

SHARED PROSPERITY FUND UPDATE: PRE-DECISION SCRUTINY

Appendix B of the Cabinet Report is not for publication as it contains exempt information of the description contained in paragraphs 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972.

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 18 January 2024.

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 – Successful Open Call Projects – November 2023- March 2024
 - b. Confidential Appendix B - Successful Open Call Projects – April 2024 – March 2025
 - c. Appendix C - Single Impact Assessment.

Scope of Scrutiny

3. At their meeting on 18 January 2024, the Cabinet will consider a report that:
 - i) updates Cabinet on delivery of the Shared Prosperity Fund (SPF)
 - ii) seeks approval of a revised delivery programme
 - iii) seeks approval of a process for dealing with any underspends for 2024/25
 - iv) notes the successful applicants to the SPF Open Call process.
4. During this scrutiny, Members can explore the recommendations to Cabinet and:

- i) The proposed SPF delivery programme for 2024/25, its anticipated benefits and role in levelling up Cardiff, including the Open Call Scheme and the use of unallocated funding
- ii) The proposed approach to dealing with any 2023/24 and 2024/25 underspends
- iii) Whether there are any risks to the Council
- iv) The timeline and next steps, and
- v) 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 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. 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.

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

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

- 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:

	Year One (2022/23)	Year Two (2023/24)	Year Three (2024/25)	Grand Total
Communities and Place	£1,580,000	£2,255,000	£2,325,000	£6,160,000
Supporting Local Business	£660,000	£1,340,000	£2,140,000	£4,140,000
People and Skills	£1,725,000	£4,450,000	£4,550,000	£10,725,000
Multiply	£865,000	£2,165,000	£2,275,000	£5,305,000
Grand Total	£4,830,000	£10,210,000	£11,290,000	£26,330,000

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. In March 2023, Cabinet received an update report and noted the progress in delivering the SPF in Cardiff. In September 2023, Cabinet received an update on the SPF delivery, gave approval for a revised Delivery Programme and funding to be allocated, and delegated authority to make further minor changes to the SPF programme if required, to allocate programme underspends to an Open Call Scheme and to conclude grant arrangements as a result of the Open Call.

Issues identified in the Cabinet Report

13. The report to Cabinet contains the following:

- i) **Delivery of the SPF – points 9 and 10** list the projects delivered

- ii) **Open Call Scheme – Points 8 and 11-15** – set out over 100 applications were received for the circa £5M scheme, the assessment scoring process, that 7 organisations have been awarded funding from November 2023, as set out in Appendix A, and that further organisations will receive funding April 2024 onward, as set out in Confidential Appendix B
- iii) **Unallocated funding 2024/25 – points 16–19** – proposing £3M capital programme allocation for areas underrepresented in current allocations, including sport and leisure (*Pentwyn Leisure Centre*), facilities for young people (*youth services*), community facilities (*safety interventions and preventative community facilities*), and tourism and visitor facilities (*a public realm improvement fund*), plus £1M for community capacity building projects.
- iv) **Underspends 2023/24 and 2024/25 – points 20–22** – state UK Govt require a minimum 80% spend of 2023/24 SPF allocation in order to release 2024/25 monies at the beginning of the financial year. Proposing to delegate authority to the Assistant Director Housing & Communities to re-allocate funding to existing projects and to delegate authority to Chief Executive and Section 151 Officer in consultation with the Leader to work with Rhondda Cynon Taf to agree any arrangements for dealing with regional underspends. Stress it is incumbent on Cardiff Council to declare any underspends, so that these monies can be used regionally.

14. Financial Implications are at Points 25 - 26 and highlight:

- i) The need to ensure monies allocated are spent in the year provided, with outputs fully evidenced and demonstrated
- ii) Any over and underspends need to be managed in accordance with the terms and conditions of the SPF grant.

15. Legal Implications are at Points 27-38, including:

- i) The need to be in accordance with and comply with: the terms and conditions of grants; Subsidy Law; and the Council's Constitution
- ii) That legal advice should be obtained on each scheme and initiative prior to implementation

- iii) The need to comply with Contract Standing Orders and Procurement Rules and procurement legislation
- iv) The need to follow appropriate statutory processes
- v) The need for the decision maker to consider its duties with regard to the Equality Act 2010, the Public Sector Equality Duties, the Socio-Economic Duty, the Well- Being of Future Generations (Wales) Act 2015, and the Welsh Language (Wales) Measure 2011 and Welsh Language Standards
- vi) That decision makers must be satisfied proposals fall within the Council's approved policy and budgetary framework.

