

# Report

## Cabinet

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### Part 1

**Date:** 17 July 2024

**Subject:** **UK Shared Prosperity Fund – Local Investment Plan Delivery Update**

**Purpose** To update Cabinet on the delivery of the Shared Prosperity Fund in Newport.

**Author** Strategic Economic Development Manager

**Ward** All

**Summary** The UK Shared Prosperity Fund (SPF) is the programme introduced by the UK Government in 2022 to replace previous regional funding received from the European Union. It is a tripartite fund focused on three core priorities – Community and Place, Supporting Local Business, and People and Skills. There is also an allied and separate allocation to support adult numeracy called 'Multiply'. A total of 67 projects have been approved under the three core priorities. A summary of all projects approved to date can be found in Appendix 1.

The Local Investment Plan comprising a comprehensive range of SPF-funded projects for delivery in years 2 and 3, and the governance which surrounds the management of the programme was approved by Cabinet in May 2023. Cabinet was advised that an annual update would be provided to outline progress and any risks associated with the delivery and management of the programme.

### Proposal

1. To consider and note the content of this report; and
2. To re-assign the delegated authority granted to the Cabinet Member for Economic Growth and Strategic Investment on 10<sup>th</sup> May 2023 to agree specific projects under each of the three SPF priorities and Multiply and to recalibrate and realign as necessary in order to achieve outputs and outcomes against SPF interventions to the Cabinet Member whose portfolio includes regeneration.

**Action by** Head of Regeneration and Economic Development

**Timetable** Immediate  
This report was prepared after consultation with:

- Chief Executive
- Director for Environment and Sustainability
- Head of Law and Standards
- Head of Finance
- Head of People, Policy and Transformation
- Head of Environment and Public Protection
- Head of Housing and Communities

**Signed**

## **Background**

Cabinet have previously received reports in July 2022 and May 2023 which set out the rationale and background to SPF as well as seeking endorsement of the Regional Investment Plan, the Newport Local Investment Plan and the governance which guides management and delivery of the funding allocated to Newport.

The Shared Prosperity Fund is a central pillar of the UK Government's Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of funding for local investment by March 2025, with all local authorities in the UK receiving an allocation from the Fund via a funding formula rather than a competitive bidding process.

The primary goal of the SPF is to build pride in place and increase life chances across the UK. It is intended 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, and
- Empower local leaders and communities.

Newport received a core allocation of £27m with an additional £5.4m to invest via Multiply (£33.4m in total). The 10 Local Authorities in the Cardiff Capital Region (CCR), including CCR had a combined conditional delivery allocation of £230,432,573 and £48,100,003 for Multiply. The allocation for the whole of the Cardiff Capital Region is administered on behalf of the UK Government by Rhondda Cynon Taff County Borough Council (the Lead Authority), with all funding claimed down quarterly in arrears.

The total £33m funding allocation for Newport is broken down into a yearly allocation; 12% in Year 1 (22/23), 24% in Year 2 (23/24) and 64% in Year 3 (24/25). Despite SPF commencing in April 2022, there were significant delays from UK Government in confirming allocations and approving regional spend plans. Newport City Council took a cautious approach to commencing with any project delivery, given the high degree of financial risk attached to such a large allocation of funds. Confirmation of the regional allocation was not received until December 2022, some 9 months after the fund was supposed to commence, and the Regional Investment Plan not approved until February 2023. This significantly impacted the delivery of projects in Year 1.

In preparation for UK Government sign off, a public consultation was undertaken in November 2022 to identify and understand local priorities for investment in Newport. The Multiply allocation is fixed and, therefore, did not form part of the consultation. The Newport Local Investment Plan was informed by the consultation and comprises a comprehensive list of projects for delivery in years 2 (2023/24) and 3 (2024/25). This Local Investment Plan was subsequently approved by Cabinet in May 2023, a copy of the report has been attached as a background paper.

## **SPF Programme Management**

SPF programme delivery has a management and admin allowance of 4% of the total fund. Some 40% of this allocation was retained by the Lead Authority to cover management of the fund at a regional level. Newport has used the admin allowance to resource a dedicated team on a fixed term basis to support programme management, quality assurance and monitoring of Newport projects.

