



CABINET – 29TH JUNE 2022

SUBJECT: UK GOVERNMENT SHARED PROSPERITY FUND

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT

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1. PURPOSE OF REPORT

- 1.1 To update Cabinet on the UK Government Shared Prosperity Fund as part of the UK Government's Levelling Up programme.
- 1.2 To 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.
- 1.3 To seek endorsement for RCT to submit the CCR Investment Plan to the UK Government by the submission deadline of 1st August 2022.
- 1.4 To delegate powers to the Corporate Director for Economy and Environment in consultation with the Head of Legal Services and the Cabinet Member for Prosperity, Regeneration & Climate Change, to agree the legal agreements associated with the UKSPF with the Lead Local Authority namely Rhondda Cynon Taff County Borough Council on behalf of Caerphilly County Borough Council.
- 1.5 To agree to extend the contracts of staff who are at threat of redundancy as a consequence of the cessation of the European Social Fund in 2022/23 via the SPF funding allocation up to March 2023 and to agree a number of other interventions across the County Borough to ensure that the 2022/23 funding is spent in a timely manner. This will be at financial risk to the council in the first instance. The contracts can be further extended once confirmation of SPF funding is received.
- 1.6 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 Caerphilly CBC.

2. SUMMARY

- 2.1 The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's ambitious Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding

formula rather than a competition.

2.2 The UKSPF will support the UK government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives to:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
- Spread opportunities and improve public services, especially in those places where they are weakest
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost
- Empower local leaders and communities, especially in those places lacking local agency

The primary goal of the UKSPF is to build pride in place and increase life chances across the UK.

2.3 Underneath the overarching aim of building pride in place and increasing life chances, there are three UKSPF investment priorities: communities and place; supporting local business; and people and skills. The SPF aligns and compliments the Levelling Up Fund and the proposals considered under a separate Cabinet report.

2.4 All places in the UK will receive a conditional allocation from the UKSPF. Caerphilly County Borough has a conditional allocation of £28,272,298, and an allocation of £5,901,499 for *Multiply (*UK Gov Adult numeracy programme).

2.5 The 10 LAs in the CCR have a combined conditional allocation of £230,432,572 and £48,100,003 for *Multiply.

2.6 Local authorities within the Cardiff Capital Region (CCR) have been invited to collaborate and feed into one regional investment plan for CCR. As part of this process there is a need to appoint one local authority to assume the role of the 'Lead Local Authority' for the UKSPF, and it is proposed that Rhondda Cynon Taff CBC performs this role.

2.7 The regional investment plan will need to be submitted to UK Government during the investment plan window between 30 June and 1 August 2022. The anticipated date for the first investment plans to be approved and payment awarded to Lead Local Authorities by UK Government thereafter is October 2022 onward.

3. RECOMMENDATIONS

3.1 That Cabinet:

- (i) Consider the detail of the UK Shared Prosperity Fund and the opportunities for the Funds to contribute significantly to the Council's own Place Shaping, Transformation and Regeneration agendas.
- (ii) Agree that Rhondda Cynon Taff County Borough Council assume the role of the 'Lead Local Authority' for the UKSPF for the Cardiff Capital Region.

