

Committee: **Executive Committee**

Date of meeting: **13th July 2022**

Report Subject: **Shared Prosperity Fund (SPF) Local Investment Plan and Regional Investment Plan**

Portfolio Holder: **Cllr John C. Morgan, Executive Member for Regeneration and Development**

Report Submitted by: **Ellie Fry, Head of Regeneration and Development**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
05.07.2022	07.07.2022					13.07.2022		

1. Purpose of the Report

1.1 This report outlines the Shared Prosperity Fund (UKSPF) and the work to date required to progress the UKSPF through a regional process that will continue over recess. It summarises the potential regional investment opportunities, the delivery mechanism and timescales for submission, the appraisal of the Regional Investment Plan submission to UK Govt and the next steps.

1.2

The purpose of this report is to:

1. Seek agreement for Rhondda Cynon Taff County Borough Council (RCT) to act as Lead Local Authority for the UK SPF for the Cardiff Capital Region and for them to submit the CCR Investment Plan to the UK Government by the deadline of 1st August 2022.
2. Grant delegated authority for the Head of Regeneration and Development (in consultation with the Leader and Executive Member for Regeneration and Development, Chief Executive, Chief Officer Resources/Section 151 Officer and Monitoring Officer/Head of Legal and Compliance) to take necessary actions to meet the submission deadlines and requirements.
3. Agree a number of interventions to ensure that the 2022/23 funding is spent in a timely manner, including some at risk recruitment. This will be at financial risk to the council in the first instance. Contracts can be further extended once confirmation of SPF funding is received.
4. To agree to utilise part of the 4% SPF administration/management fee to appoint a small project team to manage and administer the delivery of the SPF programme for BG CBC.

2. **Scope and Background**

2.1 The SPF is the UK Government replacement for European funding (European Structural Investment Fund ESIF) following the withdrawal of the UK from the European Union in 2020.

SPF Allocation

2.2 The UKSPF is a key part of the UK's Levelling Up agenda, forming part of complementary funding, including the Levelling Up Fund and Community Ownership Fund. The primary aim of the fund is to build pride in place and increase life chances across the UK. Underpinning this aim are three investment Priorities: communities and place; supporting local business and people and skills.

- The **Communities and Place** investment priority will enable places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level. The intention of this is to strengthen the social fabric of communities, supporting in building pride in place.
- The **Supporting Local Business** investment priority will enable places to fund interventions that support local businesses to thrive, innovate and grow.
- The **People and Skills** investment priority will help reduce the barriers some people face to employment and support them to move towards employment and education. Places can also target funding into skills for local areas to support employment and local growth.

2.3 As part of the People and Skills priority there is a dedicated and ring-fenced element of the UKSPF called **Multiply** which seeks to improve adult numeracy skills.

2.4 The 10 Local Authorities in the CCR have a combined conditional allocation of £230,432,573 and £48,100,003 for Multiply. Blaenau Gwent have £23M allocated for expenditure across three priorities and an additional £5M for Multiply.

2.5 This amount is allocated over three years starting 1 April 2022, with a substantial amount in year three (2024/25). The funding has been broken down to yearly allocations; 12% in year 1 (22/23), 24% in year 2 (23/24) and 64% in year 3 (24/25). UK Gov have advised that any funding not utilised in each year cannot be carried forward. Table 1 outlines the allocations for Blaenau Gwent until March 2025.

2.6 Table 1

Total SR (UKSPF core)	22-23 (UKSPF core)	23-24 (UKSPF core)	24-25 (UKSPF core)
£23,301,572	£2,827,861	5,655,721	£14,817,990
Total SR (Multiply)	22-23 (Multiply)	23-24 (Multiply)	24-25 (Multiply)
£4,863,920	£1,470,488	£1,696,716	£1,696,716

2.7 Lead local authorities for each area will have flexibility over how the Fund is delivered. A mix of competitions for grant funding (default approach set out in Cabinet Office Grants Standards), procurement, commissioning, delivery through in-house teams or a mix of all the above. For example, some community level interventions may require a commissioning or in-house approach, recognising that competitions for grant may create barriers to participation in left behind communities.

2.8 **Investment Plan Process**

Emphasis is being placed on gathering local evidence to substantiate local (and regional) spend of the SPF. Welsh Government has also issued correspondence to local authorities requesting that actions fit with WG policy and strategy, and this has been taken into account.

2.9 To access the local SPF funding allocations, each local authority has developed a local Investment Plan which identifies a range of interventions that meet the 3 investment priorities and reflect local evidence, challenges and opportunities. Each local Investment Plan will contribute to one South East Wales Regional Investment Plan which will need to outline:

- Local context: showing evidence of opportunities and challenges using the three investment priorities for UKSPF.
- A selection of outcomes and interventions: identifying the outcomes based on local evidence and need, and the interventions to prioritise, under each priority.
- Delivery; detailing:
 - a. Approach to delivery and governance
 - b. Expenditure and deliverables
 - c. Capability and resource
- Engagement with wider local partners, stakeholders, local MP's and Members of the Senedd.