A SPF Board has been created and meets on a fortnightly basis. Membership comprises a number of senior officers including Head of Environment and Public Protection, finance and legal officers. The Board is chaired by the Head of Regeneration and Economic Development and is responsible for:

- Overseeing the compilation and submission of quarterly claims and any subsequent audit, securing agreement for revisions from the Lead Body ensuring alignment and strategic fit with the local investment plan.
- Considering new funding requests, managing the programme outputs and outcomes within budget, reprofiling resources as required and ensuring financial and delivery risks are identified and mitigated.
- Monitoring project performance, record keeping and compliance against Investment Plan priorities and metrics.
- Scrutinising projects to maintain effective governance and oversight, particularly in respect of additionality and subsidy control.

Regular reporting has been provided to the previous Cabinet Member for Economic Growth and Strategic Investment. New projects and Investment Plan changes were agreed following consultation with the Cabinet Member for Economic Growth and Strategic Investment and going forwards, Cabinet Member with the Regeneration portfolio. Updates on individual projects delivered by the Council are provided by the responsible Service Area to their relevant Cabinet Member.

The Council has also used external resource to support the delivery of some grant schemes, particularly in relation to supporting businesses and for heritage, sport and culture purposes. This has been very successful and has seen over £400,000 of grant funding being awarded to a number of local providers, including Newport Rising, Operasonic, Urban Circle and Newport Aces Basketball Club.

### **Local Investment Plan Progress**

The Newport delivery programme spans multiple service areas and external delivery partners. All project leads are regularly required to review and recalibrate their delivery plans to ensure realistic and deliverable outcomes and outputs.

All project leads are clear that financial planning, delivery, monitoring, reporting and evaluation needs to be completed within the current lifetime of SPF, i.e. by the end of March 2025. As it currently stands, project close down will need to commence in December 2024 but prior to the general election, UK Government were actively lobbied to either extend the programme or confirm details of the successor funding programme.

Where there are unavoidable revenue implications post-March 2025 (as indicated in the Local Investment Plan in Appendix 1), projects are explicitly required to address this, as there can be no assumption that a revenue budget will be available in 2025/26.

### **1. Year 2 Project Expenditure**

To provide context, excluding Multiply and core budget, Newport's year 1 investment programme contained 5 live projects; by quarter 4 of the 23/24 financial year, that number had risen to 67 (plus Multiply).

Below are examples of projects supported in 2023/24:

- Monmouthshire and Brecon Canal – pre-construction feasibility and enabling works.
- Tredegar Park – feasibility works and purchase of Park.
- Funding a community theatre, film and music organisation reaching some 2900 people.
- Newport Yemini Community Association development work reaching over 300 people.
- Establish Business in the Community in Wales through their Newport Place Programme.
- Delivery of Warm Spaces funding, supporting 27 organisations to deliver 624 sessions that support the least resilient in society.
- Support to a wide range of citizens to budget effectively, apply for grants, benefits and discounts, and provide practical solutions to help them out of debt.

- Supporting multiple third-sector providers to provide homelessness support for some 300 people. Providing immediate care and longer-term life skills and resilience.
- Wales' first e-sports training facility engaging c. 200 young people in developing digital careers.
- Third-sector support targeted at developing skills and self-confidence for individuals with learning disabilities.
- Development of standalone English for Speakers of Other Languages (ESOL) training. 404 referrals in 8 months with further training sessions being created due to demand.
- Support for establishing the Corn Exchange, providing a 500+ capacity live music venue to the city centre.
- Supporting the delivery of Wales Tech Week, the Nation's primary technology conference, attracting a global audience of thousands.
- Supporting over 400 people participating in Multiply, the adult numeracy courses.
- Heritage, Culture and Sport grants schemes have received a total of 80 applications.

The Newport SPF fund has supported a number of local organisations and community groups. Feedback received to date confirms that Newport's SPF application process is regarded as one of the easiest to navigate and complete through to award.

## **2. Year 3 Position and Next Steps**

The 'Newport Local Investment Plan 23-25' is attached as Appendix 1 and details the specific projects which have been allocated funding. The Investment Plan is shown by theme, intervention ('W Code'), and project for ease of navigation.

As directed by the UK Government, unspent allocations from 2023/24 (Year 2) have been carried into 2024/25 (Year 3).

It is intended to invest the full Newport SPF allocation in the delivery of the Local Investment Plan. Any underspend will result in funding being allocated to other authorities within the region or being returned to UK Government. Prior to the general election, UK Government were being pressed to extend the SPF programme by a minimum of 12 months in order to account for the loss of Year 1 of the programme due to delays in receiving approval for the Regional Investment Plan. The Welsh Local Government Association and local authorities across the UK were also pressing for confirmation of what the successor funding programme will be from April 2025; but recognising that decisions have been impacted by the recent general election. There is also the issue of fixed term staff being lost as we get closer to the end of the programme. Regionally, SPF employs around 1,000 FTEs, most of whom are in delivery-facing roles. Without certainty regarding programme extension, there is a real risk of these people finding alternative employment and project/programme delivery being adversely impacted.