- (iii) Agree that Rhondda Cynon Taff County Borough Council submit the CCR Investment Plan for consideration by UK Government prior to the closing date for submission of 1st August 2022.
- (iv) Give delegated powers to the Corporate Director for Economy and Environment in consultation with the Head of Legal Services and the Cabinet Member for Prosperity, Regeneration & Climate Change, to agree the legal agreements associated with the UKSPF with the Lead Local Authority namely Rhondda Cynon Taff County Borough Council on behalf of Caerphilly County Borough Council.
- (v) Agree to utilise the 2022/23 budget at risk to deliver the interventions outlined in Appendix 1 in order to ensure that the fund for 2022/23 is fully expended.
- (vi) Agree to extend the contracts of staff who are at threat of redundancy as a consequence of the cessation of the European Social Fund in 2022/23 up to March 2023. This will be at financial risk to the council in the first instance and the contracts can be further extended once confirmation of SPF funding is received.
- (vii) Agree that any elements of 2022/23 at risk expenditure that are not subsequently approved for funding through the SPF are funded through the council's Wellbeing and Place Shaping Framework Earmarked Reserve.
- (viii) Agree to appoint a small project team using the administration/management fee, initially comprising of a lead project officer (Grade 10), finance officer (Grade 9) and 1 x support officer (Grade 9) to manage and administer the delivery of the SPF programme for Caerphilly CBC.
- (ix) Note that further reports will be presented to Cabinet detailing the funding proposals for future stages of the fund.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the Council is fully prepared to maximise funding opportunities from the Shared Prosperity Fund for the benefits of its citizens and communities and to allow for robust engagement to take place.
- 4.2 To respond to the UK Government's invitation to collaborate on and submit one regional investment plan for the Cardiff Capital Region in full consultation with stakeholders in readiness for submission to UK Government by 1st August 2022.
- 4.3 To agree the legal agreements associated with the UKSPF with the Lead Local Authority namely Rhondda Cynon Taff County Borough Council on behalf of Caerphilly County Borough Council in a timely manner.
- 4.4 To utilise the 2022/23 budget at risk to implement specific interventions outlined at Appendix 1 in order to ensure that the fund for 2022/23 is fully expended.
- 4.5 To effectively manage and administer the delivery of the SPF programme for Caerphilly CBC.

5. THE REPORT

- 5.1 The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's ambitious Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition.
- 5.2 The UKSPF will support the UK government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives to:
- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
 - Spread opportunities and improve public services, especially in those places where they are weakest
 - Restore a sense of community, local pride and belonging, especially in those places where they have been lost
 - Empower local leaders and communities, especially in those places lacking local agency

The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. It aligns with the Levelling Up fund proposals considered under a separate report to Cabinet.

- 5.3 Underneath the overarching aim of building pride in place and increasing life chances, there are three UKSPF 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 can provide funding to help reduce the barriers some people face to employment and support them to move towards employment and education. This theme can also target funding into skills for local areas to support employment and local growth.
- 5.4 Within the context of the Fund's aims, each place will have the flexibility to invest across a range of activities that represent the right solutions to improve local pride in place, increase life chances, to help spread and create opportunity, and a sense of community and belonging. The balance of priorities should reflect local need and opportunity. This flexible approach represents a key shift from the previous EU system.

- 5.5 All places in the UK will receive a conditional allocation from the UKSPF. Caerphilly County Borough has a conditional allocation of £28,272,298, and an allocation of £5,901,499 for *Multiply (*UK Gov Adult numeracy programme programme).
- 5.6 Table 1 provides the Caerphilly County Borough allocations up to March 2025. It is important to note that any funding not utilised in year cannot be carried forward and will be lost. In this context, local authorities can spend at risk from 1 April 2022 for 2022-23. Mechanisms are also being explored to ensure that all funding is maintained within the CCR each year through the development of a legal agreement between the Lead Authority and UK Government and via back-to-back legal agreements with RCT and the 9 Local Authorities in the CCR.

Total SR (UKSPF core)	22-23 (UKSPF core)	23-24 (UKSPF core)	24-25(UKSPF core)
£28,272,298	£3,431,104	£6,862,208	£17,978,985
Total SR (Multiply)	22-23 (Multiply)	23-24 (Multiply)	24-25 (Multiply)
£5,901,499	£1,784,174	£2,058,662	£2,058,662

Table 1: Caerphilly CBC Shared Prosperity Fund and Multiply allocation.

