

Report

Cabinet



Part 1

Date: 13 July 2022

Subject: Shared Prosperity Fund – Regional Investment Plan

Purpose To update Cabinet on the UK Government Shared Prosperity Fund as part of the UK Government's Levelling Up programme.

Author Head of Regeneration and Economic Development

Ward All

Summary In April 2022 the UK Government published details on the new £2.6bn Shared Prosperity Fund (SPF). The funding is allocated to places across the UK on a needs basis and seeks to support the UK government's Levelling Up objectives which are 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

To do this the SPF has three investment priorities:

- Communities and Place
- Supporting Local Business; and
- People and Skills

There is also a dedicated element of the fund that sits under the People and Skills priority, Multiply, which seeks to improve adult numeracy skills. For each of these priorities there are a number of objectives and interventions which detail the types of activity that can be supported by the Shared Prosperity Fund.

The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. The SPF aligns and complements the Levelling Up Fund, for which Newport's round 2 proposals to develop a National Technology Institute were approved for submission by Cabinet in June.

All places in the UK will receive a conditional allocation from the SPF. Newport's conditional allocation is £27,177,563, and an allocation of £5,672,986 for Multiply.

The 10 Local Authorities in the CCR have a combined conditional allocation of £230,432,573 and £48,100,003 for Multiply.

Local authorities within the Cardiff Capital Region (CCR) have been invited to collaborate and feed into one regional investment plan for the whole region. 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 SPF. It is proposed that Rhondda Cynon Taff CBC performs this role.

The development of the Regional Investment Plan is the beginning of the Shared Prosperity Fund process. The Plan will identify overarching interventions that relate to the three investment priorities of the SPF across the region. Not all regional interventions will be relevant to Newport, but this overarching strategy enables us to start developing local priorities and a local delivery plan, in partnership with our communities and stakeholders.

The regional investment plan will need to be submitted to UK Government by 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.

- Proposal**
- 1) To endorse Rhondda Cynon Taff County Borough Council (RCT) as the Lead Local Authority for the UK SPF for the Cardiff Capital Region and submit the Regional Investment Plan by 1st August 2022.**
 - 2) To delegate powers to the Head of Law and Standards to agree the legal agreements associated with the UKSPF with the Lead Local Authority on behalf of Newport City Council.**

Action by Head of Regeneration and Economic Development

Timetable Immediate

This report was prepared after consultation with:

- Chief Executive
- Head of Law and Standards
- Head of Finance
- Head of People, Policy and Transformation

Signed

Background

The UK Shared Prosperity Fund (SPF) 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.

The SPF 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 SPF is to build pride in place and increase life chances across the UK. There are three SPF investment priorities:

- communities and place;
 - enabling 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.
- supporting local business;
 - enabling places to fund interventions that support local businesses to thrive, innovate and grow.
- people and skills;
 - 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.

Within the context of the Fund's aims, each place has 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. It is clear that priorities should reflect local need and opportunity.

All places in the UK will receive a conditional allocation from the SPF to cover the period up to March 2025. The table below details the allocation per Authority for the Cardiff Capital Region.

Individual authorities	Core UKSPF £	Multiply £	Total £	% of CCR allocation
Blaenau Gwent	23,301,572	4,863,920	28,165,492	10.11
Bridgend	19,116,296	3,990,295	23,106,591	8.3
Caerphilly	28,272,298	5,901,499	34,173,797	12.27
Cardiff	34,587,594	7,219,740	41,807,334	15.01
Merthyr Tydfil	22,698,977	4,738,136	27,437,113	9.85
Monmouthshire	5,919,533	1,235,631	7,155,164	2.57
Newport	27,177,563	5,672,986	32,850,549	11.79
Rhondda Cynon Taf	37,320,994	7,790,305	45,111,299	16.2
Torfaen	20,431,241	4,264,774	24,696,015	8.87
Vale of Glamorgan	11,606,505	2,422,717	14,029,222	5.04
Total	230,432,573	48,100,003	278,532,576	

Newport's allocation is 11.8% of the total allocation for the region. The total funding is broken down to a yearly allocation; 12% in Year 1 (22/23), 24% in Year 2 (23/24) and 64% in Year 3 (24/25). It is important to note that any funding not utilised in year cannot be carried forward and will be lost. Mechanisms are 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 10 Local Authorities in the CCR. The Head of Law and Standards will require delegated authority to complete these agreements on behalf of Newport.

