

SHARED PROSPERITY FUND UPDATE

LEADER OF THE COUNCIL

AGENDA ITEM: 5

Reason for this Report

1. To approve Cardiff Council's approach to the Shared Prosperity Fund and its initial submission to the Shared Prosperity Fund Regional Investment Plan.
2. To delegate authority to endorse the draft Regional Investment Plan for submission by the Lead Authority to the UK Government.
3. To enter into all necessary legal agreements with the lead body and partner authorities relating to the Shared Property Fund Regional Investment Plan

Background

The Shared Prosperity Fund

4. In April the UK Government published details on the new £2.6bn Shared Prosperity Fund. The funding is allocated to places across the UK on a needs basis, details on the allocations are available on the UK Government website. The UKSPF will support the UK government's Levelling Up objectives, namely 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, especially in those places lacking local agency.
5. To do this it has identified three investment priorities:
 - Community and Place
 - Supporting Local Business; and
 - People and Skills

6. 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 for Wales. These are summarised below. Each objective also has a set of proposed interventions, which detail the types of activity that can be supported by the Shared Prosperity Fund. Details on the objectives and interventions are available on the UK Government website. Areas of activity that the fund will support are outlined below:

Priority	Objective
Communities and place	<ul style="list-style-type: none"> • Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities, such as community infrastructure and local green space, and community-led projects • Building resilient, safe and healthy neighbourhoods, through investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built environment and innovative approaches to crime prevention.
Supporting local business	<ul style="list-style-type: none"> • Creating jobs and boosting community cohesion, through investments that build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities. • Promoting networking and collaboration, through interventions that bring together businesses and partners within and across sectors to share knowledge, expertise and resources, and stimulate innovation and growth. • Increasing private sector investment in growth-enhancing activities, through targeted support for small and medium-sized businesses.
People and Skills	<ul style="list-style-type: none"> • Boosting core skills and support adults to progress in work, by targeting adults with no or low level qualifications and skills in maths, and upskill the working population. • Reducing levels of economic inactivity through investment in bespoke intensive life and employment support tailored to local need. • Supporting people furthest from the labour market to overcome barriers to work by providing cohesive, locally tailored support, including access to basic skills. • Supporting local areas to fund gaps in local skills provision to support people to progress in work, and supplement local adult skills provision.

7. The Shared Prosperity Fund prospectus outlines that every place in the UK. As set out at Spending Review 2021, the Fund is worth £2.6 billion over the period to 2024-25. The Fund will ramp up to £1.5 billion in 2024-25, including Multiply. Of the £2.6bn, circa £585m has been allocated to Wales, with a specific Multiply allocation of circa £100m, outlined in the table below.

Wales allocation

Core	£484,122,200
Multiply	£101,054,634
Total	£585,176,834

8. Within Wales allocations have been made on a local authority basis, based on the following formula:

- 40% of funding is allocated on a per capita basis across Wales.
- 30% of the allocation uses the same needs-based index previously used to identify UK Community Renewal Fund priority places.
- 30% are allocated using the Welsh Index of Multiple Deprivation.

9. The subsequent allocations for Cardiff are presented below:

Cardiff allocation

Core	£34,587,594
Multiply	£7,219,740
Total	£41,807,334

10. It should be noted that this is a notional allocation, and that the level of support for local areas will be determined through the agreement of an Investment Plan (details provided below). This plan is to be determined at the regional level, and to that end the UK Government have also published the aggregated regional allocation for the Cardiff Capital Region of £278,532,574.
11. The table outlined below highlights the allocations to the local authorities of the Cardiff Capital Region, including a per head comparison of the allocations.

SE Wales Allocations and Regional Aggregate

LA	Total	Pop	£ Per Head
Merthyr Tydfil	£27,437,113	60,424	£454
Blaenau Gwent	£28,165,492	70,020	£402
Torfaen	£24,696,014	94,832	£260
Newport	£32,850,549	156,447	£210
Caerphilly	£34,173,797	181,731	£188
Rhondda Cynon Taff	£45,111,298	241,873	£187
Bridgend	£23,106,591	147,539	£157
Cardiff	£41,807,334	369,202	£113
Vale of Glamorgan	£14,029,222	135,295	£104
Monmouthshire	£7,155,164	95,164	£75
CCR Total	£278,532,574	1,552,527	£179

Issues

12. In order to unlock funding the UK Government first needs to approve an Investment Plan. In Wales these plans will be developed on a regional basis, meaning that for South East Wales a plan must be developed for the Cardiff Capital Region footprint. To do this the local authorities of the Cardiff Capital Region will need to identify a lead authority to bring together the plan.

