

CARDIFF COUNCIL CYNGOR CAERDYDD

CABINET MEETING: CABINET DATE

SHARED PROSPERITY FUND UPDATE

LEADER OF THE COUNCIL

AGENDA ITEM:

Reason for this Report

1. To update Cabinet on the progress of the implementation of the Shared Prosperity Fund in the Cardiff Capital Region.
2. To establish the governance and decision-making processes for the implementation of the fund in Cardiff.
3. To propose an initial spending profile for year one, and the overall strategy for implementation for years two and three.

Background

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, with details on the allocations and the methods of determining levels of funding made available on the UK Government website. The UKSPF aims to support the UK government's Levelling Up objectives by:
 - Boosting productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging;
 - Spreading opportunities and improve public services, especially in those places where they are weakest;
 - Restoring a sense of community, local pride and belonging, especially in those places where they have been lost; and
 - Empowering 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.

7. For each of these priorities there are a number of specific objectives for Wales. 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.
8. The Shared Prosperity Fund prospectus outlines that every place in the UK would receive funding as part the commitment to level up all parts of the UK. As set out at Spending Review 2021, the Fund is worth £2.6 billion over the period from 2022-23 to 2024-25. Funding increases annually over the course of the programme and will ramp up to £1.5 billion in 2024-25. Of the £2.6bn, circa £585m has been allocated to Wales, with a specific Multiply allocation of circa £100m. 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 initial allocations for Cardiff are therefore:

Cardiff allocation

Core SPF	£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 is determined through the agreement of an Investment Plan and subsequent approval by the UK Government. In Wales these plans have been produced on a regional basis, meaning that for South-East Wales a plan must be developed for the Cardiff Capital Region footprint.
11. Throughout the summer Rhondda Cynon Taf have led the development of the Investment Plan on behalf of the ten local authorities of the Cardiff Capital Region. The plan has been developed in partnership with the constituent local authorities.
12. Cardiff Council's initial approach to the Shared Prosperity Fund was outlined in the July Shared Prosperity Fund Cabinet Report, which was based upon the city's Covid-19 Recovery Strategy *Greener, Fairer, Stronger*.
13. For the Communities and Place theme it was 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
14. For the Supporting Local Business theme, it was proposed that the following programmes will be established:
- Productive, Sustainable and Inclusive Business Programme
 - City Centre Recovery Programme
15. For the People and Skills theme, it was proposed that the following programmes will be established:
- Into Work expansion
 - Money Advice
 - Developing the Cardiff Commitment
16. A key element of the Regional Investment Plan was to identify an initial profile of spend against each of the priority areas of Community and Place, Supporting Local Business and People and Skills. Broadly profiling spend against these priorities based on the potential activity as outlined above the Cardiff Council proposal suggest a spend profile of 45% for Communities and Place; 28% for Supporting Local Business; and 27% for People and Skills.
17. The Regional Investment Plan collated responses from all ten local authorities to provide an overall profile of spend to be submitted to the UK Government as part of the investment plan. It should be noted that UK Government officials have indicated that the plan would only need to be indicative and that there is substantial flexibility in moving funding between priority areas.
18. Subsequently the investment plan submitted by Rhondda Cynon Taf in August outlined a spend profile of 47% for Communities and Place; 23% for Supporting Local Business; and 30% for People and Skills (note these proportions exclude Multiply). A summary of the overall submission is provided below.

Regional Investment Plan – Initial Regional Profile (£m)

		22/23	23/24	24/25
Communities and Place	Revenue	9.0	14.3	36.2
	Capital	5.7	5.6	38.4
Supporting Local Business	Revenue	4.3	6.8	19.8
	Capital	2.9	3.5	14.9
People and	Revenue	5.8	25.3	36.6

Skills	Capital	0.3	0.4	0.6
Multiply	Revenue	7.3	15.1	15.9
	Capital	-	-	-

19. The Regional Investment Plan also included an allocation for the Cardiff Capital Region to deliver regional programmes and projects, based around place promotion and supporting key sectors. This allocation amounted to £3.3m, circa 1.5% of the total allocation for the region.
20. The Regional Investment Plan proposed that projects and initiatives will be taken forward via a mix of delivery models considered best suited to the activities proposed and at a delivery level considered to be the most appropriate for the area. It is likely that this will involve competition for grant funding, procurement of service providers, commissioned third party organisations and directly managed and delivered provision by local authorities.
21. The Regional Investment Plan also recognised that during the period between submission and determination of the Regional Investment Plan, a comprehensive assessment methodology will be considered on a regional basis for dealing with submissions covering more than one local authority area for SPF funding that come in from external bodies to a single Local Authority in the region and to multiple Local Authorities in the region.

