

SHARED PROSPERITY FUND: PRE-DECISION SCRUTINY

Purpose of the Report

1. To give Members background information to aid the scrutiny of the draft report to Cabinet regarding the Shared Prosperity Fund, which is due to be considered by Cabinet at their meeting on 14 July 2022.

Scope of Scrutiny

2. At their meeting on 14 July 2022, the Cabinet will consider a report that seeks cabinet approval for Cardiff Council's contribution to the Shared Prosperity Fund Regional Investment Plan and seeks 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.
3. During this scrutiny, Members can explore:
 - i) The proposed Regional Investment Plan programmes relevant to Cardiff, their anticipated benefits and role in levelling up Cardiff
 - ii) The role of the Council in developing and delivering the proposed programmes, including working with external organisations
 - iii) Proposed programme management, risk management and governance arrangements
 - iv) Whether there are any risks to the Council
 - v) The timeline and next steps
 - vi) 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 Regional Investment Plan. Cardiff falls within the South East Wales region, which is the Cardiff Capital Region City Deal footprint¹. The Plan must outline local context, interventions, and delivery approach. It must set out measurable outcomes to enable lead authorities, local partners, the UK Government and devolved administrations to monitor progress. Interventions can either be delivered at a larger scale or more locally, as appropriate. Plans must be submitted by 1 August 2022 for assessment by the UK Government, which will engage with the lead authority to enable sign off.

6. 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/collections/uk-shared-prosperity-fund-allocations-methodology-note)

7. The draft report to Cabinet entitled '*Shared Prosperity Fund*' is attached at **Appendix 1** and has **two** appendices:
 - **Appendix A** - Greener, Fairer, Stronger Strategy
 - **Appendix B** - Recovery Engagement Report

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

Issues identified in the Cabinet Report

8. **Points 9-11** of the report to Cabinet set out that Cardiff has a notional allocation of £41,807,334, of which £7,219,740 is ring-fenced for the adult numeracy Multiply programme. This equates to £113 per head funding, against an average for the region of £179 per head. The actual level of support will be determined through the agreement of the Regional Investment Plan.
9. **Points 12-17** of the report to Cabinet set out the background to the Regional Investment Plan and the role of the Lead Authority, which is to coordinate communications, engagement and submission of the Plan and provide overall financial and performance management for the programme, including quality assurance. 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.
10. **Points 18-20** of the report to Cabinet set out the relationships between the various bodies involved in the delivery of the Shared Prosperity Fund, stating that Local Authorities will be focused on delivery of the fund, with the expectation that the majority of delivery will be routed through local government, whilst a small element will be delivered at a co-ordinated regional level. **Point 21** of the report to Cabinet states that a lead authority has been agreed, based on their prior experience and capacity and resources to undertake the task.
11. **Points 24 – 34** of the report to Cabinet set out Cardiff Council's approach to contributing to the Regional Investment Plan and proposes that the Council uses that *Greener, Fairer, Stronger City Recovery Strategy* as the basis for its submission. The strategy is attached as *Appendix A* to the report to Cabinet, with the summary report of engagement activity that informed this strategy attached as *Appendix B*.
12. The report to Cabinet provides an overview of the proposed programmes under each of the three investment priorities, as follows:

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 and the Cardiff Commitment

13. The report to Cabinet states that the programme approach is proposed as it gives direction but retains flexibility, to ensure the efficient use of the available funding. **Point 34** states that it is expected there will be further engagement post submission of the Plan to develop a delivery plan and establish external grant and commissioning processes that support other organisations, such as third sector bodies, further education and higher education to be involved in the delivery of the Shared Prosperity Fund.
14. **Points 35 – 37** of the report to Cabinet provide an overview of the regionally led propositions, which are:
- Place Promotion
 - Innovation and Clusters.
15. **Point 38** of the report to Cabinet states that the Lead Authority will produce an Investment Plan that reflects the above.
16. **Points 39-40** of the report to Cabinet state that, post submission of the Investment Plan, considerable work is needed to establish a detailed delivery plan, internal governance, a Service Level Agreement with the Lead Authority, and an internal coordination team. **Point 41** states that *'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.'*

17. The report to Cabinet states that the second round of **Levelling Up Funding** is expected to open for applications in July. Cardiff will submit two schemes:

- A transport-led bid to develop a link between Cardiff Central Station and Cardiff Bay as part of Crossrail Phase 1. This falls into the 'exceptional' proposals category for proposals requiring up to £50m of funding.
- Infrastructure and public realm improvements around the regeneration of Atlantic Wharf. Given the progress made in the business case and planning application for the Arena and the wider Atlantic Wharf development it is proposed that development related to the scheme be brought forward as a project for round two of Levelling Up Funding applications.

Financial Implications

18. **Points 49 – 51** set out that any grant from the Share Prosperity Fund will need to be spent in line with the Terms and Conditions set out, including regular monitoring. Any approved projects will need to be prioritised dependent on a variety of criteria. It also makes clear that no funding is available beyond the timescales of the grant and therefore clear exit strategies will be needed.

Legal Implications

19. **Point 52** states *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*

Property Implications

20. **Point 53** states *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*

Human Resources Implications

21. **Point 54** states *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.*

Proposed Recommendations to Cabinet

22. The report to Cabinet contains the following recommendations:

- 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.*

Previous Scrutiny

23. 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.

24. The scrutiny papers are available here:

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

25. 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.

26. 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.

27. In June 2022, this Committee undertook policy development scrutiny of the proposed approach to applying for Shared Prosperity Funding. Following their scrutiny, the Chair, Councillor Peter Wong, wrote to Councillor Huw Thomas, Leader. The letter is attached in full at **Appendix 2**.

Way Forward

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

29. 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

30. 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 14 July 2022, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

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08 July 2022