Reflecting recent changes to Cabinet Member portfolios following the election of a new Leader of the Council in May 2024, oversight of the application of SPF funding and the management of projects associated therewith now sits with the Cabinet Member with the Regeneration portfolio. The Cabinet is therefore requested to re-assign the delegated authority which was granted to the Cabinet Member for Economic Growth and Strategic Investment on 10<sup>th</sup> May 2023 to Cabinet Member with the Regeneration portfolio. This extends to approving specific projects under each of the three SPF priorities and Multiply, and recalibrating and realigning as necessary in order to achieve outputs and outcomes against SPF interventions.

## **Risks**

Table 2 outlines programme-level risks, their impact, and mitigation to date. Individual projects are assessed by the SPF Board in relation to risk.

**Table 2: Risk matrix**

<b>Risk</b>	<b>Impact of Risk if it occurs* (H/M/L)</b>	<b>Probability of risk occurring (H/M/L)</b>	<b>What is the Council doing or what has it done to avoid the risk or reduce its effect</b>	<b>Who is responsible for dealing with the risk?</b>
Local Investment Plan does not reflect Newport's priorities over the programme's remaining lifetime, failing to meet outcomes and outputs.	L	L	A public consultation was undertaken to ensure interventions responded to local needs and opportunities. All new projects are approved following consultation with the Cabinet Member with the Regeneration portfolio.	Head of R&ED
Newport fails to deliver local projects and loses funding.	M	M	Newport's 24/25 funding is secure and enables us to deliver the local investment plan. There is uncertainty regarding successor funding from April 2025 but requests have been made to extend the programme by a further 12 months to enable UK Government to put plans in place following the General Election.	Head of R&ED/ Heads of Service as Project Leads
The slow commitment of funds by projects.	M	M	The SPF programme management team monitors and tracks progress and spend by individual projects to ensure they are delivering within agreed delivery timeframes. Year 1 of the programme was effectively abortive and whilst this funding has not been lost, it does add additional pressure to the programme. However new projects are being considered as the programme is monitored and reprofiled in order to ensure full spend.	Head of R&ED
Project delivery slows as the programme nears its conclusion (Q3 2024/25 onward).	H	H	A number of posts have been created on fixed term basis to not only manage the programme but also deliver projects. Regionally, SPF employs around 1,000 FTEs, most of whom are in delivery-facing roles. As the end of the programme draws	Head of R&ED

			<p>nearer, staff will naturally seek alternative employment. Through the WLGA, UK Government has been lobbied to extend the programme for a further 12 months to enable a successor funding programme to be agreed, or at least agree a 'transition' settlement to close the programme in a reasonable manner without impacting upon the project delivery window, however formal decisions have been impacted by the general election. It will take at least 3 months to close-down the programme and without a confirmed transition period or extension, projects will need to cease delivery by January 2025.</p>	
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### 3. Conclusion

Whilst we await the decision of the new UK Government on either an extension to the current programme or details of any successor funding programme, the official position is that the current programme ends on 31 March 2025. This includes all delivery, reporting, evaluation, management, and administration activities.

Despite this uncertainty, SPF funding has provided all local authorities with funding which is focussed on the delivery of local priorities and projects which complement the core services delivered by the Council. Newport is supporting the delivery of 67 projects, including local community groups and organisations and is having a positive impact.

#### Links to Council Policies and Priorities

The allocation of funding reflects the priorities of the Corporate Plan, Gwent Well-being Plan; One Newport Local Action Plan; and the Economic Growth Strategy.

#### Council Commitments and Priorities

The delivery of this funding programme supports the primary objective of the Corporate Plan 2022 -2027, which is to deliver an 'Ambitious, Fairer, Greener Newport for everyone.'

To achieve this goal, Newport City Council has four well-being objectives that are the focus over the next five years and create the foundations for our longer-term vision for Newport over the next 20 years:

1. Economy, education and skills Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all.
2. Environment and infrastructure A city that seeks to protect and enhance our environment whilst reducing our carbon footprint and preparing for a sustainable and digital future.

3. Quality social care and community services Newport is a supportive city where communities and care are at the heart of what we do.