Next steps

22. The timeline proposed by the UK Government for the implementation of the Shared Prosperity Fund is outlined below.

When	Activity
1 August 2022	Investment plan window closes
July – Sept 2022	Indicative investment plan assessment period for UK government
Oct 2022 onwards	Anticipated date for first investment plans to be approved
Oct 2022 onwards	Anticipated first payment to be made to lead local authorities
March 2025	Three-year funding period ends

23. In anticipation of funding being made available from October onwards the July Cabinet Report resolved to:

- a) 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.
 - b) 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.
 - c) 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.
24. Subsequently work has been undertaken to establish the internal programme management team and develop the governance and delivery mechanisms. In summary, these actions required the development of:
- 1) Governance Arrangements, including approval processes
 - 2) Communications and Engagement Plan
 - 3) An internal delivery, monitoring and evaluation team

Governance arrangements, including approval processes

25. Governance arrangements are required to ensure that there are clear processes in place for allocating funding, and for decision for the approval of projects and programmes. These processes will also need to be in line with the Council's constitution, enabling the Council to deliver the Shared Prosperity Fund through the means of delivery identified in the Shared Prosperity Fund Prospectus, namely:
- In-house provision
 - Procurement of service provision
 - Commissioning third party organisations
 - Grants to public or private organisations
26. Reflecting these requirements, governance arrangements are proposed that aim to ensure that Cardiff's approach to delivering the Fund is:
- Led by the city's key strategic priorities, as outlined in Stronger, Fairer, Greener
 - Aligned with partnership priorities (where applicable)
 - Meets community, business, and city-wide needs
 - Aligned with existing investments
 - Does not duplicate any existing investment or provision
 - Provides value for money

Shared Prosperity Fund Programme

27. It is proposed that the Cabinet will have the responsibility for the approval of a Shared Prosperity Fund Programme. The Programme, which will be updated annually, will outline the broad themes of activity, and is led by

the Council's Stronger, Fairer, Greener Strategy. The Programme also reflects partnership priorities where these are relevant to the Shared Prosperity Fund.

28. The Programme outlines areas of interventions with indicative allocations of funding in these areas, as well as proposed means of implementation. The Programme is attached as Appendix 1.
29. It is intended that the Programme will be reviewed by the Public Service Board, as well as the business representative groups FOR Cardiff, FSB and Cwmpas. Collectively these groups will make recommendations for potential changes to the programme, as well as ensure that there is alignment with partnership activity in the delivery of the Shared Prosperity Fund Programme. Ultimate decision making for the Programme however sits with the Cabinet.
30. The Cabinet will also be responsible for the approval of a biannual monitoring report, which will shape and influence any future changes to the Shared Prosperity Fund Programme. This report will also be reviewed by the Public Service Board and business representative groups.
31. The Programme will be reviewed on an annual basis, with a revised Programme to be approved by the Cabinet in consultation with the Public Service Board, as well as the business representative groups FOR Cardiff, FSB and Cwmpas.

Shared Prosperity Fund Delivery Team

32. The Shared Prosperity Fund Delivery Team (noted in paragraph 41 below), established within Cardiff Council, will be tasked with working with service areas in the Council to deliver the Shared Prosperity Fund Programme once approved. This will include the assessment and approval of any spending proposals subject to the SPF approval process, outlined in Appendix 2.
33. The team will also monitor progress and work directly with the Lead Authority to ensure appropriate reporting mechanisms are in place and are adhered to. In addition, the Shared Prosperity Fund Delivery Team will also undertake community engagement and communication to shape future elements of the Shared Prosperity Fund Programme.
34. Further support will also be provided by C3SC who will support enhanced community engagement, as well as support for the third sector to access Shared Prosperity Fund opportunities.

Year One Programme (October 2022 to March 2023)

35. An initial 'year one' plan has also been developed, informed by the city's recovery strategy, to ensure that Cardiff can effectively and efficiently use its allocation in the first financial year of the scheme.

36. It is anticipated that the year one plan will need to adopt a pragmatic approach as a result of the short timescales required for delivery. As such this will focus on activity identified within the Council that has already been developed with key stakeholders and partners that can be implemented at relatively short notice. This will also include an element of grant support for community activity and businesses, as well as addressing the impact of a reduction of ESF and other external funding for areas such as the Into Work services team. A profile of the spend for year one is outlined in Appendix 3.
37. The profile also includes commitments in years two and three that will cover areas where initial commitments are likely to recur, such as employee costs. These commitments will also include allocations intended to be delivered either through, or in partnership with community organisations and other third sector bodies. This will include resources to enable further engagement and discussion with the third sector to determine and shape the future development of the city's Shared Prosperity Fund Programme.
38. Given the short timescales involved it is also proposed that there is flexibility built into the year one programme to allow for any variance arising from the ability to commit year one funding. Any variance would need to be confined to the context of the Shared Prosperity Fund Programme and the Regional Investment Plan. Further flexibility will also be required in responding to any potential changes in conditions of the Shared Prosperity Fund introduced by the UK Government, any necessary changes to the Regional Investment Plan, and any requirements that emerge as further details of the Shared Prosperity Fund are clarified. These changes may also relate to any specific Shared Prosperity Fund criteria imposed. There will also be flexibility to re-allocate any underspends within any of the proposed interventions, subject to review by the Shared Prosperity Fund Delivery Team and alignment with the Regional Investment Plan.

