

**SHARED PROSPERITY FUND UPDATE: PRE-DECISION SCRUTINY**

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**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 21 September 2023.

**Structure of papers**

2. Attached to this cover report are the following appendices:
  - i) Appendix 1 – report to Cabinet titled '*Shared Prosperity Fund Update.*'
    - a. Appendix A – *Draft Shared Prosperity Fund Programme and Review*
    - b. Appendix B – *Open Call Scoring Mechanism and Process.*

**Scope of Scrutiny**

3. At their meeting on 21 September 2023, the Cabinet will consider a report that:
  - i) updates Cabinet on the Shared Prosperity Fund (SPF) delivery
  - ii) outlines the next steps in delivery, including seeking approval for a revised Delivery Programme
  - iii) seeks delegated authority to make further minor changes to the SPF programme, if required
  - iv) seeks approval of funding to be allocated
  - v) seeks delegated authority to allocate programme underspends to an Open Call Scheme, and
  - vi) seeks delegated authority to conclude grant arrangements as a result of the Open Call.

4. 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 next steps in delivery, including the Open Call Scheme
  - iii) The revised Delivery Plan
  - iv) The role of the Council in developing and delivering the proposed programmes, including working with external organisations
  - v) Proposed programme management, risk management and governance arrangements
  - vi) Whether there are any risks to the Council
  - vii) The timeline and next steps, and
  - viii) Future scrutiny of the Shared Prosperity Fund bids and projects in Cardiff.

## **Background**

5. 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)

6. 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 footprint<sup>1</sup>. 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. 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.

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<sup>1</sup> 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

7. In November 2022, Cabinet approved the SPF programme and Year One Delivery Plan and governance arrangements, including
- 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.

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

Communities and Place

- Community Facilities Programme
- Neighbourhood Community Regeneration Programme
- Community Safety Multi-agency problem solving
- Child Friendly City
- Community Capacity, Activity and Volunteering Programme
- Cardiff Third Sector Council
- Community Events and Activities
- Cardiff Music Strategy
- Venues Grant
- Love Where You Live

Supporting Local Business

- Cardiff Business Events Partnership
- Visit Cardiff Network
- Business Capital and Revenue Grants

- City Centre Improvement Plan
- City Centre Infrastructure and Wayfaring

#### People and Skills

- Into Work Advice Service
- Cardiff Commitment
- Youth Service: Pre and Post 16 Targeted Support

9. The allocation for Cardiff is **£41,807,334**, of which £7.2m is for the Multiply programme and £34.5m for the other programmes, including some Cardiff Capital Region programmes – Place Promotion and Cluster Development.

10. The programmes in Cardiff had the following indicative allocation of funding:

	<b>Year One</b>	<b>Year Two</b>	<b>Year Three</b>	<b>Grand Total</b>
<b>Communities and Place</b>	£1,580,000	£2,255,000	£2,325,000	<b>£6,160,000</b>
<b>Supporting Local Business</b>	£660,000	£1,340,000	£2,140,000	<b>£4,140,000</b>
<b>People and Skills</b>	£1,725,000	£4,450,000	£4,550,000	<b>£10,725,000</b>
<b>Multiply</b>	£865,000	£2,165,000	£2,275,000	<b>£5,305,000</b>
<b>Grand Total</b>	<b>£4,830,000</b>	<b>£10,210,000</b>	<b>£11,290,000</b>	<b>£26,330,000</b>

11. The Year One programme took a pragmatic approach to ensure spend could begin relatively quickly, with funding allocated to Council service areas to work with partners as well as funding allocated to areas where other external funding was coming to an end e.g., Into Work services. Projects were to be delivered through a mix of direct delivery, procurement, commissioning, and grants.

12. The November 2022 and March 2023 reports to Cabinet set out the intention to move towards a commissioning-based approach to delivery in future years.

#### **Issues identified in the Cabinet Report**

13. The report to Cabinet contains the following sections:

- Point 9 - 11** – overview of SPF activity and achievements up to March 2023 and review of initial programme, including engagement events
- Points 12 - 28** – proposed additions to the SPF programme, including:

- i. Supporting local business – additional £750,000
  - ii. Community Facilities Programme and Neighbourhood Renewal and Enhancement Programme – approve 8 schemes costing £1.5M
  - iii. Cardiff Third Sector Council – allocate £75,000 per annum
  - iv. Open Call for Projects – to enable eligible organisations to propose projects or schemes that will deliver the SPF outputs and outcomes – allocate £4.5M plus any identified underspends from 2023/24 SPF programme
  - v. Cardiff Market – allocate £750,000
  - vi. Grassroots Music Scheme – additional £100,000
  - vii. Community Cohesion Grant Scheme – allocate £50,000
- iii) **Point 29** – overview of process to update SPF programme
  - iv) **Points 30- 31** – summary of additional schemes – as set out above, plus £70,000 for Community Building Grant Programme
  - v) **Point 32** – allocation of 2023/24 programme underspends to Open Call for Projects.