2.10 **Lead Authority Role**

A lead local authority has been identified to manage the regions allocation and the authorities of the Cardiff Capital Region propose that Rhondda

Cynon Taf Council undertake this role and submit the Regional Investment Plan. The lead authority will also have responsibility for a single funding agreement with the UK government for the full South East Wales SPF allocation of £278.5M and will be accountable for all aspects of monitoring and claiming the allocation. There will be a requirement for Service Level Agreements between the Lead Authority and Blaenau Gwent CBC to pass on accountability and the terms and conditions of the funding.

2.11 **Regional Investment Plan Submission**

UK Govt will review the Regional IP we expect to receive the first year's funding allocation in October 2022. Local authorities anticipate needing resource before the November decision on the Regional IP and so are requesting some 'at risk' recruitment into some of the key positions required to take the SPF process forward before that date. The fund can support investment into interventions starting from 1st April 2022.

2.12 Joint communications are ongoing by the ten local authorities and a joint message has been shared and posted on Council websites and in a document for those groups looking for information on SPF with further consultation planned for later in the summer.

3. **Options for Recommendation**

3.1 **Option 1**

To proceed with the regional Shared Prosperity Fund process and agree the following:

1. Seek agreement for Rhondda Cynon Taff County Borough Council (RCT) to act as Lead Local Authority for the UK SPF for the Cardiff Capital Region and for them to submit the CCR Investment Plan to the UK Government by the deadline of 1st August 2022.
2. Grant delegated authority for the Head of Regeneration and Development (in consultation with the Leader and Executive Member for Regeneration and Development, Chief Executive, Chief Officer Resources/Section 151 Officer and Monitoring Officer/Head of Legal and Compliance) to take necessary actions to meet the submission deadlines and requirements.
3. Agree a number of interventions to ensure that the 2022/23 funding is spent in a timely manner, including some at-risk recruitment. This will be at financial risk to the council in the first instance. Contracts can be further extended once confirmation of SPF funding is received.
4. Agree to use part of the 4% SPF (£1,120,000 over three years) administration/ management fee to appoint a small project team to manage and administer the delivery of the SPF programme for BG CBC.

3.2

Option 2

Not to proceed with the SPF local and regional process any further.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The BG Local IP refers to the relevant documents that build the evidence of need in the County Borough. This evidence is reflected in the resulting interventions identified that go to make up the Local Investment Plan proposed actions. The Local IP calls on evidence from the: Corporate Plan; BG Wellbeing Plan; UK Competitiveness Index; Enterprise Strategy; Environment and Active Travel Plan, amongst others.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short and long term impact)***

5.1.1 Option 1 would unlock a budget of £28M in total to deliver the identified programme of interventions and MULTIPLY (the UK Govt adult numeracy intervention) across Blaenau Gwent. Up to 4% of the £1,120,000 funding can be used for joint arrangements around the administration of the fund. The team will be funded through the local authority's share of the 4% SPF administration fee and will be part of the Business and Regeneration Team. The cost will be in the region of £160k p/a, for 2022/23 the risk would be a maximum of £100,000 if all appointments are made in August/September. If SPF is not agreed this will be a cost pressure to the Department.

5.1.2

Option 2 – by not proceeding with the endorsement of the Local IP there will be regional decisions around SPF budget that will not involve BG and could have an adverse impact upon our priorities and interventions planned using the evidence base for the local authority area.

5.2 ***Risk including Mitigating Actions***

5.2.1 Option 1 There are a number of risks that we are managing as part of this process.

- The timescales imposed by UK Govt – working together to find the best solution in the time given.
- Working without the detailed guidelines, still to be provided by UK Govt – we are speaking to the UK Govt civil servants on a weekly basis and local authority feedback is changing some conversations for the positive.
- Undertaking limited consultation before the Regional IP is submitted – the evidence that underpins our Local IP is from our corporate documents which themselves have come from consultation with the public and local organisations. Consultation with key partners like the Gwent PSB are programmed in and further consultation on evidence and process will be undertaken over the summer.
- Total SPF is less than the previous European funding and so the money will need to be targeted to those areas of need, reflected in the split across priorities and the local and regional split – this process is complicated but regular discussions, both internally and with other authorities is making progress but it is anticipated that there will still be some difficult discussions and decisions ahead.
- Due to the late programming of the SPF, resulting in Regional IP sign off by UK Govt due in Oct/Nov 2022, and the small amount of funding

identified for 22/23 - the process for bids from the third sector and partners will not be in place until end of financial year 22/23 – this is being communicated and more detail on how this will work will be communicated through the summer.