13. The plan will need to outline:

Local context: showing evidence of opportunities and challenges through the lens of the three investment priorities for UKSPF.

Selection of outcomes and interventions: identifying the outcomes to target based on local context, and the interventions to prioritise, under each investment priority.

Delivery: detailing:

- a. Approach to delivery and governance
- b. Expenditure and deliverables
- c. Capability and resource

14. Investment plans need to be submitted by 1 August 2022. After submission the UK Government will assess applications and engage with the lead authority to enable sign off. Where a plan cannot be signed off first time, the UK Government will provide feedback to the lead local authority and work iteratively to secure sign off.
15. The Lead Authority role will also extend beyond the submission of the Investment Plan and will be central to the management of the overall Shared Prosperity Fund allocation for the region. This role roughly encompasses the overall funding programme financial and performance management and will comprise the responsibilities of:
 - Legal contracting entity for the Shared Prosperity Fund (SPF) with UKG on behalf of 10 Local Authorities (LAs);
 - Financial Management of the SPF;
 - Distribution of funds to LAs based on an agreed Service Level Agreement
 - Reporting of financial spend and outcomes to UKG on behalf of 10 LAs in region – based on the Investment Plan
 - Quality Assurance role - quarterly returns/submissions to UKG
 - Monitoring & Evaluation of SPF programme outputs and outcomes in line with Investment Plan
 - Coordinate communications and engagement with UKG, 10 LAs, and external delivery partners
 - Recipient of UKG funds, dissemination of funds to partner LAs, reporting of financial and outcomes of SPF programme in region, and coordination between LA's with UKG
16. The Shared Prosperity Fund allows for up to 4% of the fund to be used for administration. It is proposed that an element of this allocation, based on cost, will be allocated for the Lead Authority to support the administration of the programme.
17. The role of Local Authorities will be more focused on the delivery of the fund, with the expectation that the majority of delivery will be routed through local government. It is expected, however, that a small element of the fund will be delivered at a co-ordinated regional level.
18. There will be four tiers of activity for the fund, defined by a Regional Investment Plan, these include:
 - Regional programmes, managed/coordinated and delivered regionally
 - Regional and sub-regional programmes, managed/coordinated regionally and delivered locally
 - Regional priorities as outlined in the Investment Plan, managed/coordinated locally and delivered locally
 - Local priorities, managed and delivered locally (under the umbrella of the regional plan priorities)
19. The table below outlines the relationships between the various bodies involved in the delivery of the Shared Prosperity Fund.

Body	Function
UK Government	Overall funder – approves plan
Lead Authority	Lead body – receives and distributes funding Submits plan Overall programme monitoring Strategic engagement
<i>Lead authority agrees Service Level Agreement with Delivery Bodies</i>	
Delivery Body - Local Authorities	Delivery Body - Cardiff Capital Region
<p><i>How Delivery bodies can deliver the plan:</i></p> <ul style="list-style-type: none"> • <i>Procurement of service provision</i> • <i>In-house provision</i> • <i>Commissioning third party organisations</i> • <i>Grant to public or private organisations</i> 	

Next steps

20. As outlined above, in order to access SPF funding, the UK Government first needs to approval a Regional Investment Plan. The timetable for the development plan is provided below:

When	Activity
Summer 2022	Further guidance published including guidance on monitoring benefits and evaluation, assurance, subsidy control, branding and publicity. Application processes and templates for Northern Ireland will be published – these may be used by lead local authorities in England, Scotland and Wales where desired.
30 June 2022	Investment plan window opens
1 August 2022	Investment plan window closes
July – September 2022	Indicative investment plan assessment period for UK government
October 2022 onwards	Anticipated date for first investment plans to be approved