4. An inclusive, fair and sustainable council Newport City Council is an inclusive organisation that places social value, fairness and sustainability at its core.

The Newport Local Investment Plan supports projects and initiatives which reflect the well-being objectives.

### **Options Available and considered**

- 1) To note the progress being made in the delivery of the Newport Local Investment Plan and identified risks to amend the agreed delegated authority to the Cabinet Member whose portfolio includes regeneration, in order to reflect changes in Cabinet portfolios.

### **Preferred Option and Why**

- (1) To note the progress being made in the delivery of the Newport Local Investment Plan and identified risks to full delivery if there is no extension to the programme or agreed transition period. This will effectively mean that projects begin to close down in December 2024 in readiness for a complete close in March 2025. It is clear that Newport's Local Investment Plan has spread opportunities and improved public and third sector services. It has been restoring a sense of community, local pride and empowered local community groups and voluntary organisations to deliver grassroots events and activities, for the benefit of the wider community. The amendment to the delegation to Cabinet Member reflects a recent change in Cabinet portfolios.

### **Comments of Chief Financial Officer**

The report provides an update on the SPF programme and some of the projects supported.

The report and Appendix one suggest there has been slippage in spend brought forward to this final year and therefore it may be a challenge to ensure that all monies are spent and we do not lose out on funding with the need to hand back any unspent monies to UK Government.

As indicated in Appendix one, there are several projects which could give rise to on-going revenue costs in going forward after April 2025 when the programme completes. This was flagged as a risk when the SPF programme and initial projects were first announced. It will be incumbent on services to review and identify what unavoidable costs may exist and can't be absorbed in current budgets. These will need to be flagged up in the Council's MTFP to ensure robust budgets are set, where costs may be significant and will add further cost pressure to the Council's MTFP challenge as things stand currently.

### **Comments of Monitoring Officer**

The report provides an update on the allocation of SPF funding to various projects as well as a summary of the activities of the Council's SPF Board. The Cabinet is asked to note the various updates; there are no legal implications with regard to these.

The Cabinet is also asked to re-assign the delegated authority for taking decisions in relation to SPF projects, including the allocation of funding, from the Cabinet Member for Economic Growth and Strategic Investment to the Cabinet Member responsible for the Regeneration portfolio. This re-assignment is necessary in order to reflect the recent changes to the composition of the Cabinet.

### **Comments of Head of People, Policy and Transformation**

This update to Cabinet on the delivery of the Shared Prosperity Fund in Newport aligns with the Council's Corporate Plan 2022-27 vision of 'an ambitious, fairer, greener Newport for everyone', and supports its four Well-being Objectives. This also supports the Gwent Well-being Plan; One Newport Local Action Plan; and the Economic Growth Strategy.

The principles of the Well-being of Future Generations (Wales) Act 2015 and its five ways of working have been fully considered, with engagement having taken place with residents and stakeholders on their priorities for the funding. Delivery is also being carried out in a collaborative way encouraging longer-term resilience within communities and businesses.

A Fairness and Equalities Impact Assessment has been completed, with no negative impacts identified. There are no direct staffing issues arising directly from this report, but consideration should be given to longevity of fixed term contracts and employment rights and redundancy. Given the fixed term nature of contracts employees may leave before projects come to a close due to the uncertainty of any funding extension and securing alternative employment.

### **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 several legislative responsibilities, including assessing the impact of any strategic decision, proposal, or policy on people who may experience disadvantage or inequality.

- Stakeholder engagement has occurred and will periodically occur at the individual project level as part of delivery management. The overarching regional investment plan provides a framework of interventions and reporting for the Council. Stakeholder engagement has been critical in order to understand what projects and priorities are important to our residents and communities. To date, they have been supportive of the aims and objectives.
- There will be a positive impact with respect to both age and disability in particular, as the SPF enables us to improve facilities and environments for all in society.
- SPF is expected to have a catalytic effect, leading to further investment and delivery of projects and funding that support our communities and businesses and provide people with access to the right skills and qualifications to enable them to prosper.

The project has supported 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 has brought together different groups to deliver projects and investments which encourage longer-term resilience within communities and businesses.

### **Consultation**

None.

## **Appendix 1 – Newport Local Investment Plan**

### **Background Papers**

Cabinet Report 13<sup>th</sup> July 2022

Cabinet Report 10<sup>th</sup> May 2023

FEIA April 2023



Fairness and  
Equality Impact Assessment

**Dated: 10 July 2024**