

SHARED PROSPERITY FUND UPDATE: PRE-DECISION SCRUTINY

Purpose of the Report

1. To give Members background information to aid the scrutiny of the draft report to Cabinet titled '*Shared Prosperity Fund Update*', which is due to be considered by Cabinet at their meeting on 17 November 2022.

Scope of Scrutiny

2. At their meeting on 17 November 2022, the Cabinet will consider a report that updates Cabinet on the development of Shared Prosperity Fund (SPF) proposals, seeks delegated authority to make amendments to the SPF programme and to vary the Year One Delivery Plan where appropriate, and, subject to these delegations, seeks Cabinet approval of the SPF programme, associated governance arrangements and Year One Delivery Plan.
3. During this scrutiny, Members can explore the recommendations to Cabinet and:
 - i) The proposed SPF programme, its anticipated benefits and role in levelling up Cardiff
 - ii) The Year One Delivery Plan
 - iii) The role of the Council in developing and delivering the proposed programmes, including working with external organisations
 - iv) Proposed programme management, risk management and governance arrangements
 - v) Whether there are any risks to the Council
 - vi) The timeline and next steps, and
 - vii) Future scrutiny of the Shared Prosperity Fund bids and projects in Cardiff

Background

4. The £2.6 billion United Kingdom Shared Prosperity Fund (UKSPF) forms part of the UK Government's Levelling Up programme. It has three investment priorities - Community and Place, Supporting Local Business, and People and Skills. Each investment priority has objectives, and each objective has a set of proposed interventions, which are available to view here:

[Interventions list for Wales - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/interventions-list-for-wales)

5. All bids to the UKSPF must align with the relevant Regional Investment Plan. Cardiff falls within the South East Wales region, which follows the Cardiff Capital Region City Deal footprint¹. Rhondda Cynon Taf Council has led the development of the Plan in partnership with the other local authorities, collating proposed programmes to outline an overall profile of spend. UK Government officials have outlined the plan need only be indicative as there is flexibility in moving funding between priority areas.

6. In July 2022, Cabinet agreed the following programmes under each of the SPF investment priorities:

Communities and Place

- Neighbourhood and Community Regeneration Programme
- Community Capacity Building Programme
- Growing our Cultural and Sporting Capital
- Resilient and Sustainable Communities Programme

Supporting Local Business

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

People and Skills

- Into Work expansion
- Money Advice
- Developing Cardiff Commitment

7. £278m is allocated for the Cardiff Capital Region, including £48m specifically for the Multiply programme to improve adult numeracy skills. The £278m is based on

¹ The Cardiff Capital Region City Deal consists of the following local authority areas: Blaenau Gwent, Bridgend, Cardiff, Caerphilly, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taff, Torfaen, and Vale of Glamorgan

an aggregation of local allocations for each of the ten constituent local authorities of the Cardiff Capital Region. Details of the mechanism used to determine local authority allocations are available here:

[UK Shared Prosperity Fund allocations: methodology note - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/111111/UK_Shared_Prosperty_Fund_allocations_methodology_note.pdf)

8. The notional allocation for Cardiff is £41,807,334, of which £7.2 is for the Multiply programme and £34.5 for the other programmes. The actual allocation will be determined by the agreement of the Regional Investment Plan.
9. The draft report to Cabinet entitled '*Shared Prosperity Fund Update*' is attached at **Appendix A** and has **three** appendices:
 - **Appendix 1** – Draft SPF Programme
 - **Appendix 2** – SPF Approval Process
 - **Appendix 3** – Year One Delivery Plan

Issues identified in the Cabinet Report

10. **Points 16- 21** set out the Regional Investment Plan was submitted to UK Government in August 2022, with a proposed spend profile of:
 - 47% Communities and Place
 - 23% Supporting Local Business
 - 30% People and Skills.