October 2022 onwards	Anticipated first payment to be made to lead local authorities
March 2025	Three-year funding period ends

21. Rhondda Cynon Taf, subject to their necessary approvals, has been nominated as lead authority for the ten local authorities, based on prior experience of dealing with substantial grant programmes as well as capacity and resources to undertake the task. The lead authority has subsequently developed a high-level template for consideration by local authorities to enable them to contribute to the plan.
22. The development of the Investment Plan is the beginning of the Shared Prosperity Fund process. In the period between submission and approval the lead authority will continue to work with local authorities to provide further detail on how the fund will be administered in the Cardiff Capital Region. This will include the establishment and agreement of a Service Level Agreement.
23. During this period we will also work with local partners to consider the delivery phase of the Shared Prosperity Fund and to provide further context in how they can be involved in delivery. In the interim partners have been encouraged to submit their views relating to the areas below.

Area	Example information
Opportunities and challenges	<ul style="list-style-type: none"> • Evidence of need for support relating to the three priorities of the UKSPF • Areas of opportunity relating to the three priorities of the UKSPF
Outcomes	<ul style="list-style-type: none"> • Which outcomes should be the focus of the UKSPF in the Cardiff Capital Region? • What would success look like for the Cardiff Capital Region?
Interventions	<ul style="list-style-type: none"> • Which interventions identified in the UKSPF for Wales should be prioritised? • What types of projects should be supported?

Cardiff Council Approach

24. The initial task for the Council is to contribute towards the development of the Regional Investment Plan. This will include ensuring that appropriate interventions are included in the plan, as well as ensuring that it allows for the delivery of Council priorities. Given the compressed timescales involved it is proposed that the Council uses that *Greener, Fairer, Stronger* City Recovery Strategy as the basis for its submission. The strategy is attached as Appendix A.

25. The Recovery Strategy aligns closely with the aims of the Shared Prosperity Fund. In addition, an extensive engagement exercise was undertaken in developing the plan. This included:
- Online events supported by partners including Cardiff University and Sustrans.
 - A series of officer led engagement sessions with third sector representatives, business groups and cultural organisations.
 - The Child Friendly Team were also engaged to ensure that the opinions of the youth were captured, and this was achieved through a series of workshops that were undertaken in October with both primary and secondary schools across Cardiff.
26. To supplement this activity further a Recovery and Renewal Survey produced by Cardiff Research Centre was undertaken that was open to all residents. There were 1,746 valid responses to the survey. The summary report of the engagement activity is attached as Appendix B.
27. Based on the Recovery Strategy and a consideration of wider Council priorities a programme-based approach was adopted for submission to the regional plan. This is intended to give direction to the programme whilst also retaining flexibility in order to ensure efficient use of the available funding.
28. For the Communities and Place theme it is proposed that the following programmes will be established:
- Neighbourhood and Community Regeneration Programme
 - Community Capacity Building Programme
 - Growing our Cultural Capital
 - Resilient and Sustainable Communities Programme
29. Details on these programmes are provided below:

COMMUNITIES AND PLACE Proposed Programme	Recovery Mission
<p>NEIGHBOURHOOD AND COMMUNITY REGENERATION PROGRAMME - to progress a city-wide community regeneration programme to improve our neighbourhoods and tackle poverty. The programme would sit alongside and maximise the impact of other funding programmes. It would also include investment in active travel and public transport.</p> <p>Specific interventions could include:</p> <ul style="list-style-type: none"> • Investment in community buildings to bring them back to community use, or to improve their accessibility and use by local communities; • Improvements to areas such as underpasses and 	<p>Mission 2: A City for Everyone</p> <p>Mission 3: A 15 Minute City</p>