In order to access SPF funding, lead local authorities are being asked to complete an investment plan, setting out how they intend to prioritise and use the funding. Local authorities within the Cardiff Capital Region have been invited to collaborate and feed into one regional investment plan for the whole region. 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 SPF and it is proposed that Rhondda Cynon Taff CBC performs this role.

The 'Lead Local Authority' will be responsible for submitting the regional investment plan to UK Government by 1st August 2022. The lead authority will have overall accountability for the funding and how the fund operates. Up to 4% of the funding can be used for financing the administration of the fund. Responsibility for particular interventions can be delegated to a specific local authority however it is intended that a significant element of funding will be delivered at the local level in order to target support to communities, places and businesses in most need.

Newport City Council is not required to develop its own local investment plan for submission to UK Government. The regional investment plan will identify overarching interventions that relate to the three investment priorities of the SPF across the region. Not all regional interventions will be relevant to Newport, but this overarching strategy enables us to start developing local priorities and a local delivery plan, in partnership with our communities and stakeholders.

The regional investment plan will need to be submitted by RCT to UK Government by 1st August 2022. The anticipated date for the first investment plans to be approved and payment awarded to Lead Local Authorities is October 2022.

Financial Summary

All places in the UK will receive a conditional allocation from the SPF. Newport's conditional allocation of £27,177,563, and an allocation of £5,672,986 for Multiply.

The 10 LAs in the CCR have a combined conditional allocation of £230,432,573 and £48,100,003 for Multiply.

The total funding is broken down to a yearly allocation; 12% in Year 1 (22/23), 24% in Year 2 (23/24) and 64% in Year 3 (24/25). It is important to note that any funding not utilised in year cannot be carried forward and will be lost.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Regional Investment Plan does not reflect Newport priorities.	M	L	Working in partnership with CCR Authorities to ensure that the list of regional interventions reflects strategic priorities for Newport.	Head of R&ED

UK Government does not agree Regional Investment Plan	M	L	Working in partnership with the Lead Local Authority to ensure that the submission meets the required criteria and standard.	Head of R&ED
Newport fails to deliver local projects and loses funding.	L	L	Local delivery projects will be developed in partnership with communities and stakeholders to ensure commitment and deliverability. Reserve schemes will be required to ensure full spend.	Head of R&ED

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

This funding would reflect the priorities of the Corporate Plan and Local Well-being Plan.

Council Commitments / Priorities

This proposal meets the primary objective of the Corporate Plan which is 'improving people's lives' through creating Resilient Communities, a Thriving City, a Modernised Council; and Aspirational People.

Well-being Objectives

1. Everyone feels good about living, working, visiting and investing in our unique city.
2. Everyone has the skills and opportunities they need to develop, prosper and contribute to a thriving, sustainable city.
3. Everyone belongs to resilient, friendly, connected communities and feels confident and empowered to improve their well-being.
4. Newport has healthy, safe and resilient environments with an integrated sustainable travel network.

Options Available and considered

- 1) To endorse Rhondda Cynon Taff County Borough Council as the Lead Local Authority for the UK SPF for the Cardiff Capital Region and submit the Regional Investment Plan by 1st August 2022 and to delegate powers to the Head of Law and Standards to agree the legal agreements associated with the UK SPF with the Lead Local Authority on behalf of Newport City Council.
- 2) Decline to participate in the development of a regional investment plan and do not endorse Rhondda Cynon Taff CBC as the Lead Local Authority.

Preferred Option and Why

- 3) Agree to endorse Rhondda Cynon Taff County Borough Council as the Lead Local Authority for the UK SPF for the Cardiff Capital Region and submit the Regional Investment Plan by 1st August 2022 and to delegate powers to the Head of Law and Standards to agree the legal agreements associated with the UK SPF with the Lead Local Authority on behalf of Newport City Council. This will enable Newport to access up to £32,850,549 of SPF and help deliver on Corporate Plan and Well-being Plan commitments.