11. These points also set out:

- **Point 18** - Capital and revenue profile spend, by investment priority, for financial years 2022/23, 2023/24 and 2024/25
- **Point 19** - £3.3m allocated for regional programmes and projects for place promotion and supporting key sectors
- **Point 20** – delivery models may include competition for grant funding, procurement of service providers, commissioned third party organisations, and directly managed and delivered provision by local authorities
- **Point 21** – a comprehensive assessment methodology will be agreed regionally for submissions covering more than one local authority area

Proposed Governance Arrangements

12. **Points 22 – 34** set out the proposed governance arrangements for the SPF programme, including:

- SPF programme led by Council's Stronger, Fairer, Greener Strategy, partnership priorities, community, business and city-wide needs, and alignment with existing investments
- SPF programme will not duplicate existing investment or provision and will provide value for money
- Cabinet will have responsibility for approval of SPF programme and a biannual monitoring report
- The SPF programme and biannual monitoring report will be reviewed by the Public Service Board, and business representative groups FOR Cardiff, FSB and Cwmpas, which can make recommendations to Cabinet for potential changes to the programme
- The SPF programme will be updated annually, in consultation with the Public Service Board, and business representative groups FOR Cardiff, FSB and Cwmpas, and will then be taken to Cabinet for approval
- The SPF Delivery Team will
 - work with Council service areas to deliver approved programme
 - monitor progress and provide required reports to lead authority
 - undertake community engagement and communication to shape future programme
- C3SC will support enhanced community engagement and will support third sector organisations to access SPF opportunities.

SPF programme

13. **Points 35 – 38** provide an overview of the Year One Plan,, which covers October 2022- March 2023; the report to Cabinet highlights a pragmatic approach is needed to ensure delivery. A profile of spend is outlined in **Appendix 3** of the report to Cabinet and includes recurring commitments such as employee costs, community organisation and third sector bodies' commitments.

14. **Appendix 1** of the report to Cabinet provides details of the draft Programme at pages 14 and 15, including the following:

- Communities and Place
 - Community Facilities Programme - £2.5M
 - Green Spaces and Parks - £0.5M
 - 15 Minute City - £2M
 - Neighbourhood Renewal and Enhancement Programme - £2.5M
 - Community Safety Multi-Agency Problem Solving - £1M
 - Community Engagement and Research Team - £0.5M
 - Child Friendly City - £0.5M
 - Community Capacity, Activity and Volunteering - £4M
 - Community Events and Activities - £0.02M
 - Cardiff Music Strategy - £1M
 - Energy Efficiency Programme - £2M
 - Love Where you Live - £0.75M
- Supporting Local Business
 - Cardiff Business Events Partnership - £0.2M
 - Visit Cardiff Network - £0.25M
 - Business Grant Scheme - £3M
 - Business Development Capital Programme - £3M
 - City Centre Improvement Plan - £1.5M
 - City Centre Infrastructure and Wayfaring - £1.5M
- People and Skills
 - Into Work Advice Services - £9M
 - Cardiff Commitment - £1M
 - Money Advice - £0.5M
 - Pre and Post 16 Targeted Support - £1M
- Multiply - £6M
- Regional Projects
 - Place Promotion – no funding allocated
 - Cluster Development - £0.6M.

15. **Points 39 – 40** set out the Years Two and Three programmes will be developed further, with more engagement with communities and businesses and an expected wider call for projects and programmes. They will also include continuation of some Year One projects, subject to review.

Delivery Arrangements

16. **Point 41** highlights that an SPF delivery team has been established, led by officers in the Communities and Economic Development directorates, with further posts being advertised.

Communications and Engagement Plan

17. **Points 42- 43** highlight a communications and engagement plan with be developed to include community events, an online platform, and identification of routes for potential projects and programmes to be developed. It is proposed to allocate funding to C3SC to support communications with community organisations and support them to access SPF funding.

Legal Implications

18. **Points 44- 55** set out the legal implications, including:

- i) That the terms and conditions of the SPF grant must be accorded with
- ii) That legal advice should be sought prior to implementation of each scheme and initiative
- iii) That Council Contract Standing Orders and Procurement Rules and legislation must be complied with
- iv) That appropriate statutory processes must be followed, for example for traffic regulation orders, as needed
- v) That consultation and engagement must be carried out in the formative stage, must provide sufficient information, must give sufficient time to respond, and must be taken into account when finalising decisions, and
- vi) Equalities, Welsh Language and Wellbeing of Future Generations duties.