14. **Appendix A** of the report to Cabinet provides more details on the existing programme and engagement events. It sets out proposed programme amendments on pages 29-31. It concludes with the Funding and Delivery Strategy July 2023 – March 2025, on pages 32-34.

15. **Appendix B** of the report to Cabinet sets out the process to be used to assess Open Call for Projects' submissions, including due diligence and scoring, engagement with key partners and colleagues, and support provided by the SPF Team.

16. **Financial Implications are at Points 34-39** and highlight:

- i) A total of £5,204,258 SPF funds was spent up to end March 2023
- ii) Expenditure needs to be in accordance with the terms and conditions of the grant, including monitoring of outcomes and expenditure deadlines.
- iii) A proportion of the SPF grant can be used to cover administrative costs for the SPF delivery team to enable grant administration and monitoring.

iv) Cabinet approval is sought for the allocation of £8,620,000 funding for delivery of projects set out in the report, summarised at points 30 and 31.

**17. Legal Implications** are at **Points 40-52**, including:

- i) The legal basis for the Council to promote economic, social or environmental well-being
- ii) The need to be in accordance with and comply with: the terms and conditions of grants: Subsidy Law; the Council's Constitution; and the scoring mechanism and process set out in Appendix B
- iii) That legal advice should be obtained on each scheme and initiative prior to implementation
- iv) The need to comply with Contract Standing Orders and Procurement Rules and procurement legislation
- 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
- vi) The need for the decision maker to consider its duties with regard to the Equality Act 2010, the Public Sector Equality Duties, the Well- Being of Future Generations (Wales) Act 2015, and the Welsh Language (Wales) Measure 2011 and Welsh Language Standards
- vii) That decision makers must be satisfied proposals fall within the Council's approved policy and budgetary framework.

**18. Human Resources Implications are at Point 53** and state there are no HR implications directly arising from this report.

### **Proposed Recommendations to Cabinet**

19. The report to Cabinet contains the following recommendations:

- 1) *Subject to Recommendation 2 approve the draft Shared Prosperity Fund Programme and Review as set out in Appendix A*
- 2) *Delegate authority to the Director of Economic Development in consultation with the Leader of the Council, the Section 151 officer and the monitoring officer to make minor changes to the approved Shared Prosperity Fund Programme referred to in recommendation 1 above if required following any further discussions with the organisations referred to in paragraph 29.*

- 3) *Approve funding to be allocated for the delivery of the projects identified in paragraphs 30 to 31.*
- 4) *Delegate authority to the Director of Economic Development to allocate any programme underspends to the Open Call scheme identified in paragraphs 16 to 21.*
- 5) *Delegate authority to the Assistant Director, Housing and Communities to conclude any grant arrangements as a result of the Open Call as outlined in paragraph 21.*

## **Previous Scrutiny**

20. The previous Economy & Culture Scrutiny Committee scrutinised several reports to Cabinet:

- i) June 2021 - details of proposed Community Renewal Fund applications, the revenue-fund precursor to the UKSPF
- ii) June 2021 - details of proposed projects for Levelling-Up Fund applications, specifically for capital investment. One bid per MP constituency is allowed to this fund
- iii) March 2022 – details of Ely Youth Zone project, including proposed 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
- iv) June 2022 - policy development scrutiny of the proposed approach to applying for Shared Prosperity Funding.

21. 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. The Committee's comments focused on how to ensure SPF funding tackled deep inequalities, how to maximise synergies and avoid duplication, allocation of monies to Cardiff, and governance structures.

22. In November 2022, this Committee undertook pre-decision scrutiny of a report to Cabinet that sought delegated authority to make amendments to the SPF programme and to vary the Year One Delivery Plan where appropriate, and, subject to these delegations, sought Cabinet approval of the SPF programme, associated governance arrangements and Year One Delivery Plan. Following these scrutinies, the Chair, Councillor Peter Wong, wrote to Councillor Huw Thomas, Leader, noting that Members were content with the recommendations to Cabinet and were pleased SPF work is being aligned to other work in Cardiff to tackle poverty and inequality. A copy of the letter is attached at **Appendix 2**.

### **Way Forward**

23. Councillor Huw Thomas (Leader) will be invited to make a statement. 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, and all witnesses will be available to answer Members' questions on the proposals.

### **Legal Implications**

24. 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**

25. 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 21 September 2023, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

**DAVINA FIORE**

**Director of Governance & Legal Services**

**14 September 2023**