- 5.7 The 10 LAs in the CCR have a combined conditional allocation of £230,432,572 and £48,100,003 for *Multiply. Note: Up to 4% of the funding can be used for financing the administration of the fund. This 4% does not need to be spent wholly by the lead authority, a proportion of the administration budget can be allocated to individual authorities as appropriate.
- 5.8 The local split of capital and revenue for the Fund in Scotland, Wales, and Northern Ireland is as follows:

Year	Core UKSPF: revenue	Core UKSPF: capital	*Multiply: revenue
2022-23	89.6%	10.4%	100%
2023-24	87.5%	12.5%	100%
2024-25	82.1%	17.9%	100%

Table 2: Shared Prosperity Fund and Multiply Revenue/Capital allocation

- 5.9 In order to access UKSPF funding, lead local authorities are being asked to complete an investment plan, setting out how they intend to use and deliver the funding.

- 5.10 Local authorities within the Cardiff Capital Region (CCR) have been invited to collaborate and feed into one regional investment plan for CCR. As part of this process there is a need to appoint one local authority to assume the role of the 'Lead Local Authority' for the UKSPF, and it is proposed that Rhondda Cynon Taff CBC performs this role.
- 5.11 The 'Lead Local Authority' will be responsible for submitting the regional investment plan to UK Government during the designated "investment window" period of 30th June and 1st August 2022. The lead authority for the strategic geography i.e. RCT for CCR, will have overall accountability for the funding and how the fund operates. If a specific local authority within the CCR takes lead responsibility for a particular UKSPF intervention or policy for the wider geography (for example Torfaen is leading on People and Skills), the lead authority i.e. RCT can allocate a proportion of the 4% administration budget to them.
- 5.12 Lead local authorities for each area will have flexibility over how they deliver the Fund. They may wish to use a mix of competitions for grant funding (which is the default approach set out in Cabinet Office Grants Standards), procurement, commissioning or deliver some activity through in-house teams. 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.
- 5.13 CCR will need to engage with regional partnership groups in order to effectively develop the regional investment plan. To this end a number of workshops have been held throughout May/June to engage with a diverse range of partners. In addition all MPs and Constituent MS's have been engaged in the process throughout.
- 5.14 Notably, Caerphilly County Borough Council is not required to develop its own local investment plan for submission to UK Government. However, it is important that a local investment plan for the County Borough is prepared to inform the regional plan and provide clarity at the local level on the Caerphilly specific interventions, targets and outputs that the Council wants to achieve through the UKSPF.
- 5.15 However, given the tight timescales involved in preparing the local investment plan, work will need to continue throughout the summer to develop the detailed local interventions in partnership with local stakeholders, in preparation for the payment award from UK Government in October 2022.
- 5.16 Workshops will be held with local partners through early summer (in line with agreed regional timescales) to feed into the priorities for Caerphilly and also for the wider work on the CCR Investment Plan, but further engagement will be needed.
- 5.17 The regional investment plan will need to be submitted by RCT to UK Government during the investment plan window between 30 June and 1 August 2022. The anticipated date for the first investment plans to be approved and payment awarded to Lead Local Authorities by UK Government thereafter is October 2022 onward.

As indicated the fund can support investment in interventions that start from 1 April 2022 where they fit with the intervention toolkit. Any such interventions will be at risk prior to approval by UK Government of the CCR Investment Plan. In order to ensure that the £3,431,104 allocation for 2022/23 and the £1,784,174 Multiply allocation is

fully utilised, it is recommended that specific interventions outlined in Appendix 1 be funded for 2022/23 at risk.

- 5.18 Lead local authorities can also incur administrative and preparatory costs from 1 April 2022. This is subject to provisions on the use of the fund for administration and all other fund requirements, including but not limited to branding and publicity, and reporting.
- 5.19 Funding is confirmed for three financial years: 2022-23, 2023-24 and 2024-25 providing a predictable baseline element of local growth funding. All interventions should end by March 2025 or have a break clause allowing for closure by March 2025 if required (for example, yearly renewable funding).

Conclusion

- 5.20 The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's ambitious Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025. This funding along with the LUF provides us with a significant but challenging opportunity to deliver key aspects of our regeneration strategic intentions over the next few years. Further details are being developed in consultation with key stakeholders and further reports will be presented to Cabinet outlining details of future projects.