Financial Implications

19. **Point 56** sets out expenditure needs to be in accordance with the terms and conditions of the grant, including monitoring of outcomes and expenditure deadlines. It states resources and controls will need to be in place to support this, noting a proportion of the grant can be used to cover administrative costs.

Human Resources Implications

20. **Point 57** states that any HR implications should be identified at the start of the project and be compliant with Council policies and procedures.

Proposed Recommendations to Cabinet

21. The report to Cabinet contains the following recommendations:

- a) *Note the update on the development of Shared Prosperity Fund proposals.*
- b) *Subject to recommendation (c) approve the draft Shared Prosperity Fund Programme and associated Governance arrangements.*
- c) *Delegate authority to the Chief Executive in consultation with the Leader of the Council to make amendments to the Shared Prosperity Fund Programme following consultation with the partners set out in paragraph 29 to this report.*
- d) *Subject to recommendation (e) approve the Year One Delivery Plan.*
- e) *Delegate authority to the Chief Executive in consultation with the Leader of the Council to vary the Year One Delivery Plan when appropriate to do so in line with paragraphs 35 to 38 to this report.*

Previous Scrutiny

22. In June 2021, the previous Economy & Culture Scrutiny Committee scrutinised a report to Cabinet that provided:

- i) details of proposed Community Renewal Fund applications, the revenue-fund precursor to the UKSPF, and
- ii) details of proposed projects for Levelling-Up Fund applications, specifically for capital investment. One bid per MP constituency is allowed to this fund.

23. In March 2022, the previous Economy & Culture Scrutiny Committee scrutinised a report to Cabinet that sought authority to prepare a Full Business Case for the Ely Youth Zone project and to assemble land for the delivery of the Ely Youth Zone project. The proposal included a 50% capital contribution by the Council, funded by applying to the Levelling Up fund, and a Shared Prosperity Fund bid to meet

33% revenue costs for years 1-3. The report to Cabinet in June 2021² contained the proposal to include a Youth Zone for Ely as the project for the Cardiff West MP constituency.

24. Following scrutiny, the Committee sent a public letter to Councillor Thorne, Cabinet Member Housing and Communities, noting a further report will be taken to Cabinet for the Full Business Case, including whether the bids have been successful, welcoming proposals for a facility to help young people living in some of the most deprived communities in Wales and setting out their pleasure that work is underway to develop a masterplan for Ely to assist in wider regeneration.

25. In June 2022, this Committee undertook policy development scrutiny of the proposed approach to applying for Shared Prosperity Funding. In July 2022, this Committee undertook pre-decision scrutiny of a report to Cabinet that sought cabinet approval for Cardiff Council's contribution to the Shared Prosperity Fund Regional Investment Plan and delegated authority to endorse the draft Regional Investment Plan for submission to the UK Government, establish an internal programme management team, and develop a detailed governance and delivery framework for the operation of the Shared Prosperity Fund in Cardiff. Following these scrutinies, the Chair, Councillor Peter Wong, wrote to Councillor Huw Thomas, Leader. These letters, and the response received from Councillor Thomas to the July letter, are attached in full at **Appendix B**.

Way Forward

26. Councillor Huw Thomas (Leader) will be invited to make a statement. Paul Orders (Chief Executive), Jon Day (Operational Manager – Tourism and Investment), Louise Bassett (Operational Manager – Partnerships and Commissioning, Housing and Communities), (Natalie Southgate (Partnership Delivery Manager, Housing and Communities) and James Wilcox (Accountant, Finance) will attend to give a presentation. All witnesses will be available to answer Members' questions on the proposals.

² Levelling Up Fund and Community Renewal Fund Applications – available at [Agenda for Cabinet on Thursday, 17th June, 2021, 2.00 pm : City of Cardiff Council \(moderngov.co.uk\)](#)

Legal Implications

27. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

28. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to:

- i) Consider the information in this report, its appendices and the information presented at the meeting
- ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter in time for its meeting on 17 November 2022, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

10 November 2022