COMMUNITIES AND PLACE Proposed Programme	Recovery Mission
<p>bridges and other gateway areas that can act as ASB hotspots;</p> <ul style="list-style-type: none"> • Greening urban and local areas, and providing a team to support local maintenance of urban greening projects; • Provision of community facilities where there are gaps in provision, and improving access and support in existing facilities; • Investment in active travel facilities such as cycling hubs; • Establishing a place promotion team for local areas within the city to boost local pride and local business; and • Subsidising public transport use for hard to reach communities. 	
<p>COMMUNITY CAPACITY BUILDING PROGRAMME - establishing a programme of support to empower local communities through investing in capacity for both multi-agency management of local communities, and support for communities themselves to organise, manage and deliver key community schemes. Example interventions include:</p> <ul style="list-style-type: none"> • Establishing a community safety multi-agency problem solving group; • A dedicated community engagement team to shape regeneration activity; • Continued support for the Child Friendly City programme; • A District Centre Manager to support businesses in city neighbourhoods (replicating the City Centre Manager role); • A community grant programme to support local projects; and • A dedicated fund to support volunteer and community groups to establish capacity. 	<p>Mission 2: A City for Everyone</p> <p>Mission 3: A 15 Minute City</p>
<p>GROWING OUR CULTURAL AND SPORTING CAPITAL - Establishing a programme to support and promote local culture, and to provide a sustainable platform for cultural and sporting activity to thrive by investing directly in activity as well as establishing infrastructure. This will also include establishing a 'home grown' events strategy that delivers sustainable community and economic benefits. Example projects include:</p> <ul style="list-style-type: none"> • Local Sustainable Events programme, including supporting a new Signature event as part of the city's 	<p>Mission 4: Culture and sport-led renewal</p>

COMMUNITIES AND PLACE Proposed Programme	Recovery Mission
<ul style="list-style-type: none"> • music strategy; • Cultural, sports and visitor economy investment fund to support facilities in the city and its communities, including capital investment; • Public Art commission; • Grassroots music venues fund to support the city's Music Strategy; • Direct support for community arts projects. 	
<p>RESILIENT AND SUSTAINABLE COMMUNITIES PROGRAMME - establishing a programme to support communities to respond to climate change and to reduce the impact of cost of living and combat fuel poverty. This will include revenue and capital funding both directly into projects, but also to leverage support from other public and private sector sources. This will include support for residential, commercial and community and public buildings. Example projects include:</p> <ul style="list-style-type: none"> • Community grant scheme for energy efficiency low carbon investment; • Community energy generations schemes; • Direct funding to invest in support for those most impacted by the cost of living crisis; • Sustainable community building scheme; • Local circular economy projects. 	Mission 6: One Planet Recovery

30. For the Supporting Local Business theme, it is proposed that the following programmes will be established:

- Productive, Sustainable and Inclusive Business Programme
- City Centre Recovery Programme

31. Details on these programmes are provided below:

SUPPORTING LOCAL BUSINESS Proposed Programme	Recovery Mission
<p>PRODUCTIVE, SUSTAINABLE AND INCLUSIVE BUSINESS PROGRAMME - this is intended to deliver the city's Greener, Fairer, Stronger economic agenda, driven by the need to raise productivity, whilst also empowering businesses to respond to the challenges of climate change. The programme will also focus on supporting businesses to grow within our communities, whilst also equipping businesses to compete with the best in the world. The programme will also fit alongside the proposed CCR business support schemes and</p>	Mission 5: Tech City Mission 6: One Planet Recovery

SUPPORTING LOCAL BUSINESS Proposed Programme	Recovery Mission
<p>ensure that the local and regional offer is complimentary. Example projects include:</p> <ul style="list-style-type: none"> Establishing business development and expansion grant to deliver the city's Greener, Fairer, Stronger economic agenda; Support to establish business networks in key sectors; Investment in new start-up units and incubation spaces; An international trade and promotion programme (linking with the CCR); An expanded tourism and business events team; and Support for the circular economy. 	
<p>CITY CENTRE RECOVERY PROGRAMME - this will support the delivery of the city's city centre recovery action plan, ensuring that the city centre remains a thriving and vibrant place post-Covid. It also seeks to develop a city centre that is more led by a local and authentic offer, as well as a greener and more sustainable city centre. Proposed schemes include:</p> <ul style="list-style-type: none"> An enhanced city centre management team with an additional focus on addressing ASB; Support to renovate areas of the city centre; Investment in feasibility and business planning for proposed new development; Circular economy measures such as water refill points; Cycle hubs and other active travel enhancement. 	<p>Mission 1: Reimagine the city centre</p>