- Linked to the above, the SPF funding officially began on 1 April 2022. Whilst the funding allocated to year one the 2022/23 allocation is far smaller than in future years, we must still ensure that full spend against the budget profile is achieved so there is a risk that if we don't start some elements of delivery i.e. recruitment at risk we will fail to achieve full spend against this year's budget profile.
- The profiled spend within the Local IP has been designed to ensure that we are best placed to spend in line with the annual budget profiles. It will also be important to ensure that delivery partners are aware of these profiles and take ownership of ensuring spend within profile is achieved. There is a risk that if we fail to achieve the profiled spend UK Govt have indicated that funds would have to be returned and would not be rolled over for spend in future financial years. This would result in us failing to fully utilise the £28m available.

5.2.2 Option 2 – the main risk is that we have little or no control over the outcomes if we are not part of the regional discussions and may not have our projects agreed.

5.3 **Legal**

There will be a regional 'back-to-back' agreement with RCT to undertake the Lead Partner role. Heads of Terms are being drafted and this will follow.

5.4 **Human Resources**

The process has been very resource intensive for all the staff involved who are still delivering on all the other priorities. It is essential for the next stages to have some key positions filled at risk to enable us to maximise the benefits to Blaenau Gwent and initially achieve the spend required for year one of the programme.

5.5 This programme is significant and will be challenging in terms of delivery; it will place additional pressure on a number of key service areas to provide the necessary staff support for the programme, in particular Regeneration & Finance.

5.6 It is proposed that a small project team is appointed, initially comprising an SPF lead programme officer (Grade 9/10), finance officer (Grade 8/9) and 1 x SPF project support officer (Grade 6/7) to manage and administer the delivery of the programme for BG. The Team will be funded through the local authority's share of the 4% SPF administration fee and will be part of the Business and Regeneration Team and will be fixed term contracts. The cost will be in the region of £160k p/a, for 2022/23 the risk would be around £100,000 if all appointments are made in August/September.

6. **Supporting Evidence**

6.1 **Performance Information and Data**

6.1.1 The process has made use of existing performance information and data to put together evidence for the Local IP. This has been used to evidence need in BG.

6.1.2 Performance will be managed through the programme administration. This is yet to be supplied with the detailed guidance. We have assurances that UK Govt will be using a lighter touch than previous EU funding.

6.2 ***Expected outcome for the public***

6.2.1 The Shared Prosperity Fund is a central pillar of the UK government's Levelling Up agenda and a component of its support for places across the UK. It provides new funding for local investment by March 2025, with all areas receiving an allocation from SPF via a funding formula rather than a competition.

6.2.2 The SPF aims to invest in local priorities and targets funding where it is needed most: building pride in place, supporting high quality skills training, supporting growth in pay, employment and productivity and increasing life chances. It will enable local decision making and better target the priorities of places within the UK. It is anticipated that it will lead to visible, tangible improvements to the places where people work and live, alongside investment in human capital, giving communities more reasons to be proud of their area.

6.3 ***Involvement (consultation, engagement, participation)***

Consultation and engagement is continuing with the ten local authorities in the CCR. Further consultation has started with other public sector partners. Corporate documents that have been consulted upon, and drawn up with communities have been used as the evidence for the Local IP. Consultation will continue over the summer period.

6.4 ***Thinking for the Long term (forward planning)***

The current SPF has only identified three years but we have been advised that the programme will continue for longer. The spreadsheets attached show a three-year plan which would continue for longer once further funding is identified in future SPF programmes.

6.5 ***Preventative focus***

The SPF is by its nature funding to help prevent social and economic deprivation. This theme continues throughout the Local IP and process.

6.6 ***Collaboration / partnership working***

We are working in partnership with the ten local authorities across the CCR, the Cardiff City Region team and the Welsh Government civil servants. Regionally and locally we are also working in close contact with the UK Govt civil servants.

6.7 ***Integration (across service areas)***

Internally the SPF can benefit a number of different Departments. The working group is made up of staff from Education, Community Services, Policy and Performance, Regeneration and Finance.

6.8 ***Decarbonisation and Reducing Carbon Emissions***

The decarbonisation agenda will be considered when putting the individual projects together. Some of the interventions in Community and Place will also support work within the Community around decarbonisation and could support locally owned renewable energy projects to come forward.

6.9 ***Socio Economic Duty Impact Assessment including the Equality Impact Assessment***

6.9.1 The completed Integrated Impact Screening form has been completed, it is early in the process, but the fund is geared towards assisting with the wellbeing, life expectancy, crime, jobs, skills and other issues that affect our diverse communities. It is considered that a full assessment is not necessary given the attached but a watching brief will be kept as projects are developed.

7. **Monitoring Arrangements**

7.1 The programme will be monitored through UK Govt and RCT as lead partner at a CCR level. The local interventions will be monitored through the BG Democratic Process.

Background Documents /Electronic Links

- *Integrated Impact Screening*