16. Human Resources Implications are at Point 39 and state there are no HR implications directly arising from this report.

Proposed Recommendations to Cabinet

17. The report to Cabinet contains the following recommendations:

- 1) *Delegate authority to Chief Executive and Section 151 Officer in consultation with the Leader of the Council to progress the proposed unallocated funding processes identified in this report in paragraphs 16 to 19.*
- 2) *Delegate authority to Assistant Director for Communities and Housing to allocate any underspending to reserve activities as outlined in paragraphs 20 to 21.*
- 3) *Delegate authority to Chief Executive and Section 151 Officer in consultation with the Leader of the Council to conclude any arrangements relating to overall regional underspend.*

Previous Scrutiny

18. The previous Economy & Culture Scrutiny Committee scrutinised several relevant 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.

19. During this administration, this Committee has undertaken the following scrutiny of the Shared Prosperity Fund:

Date	Topic	Chair's Public Letters and Cabinet Member Responses
June 2022	policy development scrutiny of the proposed approach to applying for SPF	available here
July 2022	pre-decision scrutiny of Cardiff Council's contribution to the SPF Regional Investment Plan and of delegated authority to endorse the draft Regional Investment Plan, establish an internal programme management team, and develop a detailed governance and delivery framework for the operation of SPF in Cardiff	available here
November 2022	pre-decision scrutiny of approval of the SPF programme, associated governance arrangements and Year One Delivery Plan and of delegated authority to make amendments to the SPF programme and to vary the Year One Delivery Plan where appropriate	available here
September 2023	pre-decision scrutiny of approval for a revised Delivery Programme and funding allocated, and delegated authority to make further minor changes to the programme, if required, to allocate programme underspends to an Open Call Scheme, and to conclude grant arrangements as a result of the Open Call	available here

20. The main points made in the above letters, relevant to this scrutiny, are:

i) June 2022

- a. funding is only guaranteed till 2025 and therefore there is a risk funding may end up as one-off expenditure, with projects ceasing at the end of the funding;

- b. assurances that bids, including the regional propositions, will meet the needs of the diverse communities in Cardiff;
- c. SPF can be used to build a sense of community on new estates;
- d. there will be robust commissioning processes to ensure deliverability of projects;
- e. there will be engagement with communities of interest to utilise local expertise to ensure there is no duplication with existing work;
- f. it may prove difficult to spend the £7m hypothecated to the Adult Numeracy 'Multiply' programme due to a shortage of appropriately qualified tutors; and
- g. the aim is to ensure an enabling model of governance is developed to capitalise on the flexibility of the SPF model.

ii) July 2022

- a. That officers are working with the Inclusive Growth Network to understand best practice in embedding targets for addressing inequalities and that they will feedback to the lead authority the need to ensure this is built into monitoring and evaluation frameworks
- b. the Cardiff Capital Region City Deal is liaising with other regions on skills, training and business support
- c. a key priority of spend will be those areas that previously utilised Structural Funds, such as Into Work services, to ensure continuity of provision
- d. seeking assurance that Cardiff will receive its notional allocation in full and that systems will be put in place to monitor spend in Cardiff
- e. intention is to use the Cardiff Capital Region City Deal and successor Corporate Joint Committee as the governance structure for regional programmes and projects
- f. Cardiff Council will establish local systems for monitoring, evaluation and compliance, for local programmes and projects.

iii) November 2022

- a. content with the recommendations to Cabinet
- b. pleased SPG work is being aligned to other work in Cardiff to tackle poverty and inequality
- c. Youth Council involved in shaping draft programme
- d. Equality Impact Assessments and Child Rights Assessments will be used in process to select future projects

- e. SPF can be used to support early-stage businesses but not to provide loans for start-ups
- f. There is a need to ensure the Race Equality Task Force recommendations are embedded across all proposed SPF projects.

iv) September 2023

- a. Commend recommendations to Cabinet
- b. The need to up the pace of spending
- c. Request an update on how long required to keep Levelling Up branding in place
- d. Concerns that 3-year window of SPF prevents good projects being put forward and potential impact on third sector grants
- e. That a full GAP analysis is undertaken of applications received and that there is still an opportunity for further bids
- f. That 4% of the fund can be used to support programme administrative costs.

Way Forward

21. 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), and Natalie Southgate (Partnership Delivery Manager, Housing and Communities) will attend, and all witnesses will be available to answer Members' questions on the proposals.

Legal 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 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

23. 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 18 January 2024, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

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10 January 2024