32. For the People and Skills theme, it is proposed that the following programmes will be established:

- Into Work expansion
- Developing the Cardiff Commitment

33. Details on these programmes are provided below:

PEOPLE AND SKILLS Proposed Programme	Recovery Mission
<p>INTO WORK AND THE CARDIFF COMMITMENT - A programme to help people and business prepare for the world of work - and to support those in employment to become more productive and earn more.</p> <ul style="list-style-type: none"> A complete Employment and Skills package for citizens of Cardiff, supporting people to return, secure and progress in employment through intensive mentoring 	<p>Mission 2: A City for Everyone</p> <p>Mission 5: Tech City</p>

PEOPLE AND SKILLS Proposed Programme	Recovery Mission
<ul style="list-style-type: none"> • and access to funding for training; • Dedicated focus on priority groups, not just by length of unemployment but also according to their circumstance and characteristics; • Addressing issues such as housing, money, debt, providing a well rounded service to address needs, in order for the person to then focus on upskilling, training, education, volunteering and employment; • Responding to the needs of priority employment sectors will also be addressed through the utilisation of the in-house Employer Liaison Team, putting employer requirements at the centre of the programme; ensuring Employment Mentors are well versed in the requirements of the local labour market; • An additional focus on wellbeing support and access to wellbeing services across the city; • Establishing Business Fora aligned with schools and skills providers; • An entrepreneurship programme; • An into work programme for EOTAS and those with additional learning needs; • A highly targeted programme of support for those at risk of becoming 'NEET', and those that have become economically inactive and face significant barriers to re-engaging in education, employment or training. 	

34. In developing these proposals, it is expected that there will be further engagement post submission of the Investment Plan to develop a delivery plan that will include more detail on projects and the process for delivery. It is expected that this will include establishing external grant and commissioning processes that will support other organisations such as third sector bodies, further education and higher education to be involved in the delivery of the Shared Prosperity Fund. There will also be consideration for regional collaboration in the delivery of the fund.

Regional Propositions

35. In addition to the local programmes a number of regionally led propositions have been brought forward. Whilst the scope of the fund is to be determined locally UK Government officials have outlined the expectation that the Investment Plan will need to be regionally coherent. This will include both alignment and co-ordination of local activity (such as business support to ensure there is no funding used to displace business activity), but also some specific regionally managed and delivered programmes. The proposals established for such activity are outlined below:

36. **Place Promotion:** Establishing a professional and accessible 'front door' for the region in terms of attracting investment, promoting the region for business events and as a visitor destination.
37. **Innovation and Clusters:** Building on the work done to date in support of innovation and cluster development across the Cardiff Capital Region.

Investment Plan

38. Reflecting these submissions, and those from the other local authorities in the Cardiff Capital Region, an Investment Plan will be developed by the Lead Authority. This plan will outline the broad themes where intervention will take place and the overall aims and objectives of the Investment Plan for the region.

Post Submission

39. As noted above considerable work will need to be undertaken following the submission of the Investment Plan. This will include establishing a more detailed delivery plan and internal governance, which will outline the process for agreeing funding for specific projects and how that funding is used.
40. There will also need to be a Service Level Agreement established with the Lead Authority that will determine how funding flows and the monitoring and evaluation requirements associated with the funding arrangements.
41. In addition, there is a need to establish co-ordination team that will ensure that the requirements of the Service Level Agreement are met. Given the timescales it is proposed that recruitment for this team begins immediately to ensure adequate support is in place once the funding arrangements are established. It is proposed that this team is funded by the 4% allowance within the shared prosperity fund for administrative purposes.

Levelling Up

42. The second round of Levelling Up Funding is expected to open for applications in July. Two schemes will be submitted by Cardiff, a transport-led bid that will develop the links between the city centre and the bay, and a further bid to support infrastructure and public realm improvements around the regeneration of Atlantic Wharf.
43. The Levelling Up Fund and Community Renewal Fund Applications Cabinet Report of 17 June 2021 outlined the intention to submit a transport-led scheme that would fall into the category of the 'exceptional' proposals, which allow for up to £50m of funding from the Levelling Up Fund. The scheme would comprise a range of interventions, including the development of transport links between the city centre and Cardiff Bay.