6. ASSUMPTIONS

- 6.1 This report assumes that RCT will be the Lead Local Authority for the Cardiff Capital Region for the UKSPF; and that the CCR Investment Plan will be submitted by RCT to UK Government by the submission deadline of 1st August 2022.
- 6.2 Delivery of the programme is challenging with funding lost if not committed in accordance with the in-year allocations. A small project team has been identified within the funding envelope to ensure a sharp focus remains on delivery and outcomes.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 The integrated impact assessment is included as appendix 2 to this report

8. FINANCIAL IMPLICATIONS

- 8.1 All places in the UK will receive a conditional allocation from the UKSPF. Caerphilly County Borough has a conditional allocation of £28,272,298, and an allocation of £5,901,499 for *Multiply (*UK Gov Adult numeracy programme).
- 8.2 The 10 LAs in the CCR have a combined conditional allocation of £230,432,572 and £48,100,003 for *Multiply. Note: Up to 4% of the funding can be used for financing the administration of the fund. This 4% does not need to be spent wholly by the lead

authority, a proportion of the administration budget can be allocated to individual authorities as appropriate.

- 8.3 The fund can support investment in interventions that start from 1 April 2022 where they fit with the intervention toolkit. Any such interventions will be at risk prior to approval by UK Government of the CCR Investment Plan. In order to ensure that the £3,431,104 allocation for 2022/23 and the £1,784,174 Multiply allocation is fully utilised, it is recommended that the specific interventions outlined at Appendix 1 totalling £2,417,000 plus the multiply allocation of £1,784.174 be supported and funded for 2022/23. It is also recommended that that any elements of the 2022/23 at risk expenditure that are spent between now and the approval date (October 2022) if not subsequently approved for funding through the SPF are funded through the council's Wellbeing and Place Shaping Framework Earmarked Reserve.
- 8.4 The lead authority for the strategic geography i.e. RCT for CCR, will have overall accountability for the funding and how the fund operates.

9. PERSONNEL IMPLICATIONS

- 9.1 In Cardiff Capital Region, the overall UKSPF programme will be delivered by a Lead Local Authority (potentially RCT) and implemented, delivered and monitored at the local level by the individual local authorities. This is a significant change from previous EU funding programmes, which were managed and administered centrally by the Welsh European Funding Office.
- 9.2 This programme is significant and challenging in terms of delivery and will place additional pressure on a number of key service areas to provide the necessary staff support for the programme, in particular Regeneration & Finance. It is therefore proposed that a small project team is appointed, initially comprising a lead officer (Grade 10), finance officer (Grade 9) and 1 x support officer (Grade 9) to manage and administer the delivery of the programme for Caerphilly CBC. The Team will be funded through the local authority's share of the 4% SPF administration fee and will be part of the Business Enterprise & Renewal Team.
- 9.3 Staff funded through existing European funding programmes will be protected from the threat of redundancy through the allocation of funding at risk in 2022/23 to extend their contracts up to 31st March 2023. These contracts will be further extended on receipt of confirmation of SPF funding in the autumn.

10. CONSULTATIONS

- 10.1 All consultation responses are reflected in the report.

11. STATUTORY POWER

- 11.1 Local Government Acts 1972 and 2000, Local Government (Wales) Measure 2011 and the Local Government and Elections Act 2021.

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Consultees: Cllr J Pritchard, Deputy Leader and Cabinet Member for Prosperity,
Regeneration & Climate Change
Cllr Sean Morgan, Leader of Council
Christina Harrhy, Chief Executive
Mark S. Williams, Corporate Director for Economy & Environment
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Sue Richards, Head of Education Planning and Strategy
Lynne Donovan, Head of People Services
Anwen Cullinane, Senior Policy Officer, Equalities and Welsh Language

Appendix 1: Proposed interventions at risk for 2022/23

Appendix 2: Integrated impact assessment