Years Two and Three Programme (April 2023 to March 2025)

39. The programme for years two and three will be subject to further development over the rest of the financial year. Year three in particular will see the highest allocation for the Shared Prosperity Fund and hence the greatest opportunity to shape potential projects and delivery options.
40. The overall proposals will be subject to further engagement with communities and businesses and is expected to include a wider call for projects and programmes, including potential regional projects and programmes subject to approvals from relevant partners. There will also be some continuation of successful year one projects subject to review, as well as the potential to revise the delivery of projects and schemes allocated funding in the Year One Programme. As outlined in paragraph 38 above, flexibility will also be required in responding to any potential changes in the Shared Prosperity Fund introduced by the UK Government, and any necessary changes to the Regional Investment Plan.

Delivery Arrangements

41. In anticipation of the delivery of the Shared Prosperity Fund a team has been established (the Shared Prosperity Fund Delivery Team) to ensure that adequate monitoring and compliance processes are in place and are adhered to. The team will be responsible for ensuring that all project sponsors are aware of the requirements of accessing funding. The team will also ensure that appropriate financial planning is in place to ensure that any potential over or underspends are identified early in the financial planning process. The team will be led by officers in the Communities and Economic Development directorate.

Communication and Engagement

42. A communications and engagement plan will be developed by the Shared Prosperity Fund Delivery Team which includes community events, and online platform, as well as identifying routes for potential projects and programmes to be developed. Initial engagement with partner organisations has already taken place, including a workshop event at City Hall in October.
43. In addition, it is proposed to allocate funding to Cardiff Third Sector Council (C3SC) to support the programme in both communicating with community organisations to shape the strategy, as well as support organisations in accessing funding from the Shared Prosperity Fund.

Legal Implications

44. Legal Services understand from the body of the report that the Shared Prosperity Fund will result in grant income to the Council to support specific projects. Accordingly, any expenditure will need to be in accordance with the terms and conditions of the grant.
45. A number of potential projects are proposed to be funded by the Shared Prosperity Fund. Legal advice should be obtained on each such scheme and initiative prior to being implemented to ensure the same can be achieved within legal constraints.
46. To the extent that any proposed scheme and initiative involves the procurement of works, goods or services then the Council must comply with its Contract Standing Orders and Procurement Rules and procurement legislation.
47. In addition, to the extent that any of the proposed schemes and initiatives are dependent on the making of any orders or the obtaining of any consents or the like then it will be necessary to follow the appropriate statutory processes. By way of example only if a scheme is dependent on the making of a traffic regulation order (TRO) then the outcome cannot be guaranteed as individuals have the right to object. Due and proper consideration would need to be given to any such objections in determining how to proceed.

Consultation and Engagement

48. The report refers to a public consultation/engagement exercise being undertaken in relation to proposed projects. It should be noted that any consultation and engagement must (a) be carried out when the proposal is at a formative stage (b) consultees must be given sufficient information to understand the project and to respond (c) consultees must be given sufficient time to respond and (d) responses must be conscientiously taken into account when finalising the relevant decision as a consultation exercise gives rise to the legitimate expectation that due regard will be given to the outcome of the consultation in determining the way forward.

Equality Duty

49. In considering this matter, the Council must have regard to its public sector equality duties under the Equality Act 2010 (including specific Welsh public sector duties). This means the Council must give due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.
50. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers (WG42004 A More Equal Wales the Socio-economic Duty Equality Act 2010 (gov.wales) and must be able to demonstrate how it has discharged its duty.

Well Being of Future Generations (Wales) Act 2015

51. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.
52. In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2021-24. When exercising its functions, the Council is required to take all reasonable steps to meet its well-being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well-being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
53. The well-being duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council

to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrated approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

54. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below:

<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

General

55. The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Generations (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

Financial Implications

56. Subject to approval of an investment plan, the Shared Prosperity Fund will result in additional grant income to the Council to support specific projects identified by the Council. Any expenditure will need to make the maximum impact in meeting the aims identified in the funding and 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 and post project appraisal should be undertaken in accordance with best practice to report the outcomes achieved.

HR Implications

57. The HR implications of any specific projects should be identified at the commencement of the project and any resourcing within the Council will be compliant with the Council's policies and procedures.

Reason for Recommendations

58. To note the update on the development of Shared Prosperity Fund proposals.
59. To agree the draft Shared Prosperity Fund Programme and associated Governance arrangements.
60. To agree the Year One Delivery Plan.

RECOMMENDATIONS

Cabinet is recommended to:

- 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.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty
	Date submitted to Cabinet office

The following appendices are attached:

- Appendix 1: Draft SPF Programme
Appendix 2: SPF Approval Process
Appendix 3: Year One Delivery Plan