, healthy and supportive environments. The Recipient shall provide information to the LCRCA, as and when specifically requested, to give assurance that adequate arrangements exist for health, safety and welfare.

The Recipient shall deliver the Project to an acceptable standard of quality and in accordance with any requirements specified by the LCRCA from time to time.

1. **Use of the Grant**

The Recipient shall use the Grant only to fund the costs of the Project in accordance with the terms of this Grant Offer Letter. The Grant shall not be used for any other purpose without the prior written agreement of LCRCA.

The Recipient shall ensure that all use of the Grant is in accordance with the UKSPF Terms and Conditions any other guidelines or policies that LCRCA may specify to the Recipient as being relevant to the Project. The Recipient shall use competent and appropriately qualified employees and/or contractors to deliver the Project and shall meet any applicable quality standards.

The LCRCA may, at any time undertake an assessment of the quality and delivery of the Project which may include analysis of performance against the minimum quality standards.

1. **The** **Grant payment**

The Grant shall be paid by LCRCA to the Recipient in quarterly instalments in arrears following by submission by the Recipient to LCRCA of evidence that Project costs have been defrayed up to the value of the instalment.

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1. **Reduction, withdrawal and repayment of the Grant**

LCRCA may withdraw or reduce, or require the Recipient to repay all, or any proportion of, the Grant on any of the following grounds:

* The Recipient fails to comply with the terms of this Grant Offer Letter or any applicable legal requirements and the non-compliance is not remedied within a reasonable period or is not capable of remedy;
* LCRCA has reasonable grounds to consider that the Recipient has used the Grant other than in accordance with the terms of this Grant Offer Letter;
* LCRCA has reasonable grounds to consider that the information and evidence provided by the Recipient in relation to the Project or the Grant has not been complete and accurate or supplied honestly and in good faith;
* There has been a change to the Recipient’s circumstances which LCRCA reasonably considers makes (or would have made) a material difference to the Recipient’s eligibility for the Grant or the conditions on which it is appropriate to award the Grant; or
* There is a risk or a genuine belief that there is a risk that reputational damage to LCRCA will occur as a result of this Project continuing.

The Recipient acknowledges that in its allocation of UKSPF funding, LCRCA is seeking to maximise the benefit throughout the Liverpool City Region. The Recipient will therefore notify LCRCA if it obtains or becomes aware of funding which is readily available to it that means it no longer requires the Grant or any part of it to deliver the Project.

Should LCRCA require the Recipient to repay all or any proportion of the Grant, it will notify the Recipient in writing. The Recipient must make that repayment within 21 calendar days of the date of that notice or by any later deadline agreed by LCRCA in writing.

1. **Project Monitoring and Evaluation**

The Recipient will be required to co-operate with the provision of information and evidence to support the monitoring and evaluation of the delivery of the Project against outputs and outcomes agreed by LCRCA and in accordance with any requirements specified in the UKSPF Terms and Conditions and the Grant Offer Letter.

1. **Accounts and records**

The Recipient shall keep separate, accurate and up-to-date accounts and records of the receipt and expenditure of the Grant. LCRCA shall have the right to review, at LCRCA's reasonable request, the Recipient's records that relate to the expenditure of the Grant.

1. **Variation**

Any variation to the terms of this Grant Offer Letter shall be agreed in writing between the Parties apart from any variation to the UKSPF Terms and Conditions and/or any variation required to comply with requirements specified by DLUHC, both of which may be made by way of written notice from LCRCA to the Recipient.

1. **Publicity**

The Recipient shall acknowledge the support of LCRCA in any materials that refer to the Project. In using the LCRCA's name and/or logo, the Recipient shall comply with all reasonable branding guidelines issued by the LCRCA from time to time. The Recipient shall supply LCRCA with copies of any press releases or other publicity for the Project.

The Recipient agrees in so far as reasonably practicable to participate in and co-operate with promotional activities relating to the Project that may be instigated and/or organised by the LCRCA including participation in implementation of the LCRCA’s communications and publicity activities.

1. **Equality and Diversity**

The Recipient shall not unlawfully discriminate within the meaning and scope of any law, enactment, order, or regulation relating to discrimination (whether in race, gender, religion, disability, sexual orientation, age or otherwise) in employment or otherwise.

The Recipient shall ensure that equality of opportunity is built into all aspects of the Project. Where relevant, the Recipient shall use analysis of data to inform future planning to improve the representation, participation and success of underrepresented and underachieving groups and challenge stereotyping.

1. **Bribery Act 2010**

The Recipient shall conduct its business in compliance with applicable anti- corruption laws and shall not, directly or indirectly, use the Grant for any purpose that would breach the Bribery Act 2010.

1. **Freedom of information**

The Recipient acknowledges that LCRCA is subject to the requirements of the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, and shall assist and co-operate with LCRCA to enable LCRCA to comply with these requirements.

1. **Data protection**

The Recipient shall (and shall procure that any of its staff or contractors involved in connection with the activities under this Grant Offer Letter shall) comply with all applicable requirements and all of its obligations under the Data Protection Act 2018, General Data Protection Regulation (EU 2016/679) and any other national implementing laws, regulations and secondary legislation, as amended or updated from time to time, in the UK, and any successor legislation, which arise in connection with this Grant Offer Letter.

1. **Feedback and Complaints**

The Recipient must operate a complaints procedure that complies with the requirements of any regulatory body to which it is subject and with any requirements specified by LCRCA. The Recipient shall ensure that the complaints procedure is accessible to service users and any other individual who may be affected by the Project. Provision of information regarding the procedure should take account of any disabilities, literacy or other communication difficulties that potential complainants may have. A copy of the complaints procedure must be provided to LCRCA on request, together with details of any complaints received and how they are being resolved.

1. **Confidentiality**

Each Party shall during the term of this Grant Offer Letter and thereafter keep secret and confidential all business, technical or commercial information disclosed to it by the other Party as a result of the Grant Offer Letter and shall not disclose the same to any person save to the extent necessary to perform its obligations in accordance with the terms of this Grant Offer Letter, to meet any legal or regulatory requirements or as expressly authorised in writing by the other party.

1. **Termination**

LCRCA shall have the right to terminate this Grant Offer Letter on the occurrence of any of the grounds listed in paragraph 5 above.

LCRCA may terminate this Grant Offer Letter and any obligation to make any further payment of Grant on giving the Recipient three month’s written notice should it be required to do so by financial constraints or a change in legislation or Government policy, or if in the view of LCRCA it is no longer necessary or appropriate to support the Project to achieve LCRCA’s objectives.

1. **Law**

In relation to the Project and its use of the Grant, the Recipient will comply with any applicable law, guidance or industry code, rule of court or directives or requirements of any regulatory body, including in relation to procurement and subsidy control.

This Grant Offer Letter shall be governed by and construed in accordance with the laws of England.