

SHARED PROSPERITY FUND: POLICY DEVELOPMENT SCRUTINY

Purpose of the Report

1. To give Members background information on the UK Government's Shared Prosperity Fund priorities and bidding mechanism to aid scrutiny of the approach proposed for Cardiff.

Scope of Scrutiny

2. During this scrutiny, Members can explore:
 - i. The proposed approach to applying for Shared Prosperity Funding
 - ii. Areas where bids may be developed for submission
 - iii. The anticipated benefits of bids and their role in levelling up Cardiff
 - iv. The role of the Council in developing and delivering bids
 - v. Whether there are any risks to the Council
 - vi. The timeline and next steps
 - vii. Future scrutiny of the Shared Prosperity Fund bids and projects in Cardiff.

Structure of the meeting

3. Members will hear from Councillor Huw Thomas (Leader), Paul Orders (Chief Executive) and Jon Day (Operational Manager – Tourism and Investment). There will be a presentation taking Members through the proposals, followed by Members questions.
4. Members will then be able to decide what comments, observations, or recommendations they wish to pass on to the Cabinet for their consideration as they develop their proposed policy.

Background

5. The United Kingdom Shared Prosperity Fund (UKSPF) forms part of the UK Government's Levelling Up programme, which has been hailed as '*The defining mission of this government .. to level up the country – to close the gap in productivity, health, income and opportunity – between different parts of the United Kingdom.*'¹
6. Announced in April 2022, the £2.6bn UKSPF covers 2022-25. The methodology for the UKSPF aligns with the overall Levelling Up objectives, which are 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
 - Empower local leaders and communities, especially in those places lacking local agency.
7. These objectives have been used to identify three investment priorities for UKSPF:
 - Community and Place
 - Supporting Local Business, and
 - People and Skills.
8. Each investment priority has several objectives, shown overleaf, and each objective has a set of proposed interventions, which set out the types of activity that can be supported by the UKSPF. The Department for Levelling Up, Housing and Communities (DLUHC) states that it has worked with the Welsh Government and the Welsh Local Government Association to inform the most appropriate mix of interventions for Wales, 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)

¹ Stuart Andrew MP Minister for Housing - [The Levelling Up and Regeneration Bill will put people at the heart of the planning system \(politicshome.com\)](https://www.politicshome.com/news/levelling-up-regeneration-bill-will-put-people-at-the-heart-of-the-planning-system) downloaded 9/6/22

Investment 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 supporting adults to progress in work, by targeting adults with no or low-level qualifications and skills in maths and upskilling 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.

Bidding Mechanism

9. All bids must align with an Investment Plan that has been approved by the UK Government. In Wales, these plans are being developed on a regional basis, in line with the Welsh Government's Framework for Regional Investment. Under this framework, Cardiff falls within the South East Wales region, which aligns with the Cardiff Capital Region City Deal footprint².

10. The Investment Plan needs to outline:

- Local context - 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
- Delivery: detailing:
 - a. Approach to delivery and governance
 - b. Expenditure and deliverables
 - c. Capability and resource.

11. Plans also must set out measurable outcomes to enable lead authorities, local partners, the UK Government and devolved administrations to monitor progress. Common indicators are being developed to measure outputs, outcomes and impacts, to enable comparison between similar interventions and assist evaluation. Final indicator definitions are due to be confirmed in the summer, prior to the submission date of the investment plans, when further guidance will be published on GOV.UK.

12. The DLUHC specify that interventions can either be delivered at a larger scale in collaboration with other places or more locally, as appropriate. Interventions should suit local characteristics and are encouraged to align with relevant Welsh Government strategies and services. Areas should also develop their plans to maximise alignment and complementarity with national and local policy, and their regional economic frameworks.³

² 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

³ [Interventions list for Wales - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/interventions-list-for-wales)

Next Steps

13. 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.

14. There is an overall allocation of £278m for the Cardiff Capital Region, with includes £48m allocated specifically for the Multiply programme, which seeks to improve adult numeracy skills and sits under the People and Skills investment priority. The £278m is based on 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/publications/uk-shared-prosperity-fund-allocations-methodology-note)

15. The next stage is for the Investment Plan to be agreed by all local authorities in the Cardiff Capital Region. Partners have been invited to support the development of the plan, by submitting evidence on local opportunities and challenges, outcomes and interventions. The following table sets out key dates:

When	Activity
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

Previous Scrutiny

16. 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.

17. The scrutiny papers are available here:

[Agenda for Economy & Culture Scrutiny Committee on Monday, 14th June, 2021, 4.30 pm : Cardiff Council \(moderngov.co.uk\)](#)

18. 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 2021⁴ contained the proposal to include a Youth Zone for Ely as the project for the Cardiff West MP constituency.

19. 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.

Way Forward

20. Councillor Huw Thomas (Leader) will be invited to make a statement. Paul Orders (Chief Executive) and Jon Day (Operational Manager – Tourism and Investment)

⁴ 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 \(moderngov.co.uk\)](#)

will attend to give a presentation. All witnesses will be available to answer Members' questions on the proposals.

Legal Implications

21. 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

22. 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 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 to inform development of their proposed policy, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

15 June 2022