Comments of Chief Financial Officer

The Shared Prosperity Fund offers an opportunity to deliver some key benefits based on local and regional priorities. The funding is primarily revenue monies and expenditure will need to be monitored closely with liaison between service area and finance colleagues and will be included as part of the Council's established budget and grant monitoring processes. This report deals primarily with the appointment of a lead authority for the CCR Region in relation to this programme.

It is important to note that any unspent monies at year end will be lost and that funding will cease after the third year (24/25) which means that it will be essential to meet any ongoing costs through existing budgets at that point, where this happens. The report details the on-going work to mitigate the risk of losing funds by taking a regional view and this will need to feature in the legal agreement between Local Councils in the CCR region and lead authority.

In developing the regional framework and local delivery plan; it will be important to

- Put in place an appropriate legal agreement which deals with the key financial issues coming out of this arrangement. These are wide ranging, such as the key issues above on mitigating underspending and losing funds, for example.
- Deal with currently EU funded schemes, as necessary
- Deal with the challenge on managing the fact that this is fixed term funding and not on-going core funding.

Comments of Monitoring Officer

The proposed action is in accordance with the Council's legal powers under the Local Government Acts 1972 and 2000, to apply for and provide financial assistance for the purposes of economic regeneration and well-being, and also to enter into collaborative arrangements with other local authorities to facilitate this. Cabinet is being asked to authorise RCT to act as the Lead Authority for the preparation and submission of the Regional Investment Plan on behalf of all local authorities within the Cardiff Capital Region City Deal. This is in accordance with the UK Government's advice on the Shared Prosperity Fund, which requires a co-ordinated regional approach to bidding for funding, based on an overarching investment plan and a lead authority. The Lead Authority will be required to enter into any grant funding agreement with UK SPF on behalf of all the local authorities and will be responsible for the "banker" role in terms of receiving and managing the funding. Therefore, it will be necessary for the other authorities to enter into a joint agreement to authorise RCT to carry out this role on their behalf and also to indemnify RCT against any liabilities arising from any failure or default by individual authorities in relation to the grant funding conditions and the delivery of local projects, in accordance with local investment plans. This is a standard agreement for this type of lead authority arrangement. It does not involve the delegation of any strategic function or decision-making at this stage and, therefore, Cabinet are able to take the decision. The governance arrangements in relation to the approval of the Regional Investment Plan and the oversight of its delivery still need to be clarified, although it is assumed that this role would be part of the regional strategic regeneration powers of CCR and the CJC, when that statutory body becomes fully operational. There will also be a requirement to formalise how any grant funding will be allocated among the local authorities and how much will be delivered at a regional and local level. However, for the time being, it is simply a question of agreeing to enter into a joint agreement to empower RCT to submit the Regional Investment Plan and discharge the lead authority role in relation to the grant funding

Comments of Head of People, Policy and Transformation

There are no HR implications at this stage of the project.

This project has the potential to support delivery of Newport City Council's Corporate Plan and Well-being plan commitments and have a positive impact on the City.

Scrutiny Committees

None.

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

The council has a number of legislative responsibilities to assess the impact of any strategic decision, proposal or policy on people that may experience disadvantage or inequality.

- Stakeholder engagement will take place as part of the development of the Local Delivery Plan. The overarching regional investment plan will provide a framework of interventions for the Council to develop the Local Delivery Plan. Stakeholder engagement is a critical next step as we recognise the need to understand what projects and priorities are important to our residents and communities.
- There will be a positive impact in respect of both age and disability in particular as the SPF enables us to improve facilities and environments.
- If the application for funding is successful, it will lead to further investment and delivery of projects and funding which supports our communities and place, our businesses and provides people with access to the right skills and qualifications to enable them to prosper.

The proposal supports the sustainable development principle and 5 ways of working set out in the Wellbeing of Future Generations Act (2015) through engagement with residents and stakeholders on their priorities for the funding. The final delivery plan will seek to work together with all groups to deliver projects and investment which encourage longer term resilience within communities and businesses,

Consultation

None.

Background Papers



This document is included in the Agenda pack.

Dated: 6 July 2022