44. Work to prepare the bid has been underway since June 2021, and subsequently a proposal has been developed that will link Cardiff Central Station to Cardiff Bay as part of Crossrail Phase 1, laying the foundations for the extension of Crossrail to the east of the city.
45. The 10th March 2022 Cabinet Report *Cardiff Bay Regeneration Overview* further noted the expectation that the next round of Levelling Up Funding was due later in 2022. Feedback from the initial round of funding suggested that 'shovel ready' schemes would be prioritised for investment. Given the progress that has been made in the business case and planning application for the Arena and the wider Atlantic Wharf development it is proposed in the report that development related to the scheme was brought forward as a project for round two.

Reason for Recommendations

46. To approve Cardiff Council's approach to the Shared Prosperity Fund and its initial submission to the Shared Prosperity Fund Regional Investment Plan.
47. To delegate authority to endorse the draft Regional Investment Plan for submission to the UK Government.
48. To delegate authority to establish a delivery plan and programme management team and conclude any legal agreements.

Financial Implications

49. Subject to approval of an investment plan, the Shared Prosperity Fund will result in grant income to the Council to support specific projects. Any expenditure will need to be in accordance with the terms and conditions of the grant which do include ongoing monitoring of outcomes, clear expenditure deadlines and specific grant allocations to be spent by the end of each financial year etc. Resources and controls will need to be in place to support the grant reporting and administration processes. The grant allows a proportion of the award to be used towards such administration costs.
50. Projects prioritised in line with the criteria set out in the report should be after a robust options appraisal and selection process, which considers factors such as deliverability of the project outcomes, whether those projects are undertaken by the Council or by external bodies to be supported by grant. Council capacity and skills in place to deliver such projects will need to be considered as part of the submission along with consideration of timing of key tasks such as recruitment, planning, consultation and also procurement processes to ensure value for money.
51. Any projects should identify any confirm any match funding requirements at an early stage and also be clear as to whether they are to supported by the grant revenue or capital streams as well as wider considerations such as ongoing operating and maintenance costs, VAT implications on expenditure proposals any recurring costs that may continue to be

incurred after any grant may no longer be available. No funding is available to continue projects beyond the timescale of this grant, so each will need to have a clear exit strategy to avoid unbudgeted cost pressures at the end of the scheme adversely impacting on the budget gap identified in the Medium Term Financial Plan.

Legal Implications

52. There are no immediate legal implications arising out of this report. It is expected that legal agreements will need to be entered into with the Lead Body and partner authorities to manage the arrangements for the SPF, which will require further legal advice.

Property Implications

53. There are no direct property implications within this report. Adoption of the report recommendations may result in future proposals relating to the investment in Council property assets. Any proposals or recommendations in this regard should be undertaken through the agreed Council Asset Management Governance.

HR Implications

54. As detailed in paragraph 41, a co-ordination team will need to be established. Any creation of roles, and/or recruitment required will be carried out in line with corporately agreed policies and processes.

RECOMMENDATIONS

Cabinet is recommended to

- a) Approve Cardiff Council's submission to the Shared Prosperity Fund Regional Investment Plan, as detailed in paragraphs 24 to 34.
- b) Delegate authority to the Leader and Chief Executive to shape and endorse the final Regional Investment Plan submission by the Lead Body in the Leader's capacity as the Council's representative on the Cardiff Capital Region Cabinet and Corporate Joint Committee.
- c) Delegate authority to the Director of Economic Development, in consultation with the Section 151 officer, the Corporate Director People & Communities, the Director of Education & Lifelong Learning and the Director of Planning, Transport & Environment to establish an internal programme management team.
- d) Delegate authority to the Chief Executive, in consultation with the Leader of the Council to develop a detailed governance and delivery framework for the operation of the Shared Prosperity Fund in Cardiff.
- e) agree and enter into all legal agreements with the Lead Body and partner authorities in connection with the Shared Prosperity Fund, subject to legal advice.

Director of Economic Development	Neil Hanratty
	8 July 2022

The following appendices are attached:

Appendix A: Greener, Fairer, Stronger City Recovery and Renewal Strategy
Appendix B: Greener, Fairer, Stronger City Recovery and Renewal Strategy
Engagement Report, November 2021